



**Barclays Bank
Ireland PLC**
Pillar 3 Report
31 December 2023



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 A glossary of terms can be found at <https://home.barclays/investor-relations/reports-and-events/financial-results/>

Foreword

Section 10.1 of the Basel Committee on Banking Supervision's Basel Framework introduces disclosure requirements for banks as follows:

The provision of meaningful information about common key risk metrics to market participants is a fundamental tenet of a sound banking system. It reduces information asymmetry and helps promote comparability of banks' risk profiles within and across jurisdictions.

Pillar 3 of the Basel Framework aims to promote market discipline through regulatory disclosure requirements. These requirements enable market participants to access key information relating to a bank's regulatory capital and risk exposures in order to increase transparency and confidence about a bank's exposure to risk and the overall adequacy of its regulatory capital.

These disclosure requirements have been implemented into legislation through Part 8 of the Capital Requirements Regulation (CRR).

Barclays Bank Ireland PLC

Barclays Bank Ireland PLC (the Bank, BBI or Company) is a wholly owned subsidiary of Barclays Bank PLC (BB PLC). BB PLC is a wholly owned subsidiary of Barclays PLC (B PLC). The consolidation of B PLC and its subsidiaries is referred to as the Barclays Group. The term Barclays refers to either B PLC or, depending on the context, the Barclays Group as a whole.

The Bank is licensed as a credit institution by the Central Bank of Ireland (CBI) and is designated as a significant institution, directly supervised by the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB). The Bank is regulated by the CBI for financial conduct and the Bank's branches are also subject to direct supervision for local conduct purposes by national supervisory authorities in the jurisdictions where they are established.

The Bank is the primary legal entity within the Barclays Group serving its European Economic Area (EEA) clients, with branches in Belgium, France, Germany, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden, in addition to its Irish Head Office.

The Bank has two business segments, the Corporate and Investment Bank (CIB) and Consumer, Cards and Payments (CC&P). The resegmentation, as announced in Barclays Group strategy update held on 20 February 2024, will be applied on a go forward basis. This report has been prepared based on the CIB and CC&P segments consistent with how the Bank was managed during 2023. The CIB is comprised of the Corporate Banking, Investment Banking and Markets businesses, providing products and services to money managers, financial institutions, governments, supranational organisations and corporate clients to manage their funding, financing, strategic and risk management needs. CC&P is comprised of Barclays Consumer Bank Europe (CBE) and the Private Bank. The Private Bank offers investment, banking and credit capabilities to meet the needs of our wealth and family office clients across the EEA. CBE provides credit cards, online loans, instalment purchase financing, electronic point-of-sale financing and deposits in certain German-speaking countries. Barclays is currently engaged in a process to sell CBE, as part of our ambition to simplify Barclays and support our focus on growing our key businesses.

As stated above, the Bank's Italian mortgage portfolio (which is being run off) is held within the Bank's Head Office. The Bank is also in the process of arranging disposal of this mortgage portfolio.

Notes

The terms 'Bank', 'BBI' or 'Company' refer to Barclays Bank Ireland PLC. The abbreviations '€m' and '€bn' represent millions and thousands of millions of Euros respectively.

There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the results glossary that can be accessed at home.barclays/investor-relations/reports-and-events/latest-financial-results.

Forward-looking statements

This document contains certain forward-looking statements with respect to the Bank.

The Bank cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. Forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning.

Forward looking statements can be made in writing but also may be made verbally by directors, officers and employees of the Bank (including during management presentations) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Bank's future financial position, business strategy, income levels, costs, assets and liabilities, impairment charges, provisions, capital, leverage and other regulatory ratios, capital distributions (including policy on dividends and share buybacks), return on tangible equity, projected levels of growth in banking and financial markets, industry trends, any commitments and targets (including environmental, social and governance (ESG) commitments and targets), plans and objectives for future operations and other statements that are not historical or current facts.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by a number of factors, including, without limitation: changes in legislation, regulations, governmental and regulatory policies, expectations and actions, voluntary codes of practices and the interpretation thereof, changes in International Financial Reporting Standards and other accounting standards, including practices with regard to the interpretation and application thereof and emerging and developing ESG reporting standards; the outcome of current and future legal proceedings and regulatory investigations; the Bank's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; environmental, social and geopolitical risks and incidents, pandemics and similar events beyond the Bank's control; the impact of competition in the banking and financial services industry; capital, liquidity, leverage and other regulatory rules and requirements applicable to past, current and future periods; Eurozone and global macroeconomic and business conditions, including inflation; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates; reforms to benchmark interest rates and indices; higher or lower asset valuations; changes in credit ratings of the Bank or any securities issued by it; changes in counterparty risk; changes in consumer behaviour; the direct and indirect consequences of the conflicts in Ukraine and the Middle East on European and global macroeconomic conditions, political stability and financial markets; political elections; developments in the UK's relationship with the European Union (EU); the risk of cyberattacks, information or security breaches, technology failures or other operational disruptions and any subsequent impacts on the Bank's reputation, business or operations; the Bank's ability to access funding; and the success of acquisitions, disposals and other strategic transactions. A number of these factors are beyond the Bank's control. As a result, the Bank's actual financial position, results, financial and non-financial metrics or performance measures or its ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Bank's forward-looking statements. Additional risks and factors which may impact the Bank's future financial condition and performance are identified in the description of material existing and emerging risks on pages 38 to 50 of the Bank's 2023 Annual Report which is available on Barclays' website at <https://home.barclays/investor-relations/>.

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

Capital position and risk management

Our annual disclosures contain information on risk, as well as on capital management.

The Pillar 3 report provides a detailed breakdown of BBI's regulatory capital adequacy and how this relates to the Bank's risk management.

The CET1 ratio decreased to 16.0% (31 December 2022: 16.7%) primarily due to an increase in the risk weighted assets associated with credit risk and counterparty credit risk partially offset by a decrease in market risk. CET1 capital remained stable at €5.9bn (31 December 2022: €5.9bn).

The Leverage ratio decreased to 5.0% (31 December 2022: 5.8%) primarily driven by increased balances in trading portfolio assets and securities financing transactions.

The Bank held a liquidity pool of €37.3bn (31 December 2022: €30.7bn). The year-end liquidity coverage ratio (LCR) was 221% (31 December 2022: 194%) equivalent to a surplus of €20.4bn to the 100% regulatory requirement as at 31 December 2023.

Summary of risk profile

This section presents a high-level summary of BBI's risk profile.

The Board makes use of the Risk Appetite Framework¹ to set appetite and continuously monitors existing and emerging risks.

BBI sets its risk appetite in terms of performance metrics, as well as a set of mandate and scale limits to monitor risks. The following risk metrics reflect the risk profile of BBI (on a transitional basis):

Common Equity Tier 1 ratio

16.0%

2022: 16.7%
(see page 16)

Common Equity Tier 1 capital

€5.9bn

2022: €5.9bn
(see page 16)

Risk weighted assets

€36.9bn

2022: €35.2bn
(see page 20)

CRR leverage ratio

5.0%

2022: 5.8%
(see page 16)

Liquidity pool

€37.3bn

2022: €30.7bn
(see page 29)

Own funds and eligible liabilities ratio

31.3%

2022: 32.3%
(see page 26)

Liquidity coverage ratio (spot)

221%

2022: 194%
(see page 29)

Net stable funding ratio

147%

2022: 149%
(see page 31)

Note

1. The Risk Appetite Framework in this context is the Financial Regulatory Reporting policy, which sets out the risk tolerance levels and the relevant controls around the risks. This also sets out the formal matrix through which any risks/issues are escalated both internally and to the regulator. This is overseen by senior management, which allows the Bank to monitor the risks involved in regulatory returns which are either submitted to the regulator or published externally.

Notes on basis of preparation

Pillar 3 report regulatory framework

Barclays Bank Ireland PLC Pillar 3 disclosures complement the Barclays Bank Ireland PLC Annual Report 2023 and provide additional information about BBI's risk profile, including its regulatory capital, minimum requirements for own funds and eligible liabilities (MREL), RWEAs, liquidity and leverage exposures for the Bank.

The Pillar 3 report is prepared in accordance with the Capital Requirements Regulation and Capital Requirements Directive (CRR and CRD V, also known as the CRD V legislative package). In particular articles 431 to 455 of CRR specify the requirements of the Pillar 3 framework. These regulations came into force on 27 June 2021. The Pillar 3 disclosures have also been prepared in accordance with the EBA 'Implementing Technical Standards with regards to public disclosures by institutions of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013', in effect at the reporting date.

The disclosures included in this report reflect the Bank's interpretation of the current rules and guidance.

 See 'Application of the Basel framework' on page 9 for a more detailed description.

Future Regulatory Change

On 1st January 2024, the EBA published the CRR consolidated text which will be effective from 1st January 2025. The EBA have divided the associated technical standards, guidelines and more detailed reporting guidance that they have been tasked to produce with regards to CRR3 into four initial phases which are expected between now until the end of this year.

The proposals address mainly the last element of the reforms – the measurement of RWAs (the denominator of capital ratios). The proposals would, among other things, revise the calculation of RWEAs by improving both the measurement of risk in internal models (IMs) and standardised approaches (SAs), and the comparability of risk measurement across firms.

Notes on basis of preparation (continued)

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

This document discloses BBI's assets in terms of exposures and capital requirements. For the purposes of this document:

Credit losses

Impairment or losses disclosed within this document have followed the IFRS definitions used in the Annual Report.

Scope of application

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

Definition of credit exposures

Credit exposure, or 'Exposure at Default' (EAD) is defined as the estimate of the amount at risk in the event of a default (before any recoveries) or through the decline in value of an asset. This estimate takes account of contractual commitments related to undrawn amounts.

In contrast, an asset in BBI's balance sheet is reported as a drawn balance only. This is one of the reasons why exposure values in the Pillar 3 report will differ from asset values as reported in the Annual Report.


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

Assets and Liabilities under Consumer Bank Europe (CBE)

Balances relating to Consumer Bank Europe continue to be disclosed under loans and advances and deposits for regulatory reporting. This will differ from Annual Report where the balance is classified under Held for Sale as required by IFRS5.

Validation and sign-off

For the year ended 31 December 2023, the Bank has operated a framework of disclosure controls and procedures in place to support the approval of the Bank's Pillar 3 disclosure.

 See 'Appendix D' for a reference to BBI compliance with the Pillar 3 disclosure requirements.

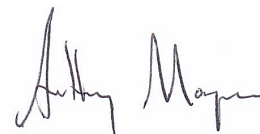
The Bank is committed to operating within a strong system of internal controls. A framework of disclosure controls and procedures are in place to support the approval of the entity's external financial disclosures. A governance committee is responsible for reviewing the Bank's regulatory reports and disclosures, such as this Pillar 3 report, to ensure that they have been prepared in line with their relevant internal control frameworks.

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

"We confirm that BBI's Pillar 3 disclosures,
to the best of our knowledge, comply with the Pillar 3 framework
within Part Eight of the CRR and have been prepared in compliance with
the Bank's internal control framework."



Jasper Hanebuth
Chief Financial Officer



Anthony Mayer
Chief Risk Officer

Scope of application of the Basel framework

This section explains the scope of application of Basel framework in relation to capital adequacy.

Tables 1 and 2

Show the scope of permissions and calculation approaches that summarises the various approaches to calculate RWEAs, and BBI's permission to use them.

Tables 3 and 4

Show the mapping of financial statement categories to regulatory risk types and a reconciliation of financial statement carrying values against regulatory exposures.

Table 7

Shows how IFRS balances contribute to the regulatory scope of consolidation on a line-by-line basis.

Application of the Basel framework

Overview of Pillar 3

The Pillar 3 requirements, as defined by the Basel Committee, have been implemented by the EU as part of the Capital Requirements Regulation (CRR) and Capital Requirements Directive (CRD V).

The framework is made up of three pillars:

Pillar 1:

Covers the calculation of risk weighted assets for credit risk, counterparty credit risk, market risk and operational risk.

Pillar 2:

Covers the consideration of whether additional capital is required over and above the Pillar 1 risk calculations. A firm's own internal models and assessments support this process.

Pillar 3:

Covers external communication of risk and capital information by banks as specified in the Basel framework to promote transparency and good risk management.

Pillar 3 requires the disclosure of exposures and associated risk weighted assets for each risk type and approach to calculating capital requirements for Pillar 1.

Distinct regulatory capital approaches are followed for each of the following risk and exposure types:

- credit risk (including certain non-traded equity exposures)
- counterparty credit risk (CCR)
- credit valuation adjustment (CVA)
- market risk
- securitisations
- operational risk

Approaches to calculate capital requirements under CRD and CRR

Calculation of capital for credit risk

The credit risk weighted assets calculation is based on an estimate of the Exposure at Default (EAD).

- Standardised approach: assesses capital requirements using standard industry-wide risk weightings based on a detailed classification of asset types, external ratings and maturity.

 See [page 35](#) for more details on capital requirements for credit risk.

Calculation of capital for counterparty credit risk

CCR differs from credit risk above in how the EAD is calculated, and applies to derivative and securities financing transaction (SFT) exposures. It arises where a counterparty default may lead to losses of an uncertain nature as the values of any resulting claims are market driven. This uncertainty is factored into the valuation of the Bank's credit exposure arising from such transactions. BBI uses three methods under the regulatory framework to calculate CCR exposure:

- the new Standardised Approach for Counterparty Credit Risk (SA-CCR) is used for derivatives. This is the sum of replacement cost at a netting set level plus an add-on (dependent on potential future exposure (PFE)) calculated for each asset class within a netting set, multiplied by a factor stipulated by the regulator called alpha, currently set at 1.4 for 31 December 2023 reporting.
- the Internal Model Method (IMM), subject to regulatory approval, which allows the use of internal models to calculate an effective expected positive exposure (EEPE), multiplied by a factor stipulated by the regulator called alpha. For the Bank this is set at 1.55. BBI uses this approach for commodity, credit, equity, foreign exchange and interest rate derivatives and SFT exposures.
- the Financial Collateral Comprehensive Method (FCCM), which is the net position of SFT exposures after the application of volatility adjustments prescribed by CRR.

 See [page 49](#) for more details on capital requirements for counterparty credit risk exposures.

Calculation of credit valuation adjustment capital charge

The CVA is the capital charge accounting for potential Mark to Market (MTM) losses due to credit quality deterioration of a counterparty (that does not necessarily default). Two approaches can be used to calculate the adjustment:

- Standardised approach: this approach takes account of the external credit rating of each counterparty, EAD from the CCR calculation (outlined above) and the effective maturity.
- Advanced approach: this approach requires the calculation of the charge as: a) a 10-day 99% value at risk (VaR) measure for the current one-year period; and b) the same measure for a stressed period. The sum of the two VaR measures is multiplied with the relevant multiplication factor, based on the number of market risk back-testing exceptions for the most recent 250 business days, to yield the capital charge.

 See [page 53](#) for more details on CVA

Application of the Basel framework (continued)

Calculation of capital for market risk

Risk weighted assets calculations for market risk assess the losses from extreme movements in the prices of financial assets and liabilities. Two approaches can be used:

- Standardised approach: a calculation is prescribed that depends on the type of contract, the net position at portfolio level, and other inputs that are relevant to the position. For instance, for equity positions a general market risk component captures changes in the market (systematic risk), while specific market risk is calculated based on features of the specific security (idiosyncratic risk).
- Model-based approach: with their regulator's permission, firms can use proprietary value at risk (VaR) models to calculate capital requirements. Under the CRR and CRD framework, stressed VaR, incremental risk charge and all-price risk models must also be used to ensure that sufficient levels of capital are maintained.



See **page 54** for more details on capital requirements for market risk.

Calculation of capital for securitisation exposures

A separate regulatory framework exists for the calculation of securitisations risk weighted assets as per Regulation (EU) 2017/2402 (the Securitisation Regulation) and Regulation (EU) 2017/2401 (amendments to CRR). The following approaches are used for the calculation:

- Standardised approach (Sec SA); and
- 1250% if the above approach is not applicable.



See **page 58** for more details on capital requirements for securitisation exposures.

Calculation of capital for operational risk

Capital set aside for operational risk is deemed to cover the losses or costs resulting from human factors, inadequate or failed internal processes and systems or external events.

To assess capital requirements for operational risk, the Standardised approach (TSA) is applied. Under TSA, the Bank is required to map all relevant income to a 'Line of Business'.



See **page 64** for more details on capital requirements for operational risk.

Calculation of capital for large exposures

As at 31 December 2023, BBI has not exceeded the large exposure limit set in CRR and, as such, no capital charge applies.

Regulatory minimum capital, leverage and MREL requirements

Capital, Leverage and MREL

BBI is required to maintain an Overall Capital Requirement for the CET1 ratio comprising of a Pillar 1 requirement of 4.5% and a Pillar 2 requirement (P2R) of 3% of RWEAs and a combined buffer requirement.

The combined buffer requirement as at 31 December 2023 includes a Capital Conservation Buffer (CCB) of 2.5%, a Countercyclical Capital Buffer (CCyB) requirement of 0.6% and an O-SII capital buffer of 1%. National authorities determine the appropriate countercyclical buffer that should be applied to exposures in their jurisdiction.

BBI's P2R and O-SII buffer requirements are subject to annual review by the Single Supervisory Mechanism (SSM) and CBI respectively. The current P2R requirement as per the Joint Risk Assessment and Decision (JRAD) Process between the Central Bank of Ireland and Prudential Regulation Authority (PRA) is based on a point in time assessment.

The European Commission introduced a binding minimum leverage requirement of 3% effective from 28 June 2021.

BBI is also subject to a transitional minimum requirement for own funds and eligible liabilities (MREL) of (i) 20.5% of RWEAs and (ii) 5.9% of leverage exposures. As at 31 December 2023, BBI held €11.5bn of own funds and eligible liabilities equating to 31.3% of RWEAs and 8.7% of leverage exposure. The Single Resolution Board (SRB) has set an Internal MREL requirement for the Bank, effective from 1 January 2024. The bank remains above its MREL requirement.

Scope of permission for calculation approaches

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

The Bank has permission to use the Internal Model Method (IMM) to calculate its counterparty credit risk exposures. The permission is comprehensive and applies to the majority of its trades and portfolios.

Scope of permission for calculation approaches

Table 1: The scope of the Standardised and IRB approaches for credit and counterparty credit risk excluding CVA

	Credit risk (see Table 9)	Counterparty credit risk excluding CVA (see Table 9)	Advanced Internal Ratings Based (IRB) approach	Standardised approach
	RWEA	RWEA		
	€m	€m		
As at 31 December 2023	17,760	9,250	-	All credit risk falls under the scope for the standardised approach

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

As at 31 December 2023	RWEAs	Scope
Risk Type	€m	
Credit value adjustment	1,890	BBI calculates Credit Valuation Adjustment (CVA) risk for all contracts in scope as defined by article 382 of the Capital Requirements Regulation. BBI has permission to use an internal model for the specific risk of debt instruments and therefore is allowed to use the Advanced method for CVA for such instruments where applicable. The Standardised method for CVA is used otherwise.
Market risk	5,251	As explained on page 129 and the following pages, the risk of loss from changes in the prices of assets in the trading book are captured by a combined RWEA calculation for general and specific market risks. The regulatory permission for BBI to use models mirrors that of Barclays Group via agreed temporary tolerance; see Table 9 on page 20 for capital requirements related to each approach and risk category. BBI has regulatory approval for VaR modelling for general market risk, which is designed to capture the risk of loss arising from changes in market interest rates, along with the risk of losses arising from changes in foreign exchange rates, and equity prices. The capital charge for specific market risk is designed to protect against losses from adverse movements in the price of an individual security owing to factors related to the individual issuer. BBI has permission to model specific market risk, including credit spread, migration, and default risks and product types. Where BBI does not have permission to use a model, the Standardised Approach is applied.
Operational risk	2,668	BBI applies the Standardised Approach (TSA) for operational risk regulatory capital purposes.

Linkage between financial statements and regulatory risk

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

This table shows an outline of the differences in the basis of consolidation for accounting and regulatory purposes. It provides an allocation of the balance sheet line items reported under the scope of regulatory consolidation between the different regulatory risk frameworks. Information regarding the market risk valuation methodologies, independent price verifications process and procedures for valuation adjustments or reserves can be found in the Management of market risk section from page 129.

	a	b	c	d	e	f	g
	Carrying values as reported in published financial statement	Carrying values under scope of regulatory consolidation ^a	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds ^b
As at 31 December 2023	€m		€m	€m	€m	€m	€m
Assets							
Cash and balances at central banks	33,814	33,814	33,814	-	-	-	-
Cash collateral and settlement balances	15,809	15,809	156	8,739	-	-	6,914
Loans and advances at amortised cost ^{c,d}	13,163	17,607	17,242	-	365	-	-
Reverse repurchase agreements and other similar secured lending	2,064	2,064	-	2,064	-	-	-
Trading portfolio assets	17,145	17,145	-	-	-	17,145	-
Financial assets at fair value through the income statement	21,995	21,995	356	21,280	1	21,639	-
Derivative financial instruments	33,580	33,580	-	33,578	3	33,564	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-
Investments in associates and joint ventures	-	-	-	-	-	-	-
Goodwill and intangible assets	-	18	18	-	-	-	-
Property, plant and equipment	110	138	138	-	-	-	-
Current tax assets	5	5	5	-	-	-	-
Deferred tax assets	185	185	185	-	-	-	-
Retirement benefit assets	3	3	-	-	-	-	3
Assets included in disposal groups classified as held for sale ^d	4,514	-	-	-	-	-	-
Other assets	257	281	281	-	-	-	-
Total assets	142,644	142,644	52,195	65,661	369	72,348	6,917
Liabilities							
Deposits at amortised cost ^{c,d}	32,018	35,566	-	-	-	-	35,566
Cash collateral and settlement balances	21,020	21,020	-	17,277	-	-	3,743
Repurchase agreements and other similar secured borrowing	1,561	1,561	-	1,019	-	-	542
Debt securities in issue	2,457	2,457	-	-	-	-	2,457
Subordinated liabilities	4,833	4,833	-	-	-	-	4,833
Trading portfolio liabilities	16,232	16,232	-	-	-	16,232	-
Financial liabilities designated at FV	25,451	25,451	-	19,257	-	25,442	-
Derivative financial instruments	27,663	27,663	-	27,663	-	27,643	-
Current tax liabilities	47	47	-	-	-	-	47
Deferred tax liabilities	-	-	-	-	-	-	-
Retirement benefit liabilities	10	10	-	-	-	-	10
Provisions	139	144	-	-	-	-	144
Liabilities included in disposal groups classified as held for sale ^d	3,649	-	-	-	-	-	-
Other liabilities	600	696	-	-	-	-	696
Total liabilities	135,680	135,680	-	65,216	-	69,317	48,038

Notes:

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

- The balances shown in column 'Carrying values under the scope of regulatory consolidation' do not equal the sum of those in the columns relating to the regulatory framework, as certain assets can be in scope for more than one regulatory framework. As such, assets included in line items for 'Financial assets at fair value through the income statement', and 'Derivative financial instruments', can be subject to credit risk, counterparty credit risk and market risk.
- For liabilities, balances shown in column 'Not subject to own funds requirements or subject to deduction from own funds' are balancing amounts so that the 'Carrying values under scope of regulatory consolidation' equals the sum of those in the columns relating to the regulatory framework.
- Loans and advances to banks, customers and Debt securities at amortised cost as reported in the Annual report are presented in the table as Loans and advances at amortised cost and Deposit from banks and customers are presented as Deposits at amortised cost.
- For regulatory reporting, the Held for Sale assets and liabilities in the Annual Report under the CBE portfolio are largely reported under the Loans and advance and Deposits.

Linkage between financial statements and regulatory risk (continued)

Table 4: LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

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

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

Difference due to different netting rules: This reflects the additional benefits allowed per regulatory rules over and above the netting permitted under International Financial Reporting Standards (IFRS)/International Accounting Standards (IAS).

Differences due to the use of credit risk mitigation techniques: This reflects the impact of credit risk mitigation such as guarantees and collateral on the regulatory exposure value.

Differences due to credit conversion factors: This reflects the impact of the CCF on the off balance sheet exposure.

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

Other differences: This reflects the difference between asset carrying values as defined per IFRS and the values defined for regulatory reporting purposes.

Differences due to regulatory add-ons: this reflects regulatory add-ons relevant to the standardised approach to counterparty credit risk (SA-CCR), such as Potential Future Exposure (PFE) add on and Financial Collateral Comprehensive Method (FCCM) haircuts.

Differences between input balance and modelled regulatory output: This reflects the modelling of exposures, such as the use of the internal model method (IMM) for CCR.

	a	b	c	d	e					
						Items subject to				
						Total ^a	Credit risk framework	Securitisation framework	CCR framework	Market risk framework
€m	€m	€m	€m	€m						
As at 31 December 2023										
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	118,225	52,195	369	65,661	72,348				
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	(65,216)	–	–	(65,216)	(69,317)				
3	Total net amount under the regulatory scope of consolidation	53,009	52,195	369	445	3,031				
4	Off-balance-sheet amounts	45,000	39,556	–	5,444					
5	Differences in valuations	–	–	–	–					
6	Differences due to different netting rules, other than those already included in row 2	–	–	–	–					
7	Differences due to consideration of provisions	(52)	(52)	–	–					
8	Differences due to the use of credit risk mitigation techniques (CRMs)	(12,129)	(11,612)	–	(518)					
9	Differences due to credit conversion factors	(20,005)	(20,005)	–	–					
10	Differences due to securitisation with risk transfer	–	–	–	–					
11	Other differences	33	33	–	–					
11a	Differences due to regulatory add-ons	1,184	–	–	1,184					
11b	Differences between input balance and modelled regulatory output	8,687	–	1	8,686					
12	Exposure amounts considered for regulatory purposes^b	75,727	60,115	370	15,241					

Notes:

a. Total excludes subject to market risk and amounts subject to deduction from capital or not subject to regulatory capital requirements.

b. Exposure amounts considered for regulatory purposes includes only credit risk, counterparty credit risk and securitisation frameworks. No exposures are reported against the Market Risk framework.

Analysis of treasury and capital risk

This section details BBI's capital position providing information on capital resources and requirements, own funds and eligible liabilities, leverage and liquidity.

Key Metrics

Common Equity Tier 1 ratio

16.0%

2022: 16.7%
(see page 16)

Common Equity Tier 1 capital

€5.9bn

2022: €5.9bn
(see page 16)

Risk weighted assets

€36.9bn

2022: €35.2bn
(see page 20)

CRR leverage ratio

5.0%

2022: 5.8%
(see page 16)

Liquidity pool

€37.3bn

2022: €30.7bn
(see page 29)

Own funds and eligible liabilities ratio

31.3%

2022: 32.3%
(see page 26)

Liquidity coverage ratio (spot)

221%

2022: 194%
(see page 29)

Net stable funding ratio

147%

2022: 149%
(see page 31)

Analysis of treasury and capital risk

Table 5: KM1 - Key metrics

This table shows key regulatory metrics and ratios as well as related components such as own funds, risk-weighted exposure amounts (RWEAs), capital ratios, additional requirements based on Supervisory Review and Evaluation Process (SREP), capital buffer requirements, leverage ratio, liquidity coverage ratio and net stable funding ratio.

	a	b	c	d	e
	As at 31.12.23	As at 30.09.23	As at 30.06.23	As at 31.03.23	As at 31.12.22
	€m	€m	€m	€m	€m
Available own funds (amounts)^a					
1 Common Equity Tier 1 (CET1) capital	5,911	5,912	5,929	5,797	5,887
2 Tier 1 capital	6,716	6,717	6,734	6,602	6,692
3 Total capital	7,911	7,912	7,929	7,797	7,887
Risk-weighted exposure amounts^a					
4 Total risk-weighted exposure amount	36,876	36,506	35,457	35,561	35,216
Capital ratios (as a percentage of risk-weighted exposure amount)^a					
5 Common Equity Tier 1 ratio (%)	16.0 %	16.2 %	16.7 %	16.3 %	16.7 %
6 Tier 1 ratio (%)	18.2 %	18.4 %	19.0 %	18.6 %	19.0 %
7 Total capital ratio (%)	21.5 %	21.7 %	22.4 %	21.9 %	22.4 %
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)					
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.0 %	3.0 %	3.0 %	3.0 %	3.3 %
EU 7b of which: to be made up of CET1 capital (%)	1.7 %	1.7 %	1.7 %	1.7 %	1.9 %
EU 7c of which: to be made up of Tier 1 capital (%)	2.3 %	2.3 %	2.3 %	2.3 %	2.5 %
EU 7d Total SREP own funds requirements (%)	11.0 %	11.0 %	11.0 %	11.0 %	11.3 %
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)					
8 Capital conservation buffer (%)	2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
9 Institution specific countercyclical capital buffer (%)	0.6 %	0.6 %	0.6 %	0.4 %	0.2 %
EU 10a Other Systemically Important Institution buffer (%)	1.0 %	1.0 %	1.0 %	1.0 %	1.0 %
11 Combined buffer requirement (%)	4.1 %	4.1 %	4.1 %	3.9 %	3.7 %
EU 11a Overall capital requirements (%)	15.2 %	15.2 %	15.1 %	14.9 %	15.0 %
12 CET1 available after meeting the total SREP own funds requirements (%)	9.8 %	10.0 %	10.5 %	10.1 %	10.4 %
Leverage ratio^a					
13 Total exposure measure	133,135	136,630	133,305	130,749	114,408
14 Leverage ratio (%)	5.0 %	4.9 %	5.1 %	5.1 %	5.8 %
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)					
EU 14c Total SREP leverage ratio requirements (%)	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)					
EU 14e Overall leverage ratio requirements (%)	3.0 %	3.0 %	3.0 %	3.0 %	3.0 %
Liquidity Coverage Ratio					
15 Total high-quality liquid assets (HQLA) (Weighted value - average)	32,810	31,166	29,391	28,215	27,269
EU 16a Cash outflows - Total weighted value	23,112	22,638	22,333	21,565	21,258
EU 16b Cash inflows - Total weighted value	5,134	4,865	4,962	4,831	4,817
16 Total net cash outflows (adjusted value)	17,978	17,773	17,371	16,733	16,441
17 Liquidity coverage ratio (%) (average)	182.9 %	175.6 %	169.2 %	168.7 %	166.0 %
17a Liquidity coverage ratio (%) (spot)	221.0 %	190.9 %	176.0 %	181.2 %	193.6 %
Net Stable Funding Ratio					
18 Total available stable funding	48,548	45,726	38,588	32,919	34,178
19 Total required stable funding	33,094	31,369	26,963	21,327	22,949
20 NSFR ratio (%)	146.7 %	145.8 %	143.0 %	154.4 %	149.0 %

Note:

a. Transitional Capital, RWEAs and leverage ratio calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.

The CET1 ratio decreased to 16.0% (31 December 2022: 16.7%). CET1 capital remained stable at €5.9bn (31 December 2022: €5.9bn). RWEAs increased by €1.7bn to €36.9bn (31 December 2022: €35.2bn), primarily due to an increase in counterparty credit risk and credit risk RWEAs partially offset by a decrease in market risk.

The Leverage ratio decreased to 5.0% (31 December 2022: 5.8%). This was driven by a €18.7bn increase in exposures to €133.1bn (31 December 2022: €114.4bn) mainly due to increased balances in trading portfolio assets and securities financing transactions.

NSFR remained broadly stable at 147% (31 December 2022: 149%), with a €15.5bn surplus to 100% regulatory minimum requirement.

Analysis of treasury and capital risk (continued)

Table 6: CC1 – Composition of regulatory own funds

This table shows the components of regulatory capital presented on both a transitional and fully loaded basis.

	a				b	
	As at 31 December 2023		As at 31 December 2022			
	Transitional position	Fully loaded position	Transitional position	Fully loaded position		
	€m	€m	€m	€m	Ref [†]	
Common Equity Tier 1 (CET1) capital: instruments and reserves						
1	Capital instruments and the related share premium accounts	4,022	4,022	3,872	3,872	a
1a	Of which called up share capital and share premium	4,022	4,022	3,872	3,872	a
2	Retained earnings ^a	2,151	2,151	115	115	b
3	Accumulated other comprehensive income (and other reserves)	(180)	(180)	1,628	1,628	b,c
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	162	162	101	101	b
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	6,155	6,155	5,715	5,715	
Common Equity Tier 1 (CET1) capital: regulatory adjustments						
7	Additional value adjustments (negative amount)	(117)	(117)	(71)	(71)	
8	Intangible assets (net of related tax liability) (negative amount)	(7)	(7)	(42)	(42)	d
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	(6)	(6)	—	—	e
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	71	71	211	211	c
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	21	21	15	15	c
15	Defined-benefit pension fund assets (negative amount)	(3)	(3)	(4)	(4)	f
27a	Other regulatory adjustments ^b	(203)	(214)	63	(24)	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	(244)	(255)	172	85	
29	Common Equity Tier 1 (CET1) capital	5,911	5,900	5,887	5,800	
Additional Tier 1 (AT1) capital: instruments						
30	Capital instruments and the related share premium accounts	805	805	805	805	g
36	Additional Tier 1 (AT1) capital before regulatory adjustments	805	805	805	805	
Additional Tier 1 (AT1) capital: regulatory adjustments						
44	Additional Tier 1 (AT1) capital	805	805	805	805	
45	Tier 1 capital (T1 = CET1 + AT1)	6,716	6,705	6,692	6,605	
Tier 2 (T2) capital: instruments						
46	Capital instruments and the related share premium accounts	1,195	1,195	1,195	1,195	h
51	Tier 2 (T2) capital before regulatory adjustments	1,195	1,195	1,195	1,195	
Tier 2 (T2) capital: regulatory adjustments						
58	Tier 2 (T2) capital	1,195	1,195	1,195	1,195	
59	Total capital (TC = T1 + T2)	7,911	7,900	7,887	7,800	
60	Total risk exposure amount	36,876	36,866	35,216	35,129	
Capital ratios and requirements including buffers						
61	Common Equity Tier 1 capital	16.0 %	16.0 %	16.7 %	16.5 %	
62	Tier 1 capital	18.2 %	18.2 %	19.0 %	18.8 %	
63	Total capital	21.5 %	21.4 %	22.4 %	22.2 %	
64	Institution CET1 overall capital requirements	10.3 %	10.3 %	10.0 %	10.0 %	
65	Of which: capital conservation buffer requirement	2.5 %	2.5 %	2.5 %	2.5 %	
66	Of which: countercyclical buffer requirement	0.6 %	0.6 %	0.2 %	0.2 %	
EU-67a	Of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	1.0 %	1.0 %	1.0 %	1.0 %	
EU-67b	Of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.7 %	1.7 %	1.9 %	1.9 %	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	9.8 %	9.8 %	10.4 %	10.2 %	
Amounts below the thresholds for deduction (before risk weighting)						
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions) ^c	456	456	218	218	
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	94	94	94	94	
Applicable caps on the inclusion of provisions in Tier 2						
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	330	330	305	305	

Notes:

[†] The references (a) - (h) identify balance sheet components in Table 7: CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements on page 18 which are used in the calculation of regulatory capital.

a. Capital contribution of €1.891m was reclassified from Accumulated other comprehensive income (and other reserves) to Retained earning from June 2023.

b. Current year other regulatory adjustments include the entity specific CRR Article 3 deduction effective from June 2023.

c. Direct and indirect holdings of own funds and eligible liabilities as at 31 December 2022 were restated to include €64m of holdings of eligible liabilities subject to deduction in accordance with CRR Article 72.

Analysis of treasury and capital risk (continued)

Table 7: CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

This table shows that the balance sheet prepared for statutory and regulatory scope of consolidation are the same. The amounts shown are not a risk weighted asset measure; they are based on an accounting measure and cannot be directly reconciled to other tables in this report.

	a	b	c	Ref ^a
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Balance sheet per published financial statements and per regulatory scope of consolidation	
	As at 31 December 2023	As at 31 December 2023	As at 31 December 2022	
	€m	€m	€m	
Assets				
Cash and balances at central banks	33,814	33,814	30,540	
Cash collateral and settlement balances	15,809	15,809	18,540	
Loans and advances at amortised cost ^{b,c}	13,163	17,607	15,360	
Reverse repurchase agreements and other similar secured lending	2,064	2,064	1,764	
Trading portfolio assets	17,145	17,145	7,700	
Financial assets at fair value through the income statement	21,995	21,995	17,216	
Derivative financial instruments	33,580	33,580	40,439	
Financial assets at fair value through other comprehensive income	-	-	-	
Investments in associates and joint ventures	-	-	-	
Goodwill and intangible assets	-	18	59	
Of which: goodwill	-	-	-	
Of which: other intangibles (excluding MSRs)	-	18	59	d
Property, plant and equipment	110	138	114	
Current tax assets	5	5	1	
Deferred tax assets	185	185	206	e
Retirement benefit assets	3	3	4	f
Assets included in disposal groups classified as held for sale	4,514	-	-	d
Other assets	257	281	591	
Total assets	142,644	142,644	132,534	
Liabilities				
Deposits at amortised cost ^{b,c}	32,018	35,566	29,421	
Cash collateral and settlement balances	21,020	21,020	24,684	
Repurchase agreements and other similar secured borrowing	1,561	1,561	2,964	
Debt securities in issue	2,457	2,457	3,139	
Subordinated liabilities	4,833	4,833	4,679	h
Trading portfolio liabilities	16,232	16,232	12,872	
Financial liabilities designated at FV	25,451	25,451	14,858	
Derivative financial instruments	27,663	27,663	32,494	
Current tax liabilities	47	47	53	
Deferred tax liabilities	-	-	1	
Retirement benefit liabilities	10	10	12	
Provisions	139	144	99	
Liabilities included in disposal groups classified as held for sale	3,649	-	-	
Other liabilities	600	696	743	
Total liabilities	135,680	135,680	126,019	
Total Equity				
Called up share capital and share premium	4,022	4,022	3,872	a
Of which: amount eligible for CET1	4,022	4,022	3,872	
Other equity instruments	805	805	805	g
Other reserves	(138)	(138)	(271)	c
Retained earnings	2,275	2,275	2,109	b
Total equity excluding non-controlling interest	6,964	6,964	6,515	
Non-controlling interest	-	-	-	
Total equity	6,964	6,964	6,515	
Total liability and equity	142,644	142,644	132,534	

Notes:

- a. The references (a) – (h) identify balance sheet components that are used in the calculation of regulatory capital in Table 6: CC1 – Composition of regulatory own funds on page 17.
- b. Loans and advances to banks, customers and Debt securities at amortised cost as reported in the Annual report are presented in the table as Loans and advances at amortised cost and Deposit from banks and customers are presented as Deposits at amortised cost.
- c. For regulatory reporting, the Held for Sale assets and liabilities in the Annual Report under the CBE portfolio are largely reported under the Loans and advance and Deposits.

Analysis of treasury and capital risk (continued)

Table 8: IFRS 9^a - Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous expected credit losses (ECLs)

	a	b	c	d	e
	As at 31.12.23	As at 30.09.23	As at 30.06.23	As at 31.03.23	As at 31.12.22
	€m	€m	€m	€m	€m
Available capital (amounts)					
1 CET1 capital ^b	5,911	5,912	5,929	5,797	5,887
2 CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,900	5,907	5,905	5,766	5,800
3 Tier 1 capital ^b	6,716	6,717	6,734	6,602	6,692
4 Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,705	6,712	6,710	6,571	6,605
5 Total capital ^b	7,911	7,912	7,929	7,797	7,887
6 Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,900	7,907	7,905	7,766	7,800
Risk-weighted exposure amounts (RWEAs)					
7 Total RWEAs ^b	36,876	36,505	35,457	35,561	35,216
8 Total RWEAs as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	36,866	36,501	35,433	35,530	35,129
Capital ratios					
9 CET 1 (as a percentage of risk exposure amounts) ^b	16.0 %	16.2 %	16.7%	16.3%	16.7%
10 CET 1 (as a percentage of risk exposure amounts) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.0 %	16.2 %	16.7%	16.2%	16.5%
11 Tier 1 (as a percentage of risk exposure amounts) ^b	18.2 %	18.4 %	19.0%	18.6%	19.0%
12 Tier 1 (as a percentage of risk exposure amounts) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.2 %	18.4 %	18.9%	18.5%	18.8%
13 Total capital (as a percentage of risk exposure amounts) ^b	21.5 %	21.7 %	22.4%	21.9%	22.4%
14 Total capital (as a percentage of risk exposure amounts) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	21.4 %	21.7 %	22.3%	21.9%	22.2%
Leverage ratio					
15 Leverage ratio total exposure measure ^b	133,135	136,630	133,305	130,749	114,408
16 Leverage ratio ^b	5.0 %	4.9 %	5.1%	5.1%	5.8%
17 Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5.0 %	4.9 %	5.0%	5.0%	5.8%

Notes:

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

b. Transitional Capital, RWEAs, leverage ratio and leverage ratio total exposure measure are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.

Analysis of treasury and capital risk (continued)

Table 9: Risk-weighted exposure amounts by risk type

This table shows RWEAs by risk type.

	Credit risk	Counterparty credit risk				Securitisation risk		Market risk		Operational risk	Total RWEAs
	Std	Std	CCP ^a	Settlement risk	CVA	Std	Deduction	Std	IMA	TSA	
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	
As at 31 December 2023	17,760	9,141	69	40	1,890	57	-	19	5,232	2,668	36,876
As at 31 December 2022	16,928	8,046	25	32	1,601	43	-	39	6,182	2,320	35,216

Note:

a. Risk exposure amount for contributions to the default fund of CCP.

Table 10: OV1 - Overview of risk-weighted exposure amounts

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

		a					b					c				
		Risk weighted exposure amounts (RWEAs)										Total own funds requirements				
		As at 31.12.23	As at 30.09.23	As at 30.06.23	As at 31.03.23	As at 31.12.22	As at 31.12.23	As at 30.09.23	As at 30.06.23	As at 31.03.23	As at 31.12.22					
		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	
1	Credit risk (excluding CCR)	17,760	18,013	17,211	18,105	16,928	1,421	1,441	1,377	1,448	1,354					
2	Of which the standardised approach	17,760	18,013	17,211	18,105	16,928	1,421	1,441	1,377	1,448	1,354					
4	Of which: slotting approach	-	-	-	-	-	-	-	-	-	-					
5	Of which the advanced IRB (AIRB) approach	-	-	-	-	-	-	-	-	-	-					
6	Counterparty credit risk - CCR	11,100	9,841	8,372	7,573	9,672	888	787	669	606	773					
7	Of which the standardised approach	442	627	677	487	317	36	50	54	39	25					
8	Of which internal model method (IMM)	7,710	6,759	6,229	5,797	6,832	617	540	498	465	547					
EU 8a	Of which exposures to a CCP	92	72	83	93	51	7	6	7	7	4					
EU 8b	Of which credit valuation adjustment - CVA	1,890	1,411	693	604	1,601	151	113	55	48	128					
9	Of which other CCR	966	972	690	592	871	77	78	55	47	69					
15	Settlement risk	40	8	19	15	32	3	1	2	1	3					
16	Securitisation exposures in the non-trading book (after the cap)	57	52	46	45	43	5	4	4	4	3					
19	Of which SEC-SA approach	57	52	46	45	43	5	4	4	4	3					
EU 19a	Of which 1250%/ deduction	-	-	-	-	-	-	-	-	-	-					
20	Position, foreign exchange and commodities risks (Market risk)	5,251	6,271	7,489	7,503	6,221	420	502	599	600	498					
21	Of which the standardised approach	19	8	6	12	39	2	1	-	1	3					
22	Of which IMA	5,232	6,263	7,483	7,491	6,182	419	501	599	599	495					
23	Operational risk	2,668	2,320	2,320	2,320	2,320	213	186	186	186	186					
EU 23b	Of which standardised approach	2,668	2,320	2,320	2,320	2,320	213	186	186	186	186					
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	235	236	237	237	235	19	19	19	19	19					
29	Total	36,876	36,505	35,457	35,561	35,216	2,950	2,921	2,837	2,845	2,817					

Overall RWEAs increased by €1.7bn to €36.9bn (31 December 2022: €35.2bn) primarily due to:

- Credit risk RWEAs increased by €0.8bn to €17.8bn (31 December 2022: €16.9) primarily due to increase in book size of new and existing facilities and a reduction in guarantees, notably from Corporate banking.
- Counterparty Credit risk RWEAs increased by €1.4bn to €11.1bn (31 December 2022: €9.7) primarily driven by an increase in trading activities.
- Market risk RWEAs decreased by €1.0bn to €5.3bn (31 December 2022: €6.2bn) primarily due to risk taking at the end of 2023 was lower than 2022, as 2023 RWEAs is reflective of high risk reduction over the second half of the year primarily from the Italian Government bond trading desk. The reduction in RWEAs is reflected across both SVaR RWEAs as well as legal entity RWEAs add-on.

For further detail on movements in RWEAs for each risk type please see 'Analysis of credit risk' on page 35, 'Analysis of counterparty credit risk' on page 49 and 'Analysis of market risk' on page 54.

Analysis of treasury and capital risk (continued)

Table 11: CCR7 - RWEA flow statements of CCR exposures under the IMM

The total in this table shows the contribution of Internal Model Method (IMM) exposures (excluding central clearing counterparties) to CCR RWEAs.

		a	
		RWEA	
		Three months ended 31 December 2023	Twelve months ended 31 December 2023
		€m	€m
1	RWEA as at the end of the previous reporting period^a	6,758	6,832
2	Asset size	1,036	1,010
3	Credit quality of counterparties	(11)	(194)
4	Model updates (IMM only)	-	-
5	Methodology and policy (IMM only)	-	-
6	Acquisitions and disposals	-	-
7	Foreign exchange movements	(73)	62
8	Other	-	-
9	RWEA as at the end of the reporting period	7,710	7,710

Notes:

a. Opening balance excludes the exposure to central counterparties as per CRR II guidelines.

Three months IMM RWEAs increased by €1.0bn to €7.7bn primarily driven by increase in trading activities in derivatives and SFTs.

Twelve months IMM RWEAs increased by €0.9bn to €7.7bn primarily driven by increase in trading activities in derivatives and SFT for year on year.

Analysis of treasury and capital risk (continued)

Table 12: MR2-B - RWEAs flow statement of market risk exposures under the IMA

This table shows the contribution of market risk RWEAs covered by internal models (i.e. value at risk (VaR), stressed value at risk (SVaR) and incremental risk charge(IRC)).

	a	b	c	e	f	g
	Three months ended 31 December 2023					
	VaR	SVaR	IRC	Other	Total RWEAs	Total own funds requirements
	€m	€m	€m	€m	€m	€m
1 RWEAs at previous period end	790	2,658	1,554	1,262	6,263	501
1a Regulatory adjustment ^a	(587)	(1,995)	(98)	-	(2,680)	(214)
1b RWEAs at the previous quarter-end (end of the day)	203	663	1,456	1,262	3,583	287
2 Movement in risk levels	(9)	68	(264)	200	(5)	-
3 Model updates/changes	-	-	-	-	-	-
4 Methodology and policy	-	-	-	-	-	-
5 Acquisitions and disposals	-	-	-	-	-	-
6 Foreign exchange movements	-	-	-	-	-	-
7 Other	-	-	-	-	-	-
8a RWEAs at the end of the disclosure period (end of the day)	193	731	1,192	1,462	3,578	286
8b Regulatory adjustment ^b	557	1,097	-	-	1,654	132
8 RWEAs at the end of the reporting period	750	1,828	1,192	1,462	5,232	419

Modelled market risk RWEAs decreased by €1.0bn to €5.2bn driven by decreased SVaR is a function of risk reduction in Macro trading area along with a reduction in the SVaR add-on that converts RWEAs from a SVaR period to a BBI specific period.

Macro trading area had seen increasing risk reduction over the second half of 2023 primarily from the Italian Government bond trading desk

	a	b	c	e	f	g
	Twelve months ended 31 December 2023					
	VaR	SVaR	IRC	Other	Total RWEAs	Total own funds requirements
	€m	€m	€m	€m	€m	€m
1 RWEAs at previous period end	1,281	3,412	616	873	6,182	495
1a Regulatory adjustment ^a	(921)	(2,531)	(159)	-	(3,612)	(289)
1b RWEAs at the previous quarter-end (end of the day)	360	881	456	873	2,570	206
2 Movement in risk levels	(167)	(150)	736	589	1,008	81
3 Model updates/changes	-	-	-	-	-	-
4 Methodology and policy	-	-	-	-	-	-
5 Acquisitions and disposals	-	-	-	-	-	-
6 Foreign exchange movements	-	-	-	-	-	-
7 Other	-	-	-	-	-	-
8a RWEAs at the end of the disclosure period (end of the day)	193	731	1,192	1,462	3,578	286
8b Regulatory adjustment ^b	557	1,097	-	-	1,654	132
8 RWEAs at the end of the reporting period	750	1,828	1,192	1,462	5,232	419

Notes:

a. Row 1a reflects the difference between reported RWEA (row 1) and the relevant spot measure (row 1b) for the previous period.

b. Row 8b reflects the difference between the relevant spot measure (row 8a) and reported RWEA (row 8) for the current period.

Modelled market risk RWEAs decreased by €1.0bn to €5.2bn, primarily due to risk taking at the end of 2022 was higher than 2023, as 2023 RWEAs is reflective of increasing risk reduction over the second half of 2023 primarily from the Italian Government bond trading desk.

The reduction in RWEAs is reflected across both SVaR RWEAs as well as the legal entity RWEA add-on.

Analysis of treasury and capital risk (continued)

Leverage ratio and exposures

BBI is required to disclose a Capital Requirements Regulation (CRR) leverage ratio, which is based on the end point CRR definition of tier 1 capital and the CRR definition of leverage exposure.

The following leverage tables show the components of the leverage ratio using the CRR II definition for the leverage exposure and Tier 1 capital as at 31 December 2023^a.

Table 13: LR1 - Summary of reconciliation of accounting assets and leverage ratio exposures

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

		a	
		Applicable amount	
		As at 31 December 2023	As at 31 December 2022
		€m	€m
1	Total assets as per published financial statements	142,644	132,534
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(3,620)	(7,539)
8	Adjustments for derivative financial instruments	(13,018)	(18,845)
9	Adjustment for securities financing transactions (SFTs)	1,891	1,286
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) ^b	16,722	16,436
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital) ^c	(156)	(117)
12	Other adjustments ^d	(11,328)	(9,347)
13	Total exposure measure	133,135	114,408

Notes:

a. Capital and leverage measures are calculated applying the transitional arrangements of the CRR as amended by CRR II.

b. As at 31 December 2023, the adjustment for off-balance sheet items excludes certain off-balance sheet provisions of €(39)m (December 2022: €(46)m).

c. As at 31 December 2023, adjustments which have reduced Tier 1 capital includes certain off-balance sheet provisions of €(39)m and adjustments of €(117)m due to the requirements for prudent valuation (31 December 2022: €(46)m and €(71)m).

d. As at 31 December 2023, other adjustments exclude adjustments of €(117)m due to the requirements for prudent valuation December 2022: €(71)m).

Total leverage exposure measure increased by €18.7bn to €133.1bn primarily due to increased total assets as per published financial statements (which was primarily due to increased balances in trading portfolio assets, cash at central banks and financial assets at fair value).

Analysis of treasury and capital risk (continued)

Table 14: LR2 - Leverage ratio common disclosure

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

		a	b
		CRR leverage ratio exposures	
		As at 31 December 2023	As at 31 December 2022
		€m	€m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral) ^a	82,451	67,363
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(6,602)	(5,111)
6	(Asset amounts deducted in determining Tier 1 capital)	(150)	(31)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)^a	75,699	62,221
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	9,647	14,188
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	16,595	15,967
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR) ^b	(11,082)	(13,599)
11	Adjusted effective notional amount of written credit derivatives	33,312	46,618
12	Adjusted effective notional offsets and add-on deductions for written credit derivatives	(32,603)	(45,855)
13	Total derivative exposures^b	15,869	17,319
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	49,488	44,188
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(26,494)	(26,995)
16	Counterparty credit risk exposure for SFT assets	1,891	1,286
18	Total securities financing transaction exposures	24,885	18,479
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount ^c	40,353	38,744
20	(Adjustments for conversion to credit equivalent amounts) ^d	(23,632)	(22,309)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures) ^e	(39)	(46)
22	Off-balance sheet exposures	16,682	16,389
Capital and total exposure measure			
23	Tier 1 capital	6,716	6,692
24	Total exposure measure	133,135	114,408
Leverage ratio			
25	Leverage ratio	5.0 %	5.8 %
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans (%)	5.0 %	5.8 %
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	5.0 %	5.8 %
26	Regulatory minimum leverage ratio requirement (%)	3.0 %	3.0 %
EU-27a	Overall leverage ratio requirement (%)	3.0 %	3.0 %
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	31,064	31,779
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	22,994	17,192
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	141,205	128,995
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	141,205	128,995
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.8 %	5.2 %
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	4.8 %	5.2 %

Notes:

a. As at 31 December 2023, on-balance sheet exposures exclude initial margin deduction of €(4,694)m (31 December 2022: €(4,275)m).

b. As at 31 December 2023, derivative exposures include initial margin deduction of €(4,694)m (31 December 2022: €(4,275)m).

c. Off-balance sheet exposures includes the commitments of €6.851m relating to CBE portfolio classified as held for sale in BBI Annual report.

d. As at 31 December 2023, adjustments for conversion to credit equivalent amounts exclude certain off-balance sheet provisions of €(39)m (31 December 2022: €(46)m).

e. As at 31 December 2023, general provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures include certain off-balance sheet provisions of €(39)m (31 December 2022: €(46)m).

Analysis of treasury and capital risk (continued)

The Leverage ratio decreased year on year to 5.0% (31 December 2022: 5.8%). This was driven by a €18.7bn increase in exposures to €133.1bn (31 December 2022: €114.4bn) mainly due to increased balances in trading portfolio assets and securities financing transactions.

Table 15: LR3 - Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)^a

This table shows a breakdown of the on-balance sheet exposures excluding derivatives, SFTs and exempted exposures, by asset class.

		a	
		CRR leverage ratio exposures	
		As at 31 December 2023	As at 31 December 2022
		€m	€m
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	70,778	57,174
EU-2	Trading book exposures	18,102	9,489
EU-3	Banking book exposures, of which:	52,676	47,685
EU-5	Exposures treated as sovereigns	36,616	30,850
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	132	172
EU-7	Institutions	1,278	1,689
EU-8	Secured by mortgages of immovable properties	4,021	4,655
EU-9	Retail exposures	4,481	4,551
EU-10	Corporates	5,160	4,697
EU-11	Exposures in default	350	308
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	638	763

Note:

a. Leverage measures are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.

Total exposure increased by €13.6bn to €70.8bn primarily due to increased total assets per published financial statements (which was primarily due to increased balances at central banks and trading portfolio assets).

Analysis of treasury and capital risk (continued)

Minimum requirement for own funds and eligible liabilities (MREL)

Table 16: iLAC - Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs

The Bank is a material subsidiary of a Non-EU Globally Systemic International Institution (G-SII), i.e. the Barclays Group, therefore it is subject to Article 92b of the Capital Requirements Regulation to satisfy at all times 90% of the own funds and eligible liabilities requirement in Article 92a. This requirement is applicable on an individual basis.

The Single Resolution Board (SRB) has set an Internal MREL requirement for the Bank, effective from 1 January 2024. The SRB has also set an interim Internal MREL requirement, effective from 1 January 2022. The bank remains above its MREL requirement.

	a		b	
	As at 31 December 2023		As at 31 December 2022	
	Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)	Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)
	€m	€m	€m	€m
Own funds and eligible liabilities^a				
EU-3 Common Equity Tier 1 capital (CET1)	5,911	5,911	5,887	5,887
EU-4 Eligible Additional Tier 1 instruments	805	805	805	805
EU-5 Eligible Tier 2 instruments	1,195	1,195	1,195	1,195
EU-6 Eligible own funds	7,911	7,911	7,887	7,887
EU-7 Eligible liabilities	3,625	3,625	3,475	3,475
EU-9b Own funds and eligible liabilities items after adjustments	11,536	11,536	11,362	11,362
Total risk exposure amount and total exposure measure^a				
EU-10 Total risk exposure amount	36,876	36,876	35,216	35,216
EU-11 Total exposure measure	133,135	133,135	114,408	114,408
Ratio of own funds and eligible liabilities^a				
EU-12 Own funds and eligible liabilities (as a percentage of TREA)	31.3 %	31.3 %	32.3 %	32.3 %
EU-14 Own funds and eligible liabilities (as a percentage of leverage exposure)	8.7 %	8.7 %	9.9 %	9.9 %
EU-16 CET1 (as a percentage of TREA) available after meeting the entity's requirements	9.8 %	9.8 %	10.4 %	10.4 %
EU-17 Institution-specific combined buffer requirement		4.1 %		3.7 %
Requirements				
EU-18 Requirement expressed as a percentage of the total risk exposure amount	20.5 %	16.2 %	20.5 %	16.2 %
EU-20 Internal MREL expressed as percentage of the total exposure measure	5.9 %	6.1 %	5.9 %	6.1 %
Memorandum items				
EU-22 Total amount of excluded liabilities referred to in Article 72a(2) CRR		75,620		42,186

Note:

a. Own funds included in TLAC (MREL) and RWEAs are calculated applying the IFRS9 transitional arrangements of the CRR as amended by CRR II.

Analysis of treasury and capital risk (continued)

Table 17: TLAC2 - Creditor ranking - Entity that is not a resolution entity (continued)

	Insolvency ranking									Total €m
	1	2	3	3	5	6	11	11		
	(most junior)						(most senior)	(most senior)		
	Resolution entity	Resolution entity	Resolution entity	Other	Other	Other	Resolution entity	Other		
As at 31 December 2022	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
2 Description of insolvency rank	Equity ^a	Subordinated claims	Unsecured claims	Unsecured claims	Certain deposit claims	Certain claims owing by preferential creditors	Claims secured by fixed security, financial collateral arrangements or where a right or set-off / netting arises ^c	Claims secured by fixed security, financial collateral arrangements or where a right or set-off / netting arises		
3 Liabilities and own funds including derivative liabilities	5,887	5,475	7,619	47,381	3,283	1,408	8,483	53,174	132,710	
4 o/w excluded liabilities	-	-	7,436	4,198	-	1,398	7,579	21,576	42,186	
5 Liabilities and own funds less excluded liabilities	5,887	5,475	183	43,183	3,283	10	905	31,598	90,524	
6 Subset of liabilities and own funds less excluded liabilities that are own funds and eligible liabilities for the purpose of internal MREL ^b	5,887	5,475	-	-	-	-	-	-	11,362	
7 o/w residual maturity ≥ 1 year < 2 years	-	125	-	-	-	-	-	-	125	
8 o/w residual maturity ≥ 2 year < 5 years	-	1,550	-	-	-	-	-	-	1,550	
9 o/w residual maturity ≥ 5 years < 10 years	-	2,995	-	-	-	-	-	-	2,995	
10 o/w residual maturity ≥ 10 years, but excluding perpetual securities	-	-	-	-	-	-	-	-	-	
11 o/w perpetual securities	5,887	805	-	-	-	-	-	-	6,692	

Notes:

a. As at 31 December 2023, Equity excludes Prudential Capital Adjustments of €248m, while it includes Prudential Capital Adjustments of €172m as at 31 December 2022.

b. Maturity split is based on contractual maturity, while Table 19 maturity is based on next callable date.

c. Description of insolvency rank 11 of a resolution entity is updated as at 31 December 2022.

Analysis of treasury and capital risk (continued)

Table 18: LIQ1 - Liquidity Coverage ratio

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

Liquidity coverage ratio (period end)		Total period end value			
		31.12.23	30.09.23	30.06.23	31.03.23
		€m	€m	€m	€m
Liquidity buffer		37,293	33,772	33,240	31,593
Total net cash outflows		16,874	17,690	18,884	17,437
Liquidity coverage ratio (%) (period end)		221.0%	190.9%	176.0%	181.2%

LIQ1 - Liquidity coverage ratio (average)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	31.12.23	30.09.23	30.06.23	31.3.23	31.12.23	30.09.23	30.06.23	31.3.23
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets		€m	€m	€m	€m	€m	€m	€m	€m
1	Total high-quality liquid assets (HQLA)					32,810	31,166	29,391	28,215
Cash outflows									
2	Retail deposits and deposits from small business customers, of which:	3,067	2,575	2,184	1,907	435	361	301	257
3	Stable deposits	33	32	32	33	2	2	2	2
4	Less stable deposits	3,034	2,543	2,152	1,873	434	359	299	256
5	Unsecured wholesale funding, of which:	18,494	18,238	18,073	17,646	9,796	10,057	10,158	9,927
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	5,399	5,097	5,091	4,993	1,348	1,273	1,271	1,246
7	Non-operational deposits (all counterparties)	12,866	12,894	12,710	12,419	8,219	8,537	8,615	8,447
8	Unsecured debt	228	247	272	234	228	247	272	234
9	Secured wholesale funding					2,984	2,828	2,725	2,784
10	Additional requirements, of which:	29,569	28,914	28,329	27,585	9,363	8,887	8,662	8,120
11	Outflows related to derivative exposures and other collateral requirements	3,592	3,308	3,333	2,999	3,569	3,297	3,327	2,997
12	Outflows related to loss of funding on debt products	30	27	23	12	30	27	23	12
13	Credit and liquidity facilities	25,947	25,579	24,974	24,574	5,764	5,562	5,312	5,111
14	Other contractual funding obligations	-	-	-	-	-	-	-	-
15	Other contingent funding obligations	12,021	11,750	11,420	11,130	533	506	487	476
16	Total cash outflows					23,112	22,638	22,333	21,565
Cash inflows									
17	Secured lending (e.g. reverse repos)	49,328	49,052	46,452	42,803	2,373	2,368	2,310	2,403
18	Inflows from fully performing exposures	1,108	1,149	1,281	1,259	1,028	1,055	1,182	1,160
19	Other cash inflows	2,480	2,165	2,174	1,953	1,732	1,442	1,470	1,269
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
EU-19b	(Excess inflows from a related specialised credit institution)					-	-	-	-
20	Total cash inflows	52,915	52,366	49,908	46,014	5,134	4,865	4,962	4,831
EU-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
EU-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
EU-20c	Inflows subject to 75% cap	52,915	52,366	49,908	46,014	5,134	4,865	4,962	4,831
21	Liquidity buffer					32,810	31,166	29,391	28,215
22	Total net cash outflows					17,978	17,773	17,371	16,733
23	Liquidity coverage ratio (%) (average)					182.9%	175.6%	169.2%	168.7%

As at 31 December 2023, BBI's LCR was 221%, equivalent to a surplus of €20.4bn to 100% regulatory requirement, as shown on Table 18. The Net Stable Funding Ratio (NSFR) at 31 December 2023 was 147%, with a €15.5bn surplus to 100% regulatory minimum. Details are included in Table 19. The strong liquidity position reflects BBI's prudent approach to funding and liquidity management. The Bank also continued to maintain surpluses to its internal liquidity requirements.

The composition of the liquidity pool is subject to caps set by the Risk team designed to monitor and control concentration risk by issuer, currency and asset type.

Analysis of treasury and capital risk (continued)

As at 31 December 2023, the liquidity pool consisted of a mix of EUR cash held at central banks (€33.1bn) and HQLA Securities (€4.2bn).

The strong deposit franchise in BBI is a primary funding source for the Bank. The BBI Structured and Medium Term Notes programmes, along with the portfolio of Schuldschein notes and European Commercial Paper complement the well diversified and stable sources of funding for BBI. BBI also has access to ECB monetary policy operations such as Main Refinancing Operations (MRO) and Targeted Long Term Refinancing Operations (TLTRO).

The Bank maintains access to a variety of sources of wholesale funding in major currencies, including those available from term investors across a range of distribution channels and geographies, short-term funding markets and repo markets. In addition, BBI has access to US, European and Asian capital markets directly or through Barclays Group. As a result, wholesale funding is well diversified by product, maturity, geography and currency.

Analysis of treasury and capital risk (continued)

Table 19: LIQ2 - Net Stable Funding Ratio

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

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity ^a	< 6 months	6 months to < 1yr	≥ 1yr	
As at 31 December 2023		€m	€m	€m	€m	€m
Available stable funding (ASF) Items						
1	Capital items and instruments	6,965	526	-	4,294	11,259
2	Own funds	6,965	526	-	669	7,634
3	Other capital instruments		-	-	3,625	3,625
4	Retail deposits		4,468	193	1	4,207
5	Stable deposits		230	-	-	218
6	Less stable deposits		4,238	193	1	3,989
7	Wholesale funding:		35,068	7,286	18,181	33,081
8	Operational deposits		7,204	-	-	3,602
9	Other wholesale funding		27,865	7,286	18,181	29,479
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:		-	20,717	-	-
12	NSFR derivative liabilities		-	-	-	-
13	All other liabilities and capital instruments not included in the above categories		-	20,717	-	-
14	Total available stable funding (ASF)					48,548
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					675
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		1,329	-	1,052	1,559
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		8,992	4,974	23,681	25,459
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		4,500	1,544	5,090	5,862
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		2,497	2,952	9,636	11,339
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		1,827	357	5,569	5,803
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		335	15	113	248
22	Performing residential mortgages, of which:		119	120	3,386	2,450
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		104	105	2,738	1,885
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		48	-	-	5
25	Interdependent assets		-	-	-	-
26	Other assets:		-	18,028	-	1,342
27	Physical traded commodities					-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		1,702			1,446
29	NSFR derivative assets		-			-
30	NSFR derivative liabilities before deduction of variation margin posted		12,454			623
31	All other assets not included in the above categories		3,873	-	1,342	1,342
32	Off-balance sheet items		40,726	-	-	1,990
33	Total RSF					33,094
Net Stable Funding Ratio (NSFR)						
34	Net Stable Funding Ratio (%)					146.7 %

Analysis of treasury and capital risk (continued)

Table 19: LIQ2 - Net Stable Funding Ratio (continued)

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity ^a	< 6 months	6 months to < 1yr	≥ 1yr	
As at 31 December 2022		€m	€m	€m	€m	€m
Available stable funding (ASF) Items						
1	Capital items and instruments	5,710	-	300	5,175	10,885
2	Own funds	5,710	-	300	1,700	7,410
3	Other capital instruments		-	-	3,475	3,475
4	Retail deposits		2,136	91	-	2,014
5	Stable deposits		194	-	-	185
6	Less stable deposits		1,942	91	-	1,829
7	Wholesale funding:		32,636	4,970	10,412	21,279
8	Operational deposits		5,033	-	-	2,516
9	Other wholesale funding		27,603	4,970	10,412	18,763
10	Interdependent liabilities		-	-	-	-
11	Other liabilities:	-	13,687	-	-	-
12	NSFR derivative liabilities	-				
13	All other liabilities and capital instruments not included in the above categories		13,687	-	-	-
14	Total available stable funding (ASF)					34,178
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					274
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		1,056	-	-	528
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		14,189	2,524	15,016	16,667
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		2,885	1,090	1,981	2,526
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		8,798	600	3,139	4,025
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		2,371	697	5,765	6,362
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		272	4	39	164
22	Performing residential mortgages, of which:		135	136	4,131	3,754
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		116	116	3,201	2,197
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		-	-	-	-
25	Interdependent assets		-	-	-	-
26	Other assets:	-	14,045	-	1,626	3,761
27	Physical traded commodities					-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		1,791	-	-	1,523
29	NSFR derivative assets		-			-
30	NSFR derivative liabilities before deduction of variation margin posted		12,254			613
31	All other assets not included in the above categories		-	-	1,626	1,626
32	Off-balance sheet items		37,118	-	-	1,719
33	Total RSF					22,949
Net Stable Funding Ratio (NSFR)						
34	Net Stable Funding Ratio (%)					148.9 %

Note:

a. Items disclosed in the 'no maturity' time bucket do not have a stated maturity or are perpetual including CET1. AT1 items are perpetual, but have a call option and their maturity bucket above is determined by the date of the next call option.

NSFR remained broadly stable at 147% (31 December 2022: 149%).

Analysis of treasury and capital risk (continued)

Interest rate risk in the banking book

Table 20: IRRBB1 - Quantitative information on IRRBB

The table below shows the impact on the Bank's economic value of equity (EVE) from the six supervisory shock scenarios defined by the European Banking Authority (EBA), in their draft regulatory technical standard specifying supervisory shock scenarios (EBA/RTS/2022/10).

The table also shows the impact on the Bank's net interest income (NII) for which there are two prescribed parallel shocks. An instantaneous parallel shock of +/-200bps is applied to EUR and USD, with other currencies shocked as per EBA/RTS/2022/10. This metric is a risk evaluation of the Bank's balance sheet and does not factor in the impact of management and mitigating actions expected in the respective interest rate environments.

Supervisory shock scenarios	a			b			c			d					
	Change in Economic Value of Equity						Change in Net Interest Income						Tier 1 capital		
	31.12.2023	30.6.2023	31.12.2022	31.12.2023	30.6.2023	31.12.2022	31.12.2023	30.6.2023	31.12.2022	31.12.2023	30.6.2023	31.12.2022			
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m			
1 Parallel up	(468)	(425)	(385)	28	70	58									
2 Parallel down	236	215	189	(57)	(61)	(52)									
3 Steepener	(8)	(29)	(34)												
4 Flattener	(73)	(48)	(35)												
5 Short rates up	(216)	(186)	(166)												
6 Short rates down	101	87	72												
7 Maximum	(468)	(425)	(385)												
8 Tier 1 capital							6,691	6,734	6,692						

The maximum EVE loss under the six scenarios was €(468)m (30 June 2023 was €(425)m) under the parallel up scenario as of 31 December 2023. The parallel up shock sensitivity is driven by the Bank's structural hedging of its equity position. The parallel shock down sensitivity is €236m (30 June 2023: €215m).

The maximum one-year loss in NII is €(57)m (30 June 2023: €(61)m) as of 31 December 2023, in the parallel down scenario. A 50% weighting to currency-aggregated gains for NII shocks has been implemented as at 31 December 2023 in line with EBA/RTS/2022/10, which was not present in 30 June 2023 outcomes.

Repricing maturity assumptions assigned to non-maturity deposits

The average repricing maturity assigned to non-maturing deposits is 3 months, with the longest repricing maturity assigned to any portfolio of non-maturing deposits being 60 months. This is calculated using a simple weighted average maturity including all non-maturing deposits, regardless of whether deposits are structurally hedged.

Analysis of treasury and capital risk (continued)

Table 21: PV1 - Prudent valuation adjustments (PVAs)

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

Category level AVA	a	b	c	d	e	EU e1	EU e2	f	g	h	
	Risk category					Category level AVA - Valuation uncertainty		Total category level post-diversification ^a	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book	
	Equity	Interest rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA				
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	
As at 31 December 2023											
1	Market price uncertainty	-	25	-	37	-	5	1	34	22	12
3	Close-out cost	-	11	-	12	-	1	-	12	6	6
4	Concentrated positions	-	5	-	-	-	-	-	5	5	-
5	Early termination	-	-	-	-	-	-	-	-	-	-
6	Model risk	-	3	-	18	-	78	-	49	41	9
7	Operational risk	-	2	-	2	-	-	-	5	3	1
10	Future administrative costs	2	9	1	1	-	-	-	12	12	-
12	Total Additional Valuation Adjustments (AVAs)								117	89	28
As at 31 December 2022											
1	Market price uncertainty	-	26	-	31	-	6	2	33	25	8
3	Close-out cost	-	16	-	9	-	2	-	13	9	4
4	Concentrated positions	-	4	-	-	-	-	-	4	4	-
5	Early termination	-	-	-	-	-	-	-	-	-	-
6	Model risk	-	4	-	12	-	-	-	8	2	6
7	Operational risk	-	3	-	2	-	-	-	5	3	2
10	Future administrative costs	-	8	-	-	-	-	-	8	8	-
12	Total Additional Valuation Adjustments (AVAs)								71	51	20

Note:

a. A diversification reduction factor of 50% is applied to uncertainty after all regulatory exclusions and offsets, where permitted by CRR and Commission Delegated Regulation (EU) 2016/101.

PVAs increased to €117m (31 December 2022 : €71m) primarily driven by changes to Additional Valuation Adjustments (AVA) methodology (€37m) due to the introduction of Margin Period of Risk (MPOR) in Model Risk AVA.

Analysis of credit risk

This section details BBI's credit risk profile, focusing on regulatory measures such as exposure at default and risk weighted assets. The risk profile is analysed by country and industry concentrations, and residual maturities.

Key Metrics

2023 Risk weighted assets for credit risk

€17.8bn

2022: €16.9bn

Analysis of credit risk

Analysis of capital requirements and exposures for credit risk

Table 22: CR4 - Standardised approach - Credit risk exposure and CRM effects

This table shows the impact of CRM and credit conversion factors (CCF) on exposure values, broken down by credit exposure class. This table includes exposures subject to the standardised approach only and does not include securitisation exposures.

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

	Exposures before CCF and CRM		Exposures post-CCF and CRM		RWEA and RWEA density	
	On-balance sheet amount ^a	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWEA	RWEA density
	a	b	c	d	e	f
	€m	€m	€m	€m	€m	%
As at 31 December 2023						
1 Central governments or central banks	36,570	21	36,656	68	337	0.9 %
2 Regional governments or local authorities	26	4	26	-	-	-
3 Public sector entities	132	1,624	30	526	224	40.2 %
4 Multilateral development banks	-	-	-	-	-	-
5 International Organisations	-	-	-	-	-	-
6 Institutions	1,272	2,553	407	606	381	37.6 %
7 Corporates ^b	5,132	28,410	3,428	9,425	11,495	89.4 %
8 Retail ^b	4,457	6,861	4,382	-	3,286	75.0 %
9 Secured by mortgages on immovable property ^b	4,000	-	4,000	-	1,470	36.8 %
10 Exposures in default	350	57	276	23	329	110.1 %
11 Items associated with particularly high risk	2	-	2	-	4	150.0 %
12 Covered Bonds	-	-	-	-	-	-
13 Claims on institutions and corporate with a short-term credit assessment	-	-	-	-	-	-
14 Claims in the form of collective investment undertakings	-	-	-	-	-	-
15 Equity exposures	-	-	-	-	-	-
16 Other items	260	-	260	-	234	89.9 %
17 Total	52,201	39,530	49,467	10,648	17,760	29.5 %
As at 31 December 2022						
1 Central governments or central banks	30,778	15	30,918	10	347	1.1 %
2 Regional governments or local authorities	39	6	39	-	-	-
3 Public sector entities	172	1,924	66	819	358	40.4 %
4 Multilateral development banks	-	-	-	-	-	-
5 International Organisations	-	-	-	-	-	-
6 Institutions	1,683	2,556	973	579	578	37.3 %
7 Corporates ^b	4,680	27,785	2,119	9,561	9,974	85.4 %
8 Retail ^b	4,535	6,224	4,460	-	3,345	75.0 %
9 Secured by mortgages on immovable property ^b	4,639	-	4,639	-	1,674	36.1 %
10 Exposures in default	308	41	226	14	253	105.6 %
11 Items associated with particularly high risk	-	-	-	-	-	-
12 Covered Bonds	-	-	-	-	-	-
13 Claims on institutions and corporate with a short-term credit assessment	-	-	-	-	-	-
14 Claims in the form of collective investment undertakings	-	-	-	-	-	-
15 Equity exposures	-	-	-	-	-	-
16 Other items	432	-	432	-	399	92.4 %
17 Total	47,266	38,551	43,872	10,983	16,928	30.9 %

Notes:

a. The amounts shown in rows 1 to 9 above exclude exposures in default shown in row 10 above.

b. Certain mortgages on immovable property that are risk-weighted at rates in excess of the standard 35% (due to their higher loan to value ratio) are not shown within row 9 above, but are reflected within rows 7 or 8 above.

On-Balance sheet exposure increased by €4.9bn to €52.2bn, primarily driven by an increase in central governments and central bank exposures due to an increase in the liquidity pool and movements in book size.

Off-Balance sheet exposure increased by €1bn to €39.5bn mostly driven by an increase in corporates and retail facilities partially offset by a decrease in public sector exposure.

Analysis of credit risk (continued)

Table 23: CR5 - Standardised approach

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

Exposure classes	Risk weight															Total	of which: Unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
As at 31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
1 Central governments or central banks	36,529	-	-	-	-	-	-	-	-	102	-	94	-	-	-	36,725	197
2 Regional governments or local authorities	26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26	-
3 Public sector entities	45	-	-	-	106	-	405	-	-	-	-	-	-	-	-	556	106
4 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 International Organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	-	-	-	429	-	578	-	-	6	-	-	-	-	-	1,013	208
7 Corporates	-	-	-	-	384	-	2,424	-	-	9,705	340	-	-	-	-	12,853	6,613
8 Retail	-	-	-	-	-	-	-	-	4,382	-	-	-	-	-	-	4,382	4,382
9 Secured by mortgages on immovable property	-	-	-	-	-	3,846	-	-	119	35	-	-	-	-	-	4,000	4,000
10 Exposures in default	-	-	-	-	-	-	-	-	-	238	60	-	-	-	-	298	298
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	2	2
12 Covered Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Institutions and corporate with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Unit or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Other items	26	-	-	-	-	-	-	-	-	234	-	-	-	-	-	260	260
17 Total	36,626	-	-	-	919	3,846	3,407	-	4,501	10,320	402	94	-	-	-	60,115	16,067

Analysis of credit risk (continued)

Table 23: CR5 - Standardised approach (continued)

Exposure classes	Risk weight															Total	of which: Unrated	
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others			
	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o			
As at 31 December 2022	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
1 Central governments or central banks	30,723	-	-	-	-	-	-	-	-	112	-	94	-	-	-	-	30,929	143
2 Regional governments or local authorities	39	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	39	-
3 Public sector entities	117	-	-	-	87	-	680	-	-	-	-	-	-	-	-	-	884	87
4 Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5 International Organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Institutions	-	-	-	-	766	-	721	-	-	65	-	-	-	-	-	-	1,552	231
7 Corporates	-	-	-	-	272	-	3,138	-	-	8,069	202	-	-	-	-	-	11,681	5,449
8 Retail	-	-	-	-	-	-	-	-	4,460	-	-	-	-	-	-	-	4,460	4,460
9 Secured by mortgages on immovable property	-	-	-	-	-	4,512	-	-	127	-	-	-	-	-	-	-	4,639	4,639
10 Exposures in default	-	-	-	-	-	-	-	-	-	212	27	-	-	-	-	-	239	239
11 Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12 Covered Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13 Institutions and corporate with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14 Unit or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16 Other items	32	-	-	-	1	-	-	-	-	399	-	-	-	-	-	-	432	432
17 Total	30,911	-	-	-	1,126	4,512	4,539	-	4,587	8,857	229	94	-	-	-	-	54,855	15,680

Standardised Credit Risk Exposure Post-CCF and CRM increased by €5.3bn to €60.1bn primarily driven by increased exposures towards central banks and corporates due to an increase in the liquidity pool and movements in book size; offset by a decrease in secured by mortgages on immovable property, institutions and public sector exposures.

Analysis of credit risk (continued)

Credit quality analysis of standardised exposures

Credit rating agencies

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

- Has been recognised as an ECAI per the list published by the European Banking Authority (EBA); and
- Has been nominated for use by Barclays.

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

- Standard & Poor's
- Moody's
- Fitch

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

Rated and unrated counterparties

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

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

The assignment of weights according to credit ratings complies with the regulatory requirements, aligning the alphanumeric scale of each agency used with the credit quality steps set down in Chapter II, Section II of the CRR, as follows:

Table 24: Relationship of long-term external credit ratings to credit quality steps under the standardised approach for non-securitised exposures

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

Table 25: Credit quality steps and risk weights under the standardised approach

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

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

Notes:

a. The mapping of external ratings to credit quality steps are found in Commission Implementing Regulation (EU) 2016/1799 as amended (for non-securitisation exposures).

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

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

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

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

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

Analysis of credit risk (continued)

Table 26: CR1 - Performing and non-performing exposures and related provisions

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

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	Gross carrying amount/nominal ^a						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received		
	Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3			
€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
As at 31 December 2023															
5 Cash balances at central banks and other demand deposits	33,787	33,787	-	-	-	-	-	-	-	-	-	-	-	-	-
10 Loans and advances	50,276	27,063	1,305	388	14	319	(90)	(21)	(69)	(72)	(2)	(70)	-	29,266	278
20 Central banks	975	94	-	-	-	-	-	-	-	-	-	-	-	881	-
30 General governments	1,377	1,114	-	-	-	-	-	-	-	-	-	-	-	10	-
40 Credit institutions	23,066	6,573	-	2	-	2	-	-	-	(2)	-	(2)	-	18,273	-
50 Other financial corporations	17,390	13,350	132	-	-	-	(3)	(2)	(1)	-	-	-	-	4,671	-
60 Non-financial corporations	3,197	2,370	802	145	-	145	(51)	(13)	(38)	(28)	-	(28)	-	1,547	78
70 Of which SMEs	-	-	-	2	-	2	-	-	-	(2)	-	(2)	-	-	-
80 Households	4,271	3,562	371	241	14	172	(36)	(5)	(31)	(42)	(2)	(40)	-	3,884	200
90 Debt securities	2,531	1,162	1,340	-	-	-	(6)	-	(6)	-	-	-	-	-	-
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	2,464	1,125	1,340	-	-	-	(6)	-	(6)	-	-	-	-	-	-
120 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	67	37	-	-	-	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150 Off-balance-sheet exposures	40,866	38,108	2,759	60	-	60	(40)	(12)	(28)	-	-	-	-	9,117	16
160 Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170 General governments	226	226	-	-	-	-	-	-	-	-	-	-	-	-	-
180 Credit institutions	1,112	1,105	7	-	-	-	-	-	-	-	-	-	-	317	-
190 Other financial corporations	4,807	4,598	210	-	-	-	(3)	(2)	(1)	-	-	-	-	1,005	-
200 Non-financial corporations	27,783	25,513	2,270	45	-	45	(37)	(10)	(27)	-	-	-	-	7,775	15
210 Households	6,938	6,666	272	15	-	15	-	-	-	-	-	-	-	21	1
220 Total	127,460	100,120	5,404	448	14	379	(136)	(33)	(103)	(72)	(2)	(70)	-	38,383	293

Analysis of credit risk (continued)

Table 26: CR1 - Performing and non-performing exposures and related provisions (continued)

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal ^a						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received		
		Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
		Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3			
€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	
As at 31 December 2022																
5	Cash balances at central banks and other demand deposits	30,508	30,508	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Loans and advances	52,635	33,329	2,138	674	38	610	(267)	(67)	(200)	(274)	(10)	(264)	-	24,640	300
20	Central banks	1,599	159	-	-	-	-	-	-	-	-	-	-	-	1,440	-
30	General governments	2,408	1,234	-	-	-	-	-	-	-	-	-	-	-	925	-
40	Credit institutions	16,890	8,704	18	3	-	3	(1)	(1)	-	(2)	-	(2)	-	8,826	-
50	Other financial corporations	18,863	12,732	42	-	-	-	(2)	(2)	-	-	-	-	-	7,066	-
60	Non-financial corporations	3,360	2,677	677	172	-	172	(46)	(21)	(25)	(46)	-	(46)	-	1,747	87
70	Of which SMEs	-	-	-	2	-	2	-	-	-	(2)	-	(2)	-	-	-
80	Households	9,515	7,823	1,401	499	38	435	(218)	(44)	(174)	(226)	(10)	(216)	-	4,636	213
90	Debt securities	111	69	18	-	-	-	-	-	-	-	-	-	-	24	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	111	69	18	-	-	-	-	-	-	-	-	-	-	24	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	37,171	32,244	4,927	60	-	60	(46)	(21)	(25)	-	-	-	-	8,903	7
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
180	Credit institutions	1,109	1,063	46	-	-	-	-	-	-	-	-	-	-	244	-
190	Other financial corporations	3,677	3,469	209	-	-	-	(4)	(4)	-	-	-	-	-	638	-
200	Non-financial corporations	26,075	21,822	4,252	49	-	49	(42)	(17)	(25)	-	-	-	-	7,898	6
210	Households	6,310	5,890	420	11	-	11	-	-	-	-	-	-	-	123	1
220	Total	120,425	96,150	7,083	734	38	670	(313)	(88)	(225)	(274)	(10)	(264)	-	33,567	307

Note:

a. Total gross carrying amounts include debt instruments at fair value through equity.

Total exposures increased by €6.7bn to €127.9bn primarily due to:

- an increase in cash balances with central banks by €3.3bn, driven by the increase in the liquidity pool due to movements in money market deposits.
- an increase in debt securities balances by €2.4bn, primarily due to increased investment in debt securities and offset with decrease in loans and advances by €2.7bn, primarily due to repayments.
- an increase in off-balance sheet exposures by €3.7bn, primarily due to increase in loan commitments.

Analysis of credit risk (continued)

Table 27: CR1-A – Maturity of exposures

This table represents a breakdown of loans and debt securities by residual maturity. For on-balance sheet items, the net exposure value is the gross carrying value of exposure less allowances/impairments. For off-balance sheet items, the net value is the gross carrying value of exposure less provisions. The amounts shown are based on IFRS accounting values according to the regulatory scope of consolidation.

		a	b	c	d	e	f
		Net Exposure Values					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
As at 31 December 2023	€m	€m	€m	€m	€m	€m	
1	Loans and advances	45,589	34,321	8,266	3,212	-	91,388
2	Debt securities	-	11	2,368	146	-	2,525
3	Total	45,589	34,332	10,634	3,358	-	93,913
As at 31 December 2022							
1	Loans and advances	39,094	37,227	8,547	5,084	-	89,952
2	Debt securities	-	10	43	58	-	111
3	Total	39,094	37,237	8,590	5,142	-	90,063

Loans and advances increased €1.4bn to €91.4bn (31 December 2022: €90.0bn) primarily due to an increase in cash at central banks due to increased liquidity, partially offset by the transfer of German consumer business to held for sale.

Debt securities increased €2.4bn to €2.5bn (31 December 2022: €0.1bn) driven by increased investment in debt securities in Treasury.

Table 28: CR2 - Changes in the stock of non-performing loans and advances

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

		a	
		Gross carrying amount	
		As at 31 December 2023	As at 31 December 2022
		€m	€m
1	Initial stock of non-performing loans and advances	674	678
2	Inflows to non-performing portfolios	287	184
3	Outflows from non-performing portfolios	(105)	(51)
4	Outflows due to write-offs	(67)	(50)
5	Outflow due to other situations ^a	(401)	(87)
6	Final stock of non-performing loans and advances	388	674

Note:

a. Other changes include repayments and disposals and other adjustments, partly offset by a net increase in the exposure in default on existing loans and debt securities. This includes €203m transfer out from loans and advances to disposal assets held for sale.

Decrease in non-performing loans is primarily driven by disposal, write-offs and outflows from non-performing stock; partially offset by higher customer delinquencies.

Table 29: CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

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

		Exposures unsecured –	Exposures secured –	of which: Exposures	of which: Exposures	of which: Exposures
		Carrying amount	Carrying amount	secured by collateral	secured by financial	secured by credit
		a	b	c	d	e
As at 31 December 2023		€m	€m	€m	€m	€m
1	Total loans and advances	54,908	29,543	28,018	1,525	-
2	Total debt securities	2,531	-	-	-	-
3	Total exposures	57,439	29,543	28,018	1,525	-
4	Of which non-performing exposures	111	277	201	77	-
5	Of which defaulted	97	264			
As at 31 December 2022						
1	Total loans and advances	58,876	24,940	22,791	2,149	-
2	Total debt securities	87	24	24	-	-
3	Total exposures	58,963	24,964	22,815	2,149	-
4	Of which non-performing exposures	374	300	221	79	-
5	Of which defaulted	354	287			

The total unsecured and secured exposure increased by €3.0bn to €87.0bn primarily due to increases in cash balances with central banks, loans and advances due to increase in reverse repos and increased investment in debt securities. This increase is partially offset by a decrease due to loan repayments.

Analysis of credit risk (continued)

Table 30: CQ1- Credit quality of forborne exposures

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

	a	b	c	d	e	f	g	h
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Non Performing forborne							Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	Performing forborne	Total	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures	Total	
As at 31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m
5 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
10 Loans and Advances	380	234	230	205	(5)	(35)	162	72
20 Central banks	-	-	-	-	-	-	-	-
30 General governments	-	-	-	-	-	-	-	-
40 Credit institutions	-	-	-	-	-	-	-	-
50 Other financial corporations	20	-	-	-	-	-	-	-
60 Non-financial corporations	321	143	143	143	(4)	(26)	53	1
70 Households	39	91	87	62	(1)	(9)	109	71
80 Debt securities	-	-	-	-	-	-	-	-
90 Loan commitments given	235	3	3	3	2	-	20	3
100 Total	615	237	233	208	(3)	(35)	182	75
As at 31 December 2022								
5 Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
10 Loans and Advances	182	218	210	209	(4)	(51)	150	73
20 Central banks	-	-	-	-	-	-	-	-
30 General governments	-	-	-	-	-	-	-	-
40 Credit institutions	-	-	-	-	-	-	-	-
50 Other financial corporations	14	-	-	-	-	-	-	-
60 Non-financial corporations	126	94	94	94	(1)	(10)	41	1
70 Households	42	124	116	115	(3)	(41)	109	72
80 Debt securities	-	-	-	-	-	-	-	-
90 Loan commitments given	222	3	3	3	1	-	58	2
100 Total	404	221	213	212	(3)	(51)	208	75

Total performing forborne exposures increased by €211m to €615m, primarily due to an increase in non-financial corporations driven by customers moving into forbearance.

Total non-performing forborne exposures increased by €16m to €237m primarily due to an increase in non-financial corporations driven by customers moving into forbearance; partially offset by a decrease in households due to the reclassification of certain exposures as held for sale.

Total collateral received and financial guarantees received on forborne exposures decreased by €26m to €182m primarily driven by a decrease in loan commitments on account of decreases in collateral valuations.

Analysis of credit risk (continued)

Table 31: CQ3: Credit quality of performing and non-performing exposures by past due days

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

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount / Nominal amount											
		Performing exposures			Non-performing exposures								
		Total performing exposures	Not past due or Past due < 30 days	Past due > 30 days < 90 days	Total non-performing exposures	Unlikely to pay that are not past-due < = 90 days	Past due > 90 days < = 180 days	Past due > 180 days < = 1 year	Past due > 1 year < = 2 years	Past due > 2 year < = 5 years	Past due > 5 year < = 7 years	Past due > 7 years	Of which defaulted
As at 31 December 2023		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
5	Cash balances at central banks and other demand deposits	33,787	33,787	-	-	-	-	-	-	-	-	-	-
10	Loans and advances	50,276	50,230	46	388	242	28	52	23	22	8	12	361
20	Central banks	975	975	-	-	-	-	-	-	-	-	-	-
30	General governments	1,377	1,377	-	-	-	-	-	-	-	-	-	-
40	Credit institutions	23,066	23,066	-	2	-	-	-	2	-	-	-	2
50	Other financial corporations	17,390	17,390	-	-	-	-	-	-	-	-	-	-
60	Non-financial corporations	3,197	3,159	38	145	135	-	8	-	1	-	1	145
70	Of which SMEs	-	-	-	2	-	-	-	-	1	-	1	2
80	Households	4,271	4,263	8	241	107	28	44	21	21	8	11	214
90	Debt Securities	2,531	2,531	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	2,464	2,464	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	67	67	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance sheet exposures	40,866			60								60
160	Central banks	-			-								-
170	General governments	226			-								-
180	Credit institutions	1,112			-								-
190	Other financial corporations	4,807			-								-
200	Non-financial corporations	27,783			45								45
210	Households	6,938			15								15
220	Total	127,460	86,548	46	448	242	28	52	23	22	8	12	421

Analysis of credit risk (continued)

Table 31: CQ3: Credit quality of performing and non-performing exposures by past due days (continued)

	a	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount / Nominal amount											
	Performing exposures				Non-performing exposures							
	Total performing exposures	Not past due or Past due < 30 days	Past due > 30 days < 90 days	Total non-performing exposures	Unlikely to pay that are not past-due < = 90 days	Past due > 90 days < = 180 days	Past due > 180 days < = 1 year	Past due > 1 year < = 2 years	Past due > 2 year < = 5 years	Past due > 5 year < = 7 years	Past due > 7 years	Of which defaulted
As at 31 December 2022	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
5 Cash balances at central banks and other demand deposits	30,508	30,508	-	-	-	-	-	-	-	-	-	-
10 Loans and advances	52,635	52,604	30	674	378	46	46	38	71	64	30	641
20 Central banks	1,599	1,599	-	-	-	-	-	-	-	-	-	-
30 General governments	2,408	2,408	-	-	-	-	-	-	-	-	-	-
40 Credit institutions	16,890	16,890	-	3	-	-	3	-	-	-	-	3
50 Other financial corporations	18,863	18,862	-	-	-	-	-	-	-	-	-	-
60 Non-financial corporations	3,360	3,360	-	171	156	-	-	1	-	12	3	171
70 Of which SMEs	-	-	-	2	-	-	-	1	-	-	1	2
80 Households	9,515	9,485	30	500	222	46	43	37	71	52	27	467
90 Debt Securities	111	111	-	-	-	-	-	-	-	-	-	-
100 Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110 General governments	-	-	-	-	-	-	-	-	-	-	-	-
120 Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
130 Other financial corporations	111	111	-	-	-	-	-	-	-	-	-	-
140 Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150 Off-balance sheet exposures	37,171			60								60
160 Central banks	-			-								-
170 General governments	-			-								-
180 Credit institutions	1,109			-								-
190 Other financial corporations	3,677			-								-
200 Non-financial corporations	26,075			49								49
210 Households	6,310			11								11
220 Total	120,425	83,223	30	734	378	46	46	38	71	64	30	701

Total exposures increased by €6.7bn to €127.9 due to an increase in cash balances at central banks driven by the increase in the liquidity pool resulting from an increase in money market deposits; increase in debt securities investments and decrease in loans and advances due to transfer of assets to disposals held for sale. The increase in off-balance sheet exposures is primarily in non-financial corporations and other financial corporations due to increased loan commitments.

Analysis of credit risk (continued)

Table 32: CQ4 - Quality of non-performing exposures by geography

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

	a		b		c		d		e		f		g	
	Gross carrying/Nominal amount ^a													
	Total		of which: non-performing		of which: defaulted		of which: subject to impairment		Accumulated impairment		Provisions on off-balance sheet commitments and financial guarantee given		Accumulated negative changes in fair value due to credit risk on non-performing exposures	
As at 31 December 2023	€m		€m		€m		€m		€m		€m		€m	
On balance sheet exposures^b	87,002	388	361	64,992	(168)									-
Germany	38,765	-	-	38,228	(9)									-
United Kingdom	15,851	-	-	8,140	(1)									-
Italy	10,705	275	248	6,942	(103)									-
France	6,770	104	104	2,428	(25)									-
Spain	3,406	-	-	551	(1)									-
Ireland	1,975	1	1	1,933	(6)									-
Luxembourg	1,857	4	4	1,823	(7)									-
United States	1,749	-	-	1,729	(3)									-
Portugal	1,384	-	-	84	-									-
Netherlands	1,080	-	-	887	(5)									-
Other Countries	3,460	4	4	2,247	(8)									-
Off Balance Sheet Exposures	40,926	60	60								(40)			
Germany	12,911	41	41								(6)			
France	6,739	-	-								(7)			
Italy	3,549	8	8								(6)			
Ireland	3,513	-	-								(3)			
Spain	2,648	-	-								(7)			
Luxembourg	2,345	3	3								(3)			
United Kingdom	2,086	8	8								(2)			
United States	1,673	-	-								(2)			
Norway	1,213	-	-								-			
Netherlands	1,073	-	-								(2)			
Sweden	749	-	-								(1)			
Austria	639	-	-								-			
Portugal	438	-	-								-			
Finland	412	-	-								-			
Other Countries	938	-	-								(1)			
TOTAL	127,928	448	421	64,992	(168)						(40)			-

Analysis of credit risk (continued)

Table 32: CQ4 - Quality of non-performing exposures by geography (continued)

	a	b	c	d	e	f	g
	Gross carrying/Nominal amount ^a				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Total	of which: non-performing	of which: defaulted	of which: subject to impairment			
As at 31 December 2022	€m	€m	€m	€m	€m	€m	€m
On balance sheet exposures^b	83,933	674	641	66,713	(542)		-
Germany	40,362	283	263	39,388	(338)		-
United Kingdom	14,722	1	1	9,910	(3)		-
France	9,508	21	21	2,561	(26)		-
Italy	6,993	354	341	6,225	(141)		-
Luxembourg	2,064	5	5	1,797	(7)		-
Ireland	1,886	1	1	1,796	(5)		-
Sweden	1,508	-	-	499	(2)		-
Spain	1,283	-	-	861	(2)		-
Netherlands	1,271	-	-	1,169	(6)		-
Other Countries	4,336	9	9	2,507	(12)		-
Off Balance Sheet Exposures	37,231	60	60			(46)	
Germany	12,167	50	50			(4)	
France	8,245	-	-			(6)	
Italy	3,649	8	8			(7)	
Spain	2,411	-	-			(7)	
Ireland	1,551	-	-			(7)	
United States	1,496	-	-			(3)	
United Kingdom	1,351	-	-			(3)	
Luxembourg	1,237	2	2			(1)	
Norway	1,150	-	-			-	
Netherlands	1,026	-	-			(3)	
Sweden	816	-	-			(1)	
Finland	655	-	-			(1)	
Austria	609	-	-			-	
Other countries	868	-	-			(3)	
Total	121,164	734	701	66,713	(542)	(46)	-

Notes

a Countries that have more than 1% of the total gross exposure are disclosed in the table and countries with <1% gross exposure are aggregated within 'other countries'.

b On balance sheet exposures includes derivatives, equity instruments and cash balances at central banks and other demand deposits

On balance sheet exposures increased by €3.1bn to €87.0bn primarily due to an increase in loans and advances, resulted from an increase in cash at central banks due to increased liquidity and cash collaterals, partially offset by a decrease due to transfer of asset to disposals held for sale.

Off balance sheet exposures increased by €3.7bn to €40.9bn primarily due to an increase in the loan commitments in non-financial corporations and other financial corporations.

Analysis of credit risk (continued)

Table 33: CQ5 - Credit quality of loans and advances to non-financial corporations by industry

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

	a	b	c	d	e	f
	Gross carrying amount					
	of which: non-performing					Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Total		of which: defaulted	of which: loans and advances subject to impairment	Accumulated impairment	
	€m	€m	€m	€m	€m	€m
As at 31 December 2023						
10 Agriculture, forestry and fishing	-	-	-	-	-	-
20 Mining and quarrying	308	-	-	308	(1)	-
30 Manufacturing	821	39	39	801	(36)	-
40 Electricity, gas, steam and air conditioning supply	278	-	-	278	(1)	-
50 Water supply	-	-	-	-	-	-
60 Construction	66	1	1	66	(2)	-
70 Wholesale and retail trade	244	-	-	244	(4)	-
80 Transport and storage	187	-	-	187	(2)	-
90 Accommodation and food service activities	145	104	104	145	(8)	-
100 Information and communication	530	-	-	530	(17)	-
110 Real estate activities	187	1	1	187	(1)	-
120 Financial and insurance activities	9	-	-	9	-	-
130 Professional, scientific and technical activities	64	-	-	64	-	-
140 Administrative and support service activities	293	-	-	293	(3)	-
150 Public administration and defence, compulsory social security	49	-	-	49	-	-
160 Education	-	-	-	-	-	-
170 Human health services and social work activities	116	-	-	110	(4)	-
180 Arts, entertainment and recreation	45	-	-	45	-	-
190 Other services	-	-	-	-	-	-
200 Total	3,342	145	145	3,316	(79)	-
As at 31 December 2022						
10 Agriculture, forestry and fishing	-	-	-	-	-	-
20 Mining and quarrying	164	-	-	164	(1)	-
30 Manufacturing	687	56	56	687	(40)	-
40 Electricity, gas, steam and air conditioning supply	282	-	-	282	-	-
50 Water supply	-	-	-	-	-	-
60 Construction	118	1	1	118	(1)	-
70 Wholesale and retail trade	509	21	21	509	(18)	-
80 Transport and storage	406	-	-	406	(3)	-
90 Accommodation and food service activities	163	-	-	163	(1)	-
100 Information and communication	473	-	-	473	(12)	-
110 Real estate activities	200	15	15	200	(9)	-
120 Financial and insurance activities	-	-	-	-	-	-
130 Professional, scientific and technical activities	97	-	-	97	(1)	-
140 Administrative and support service activities	330	79	79	330	(2)	-
150 Public administration and defence, compulsory social security	7	-	-	7	-	-
160 Education	-	-	-	-	-	-
170 Human health services and social work activities	96	-	-	89	(3)	-
180 Arts, entertainment and recreation	-	-	-	-	-	-
190 Other services	-	-	-	-	-	-
200 Total	3,532	172	172	3,525	(91)	-

Overall exposures on loans and advances for non-financial corporations remained broadly stable at €3.3bn (31 December 2022: €3.5bn) with various offsetting exposure shifts across industries. The overall decrease in exposure relates to repayments.

Analysis of counterparty credit risk

This section details BBI's counterparty credit risk profile, focusing on regulatory measures such as exposure at default and risk weighted assets. The risk profile is analysed by financial contract type, approach and notional value.

Counterparty credit risk (CCR) RWEAs are primarily generated by the following IFRS account classifications: financial assets designated at fair value; derivative financial instruments; reverse repurchase agreements and other similar secured lending.

CVA has been included overleaf as part of the CCR RWEAs disclosures.

Key Metrics

2023 Total Risk weighted assets for counterparty credit risk

€11.1bn

€8,618m (table 34)+€92m(CCP's on table 38)+€1,890m (CVA on table 39)+€501(OTC IMM Post Model Adjustments included in Other CCR on table 10)

(2022: €9.7bn)

€7,468m (table 34)+€51m(CCP's on table 38)+€1,601m (CVA on table 39)+€552(OTC IMM Post Model Adjustments included in Other CCR on table 10)

Analysis of counterparty credit risk

Table 34: CCR1 - Analysis of CCR exposure by approach

This table provides a comprehensive view of the methods used to calculate Counterparty Credit Risk (CCR) regulatory requirements and the main parameters used within each method. It excludes default fund contribution, post model adjustments and central clearing counterparties (CCPs).

	a	b	c	d	e	f	g	h	
	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA ^b	
	€m	€m	€m		€m	€m	€m	€m	
As at 31 December 2023									
1	SA-CCR (for derivatives)	124	434		1.4	1,214	782	782	442
2	IMM (for derivatives and SFTs)			7,874	1.6	197,113	12,229	12,205	7,710
2a	Of which securities financing transactions netting sets			2,803		169,263	4,345	4,345	2,243
2b	Of which derivatives and long settlement transactions netting sets ^a			5,071		27,850	7,884	7,860	5,467
4	Financial collateral comprehensive method (for SFTs)					5,042	843	843	465
6	Total					203,369	13,854	13,830	8,617
As at 31 December 2022									
1	SA-CCR (for derivatives)	91	182		1.4	1,087	461	461	317
2	IMM (for derivatives and SFTs)			6,102	1.6	179,462	9,487	9,458	6,832
2a	Of which securities financing transactions netting sets			1,084		146,626	1,680	1,680	1,297
2b	Of which derivatives and long settlement transactions netting sets ^a			5,018		32,836	7,807	7,778	5,535
4	Financial collateral comprehensive method (for SFTs)					1,893	458	458	318
6	Total					182,441	10,406	10,377	7,468

Notes:

a. CVA losses of €(24m) (31 December 2022: €(29m)) specified in Article 273(6) of the CRR are excluded from the exposure value post CRM above, but are included in the exposure value above.

b. Total RWEA excludes CCP's, CVA and OTC IMM post model adjustment exposures.

Counterparty credit risk exposure increased by €3.5bn to €13.8bn, primarily driven by an increase in trading activities.

Analysis of counterparty credit risk (continued)

Table 35: CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights

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

	Risk weight											Total exposure value	
	a	b	c	d	e	f	g	h	i	j	k		
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
As at 31 December 2023													
1	Central governments or central banks	1,298	-	-	-	200	-	-	-	111	-	-	1,609
2	Regional government or local authorities	249	-	-	-	-	-	-	-	-	-	249	
3	Public sector entities	296	-	-	-	64	35	-	-	-	-	395	
4	Multilateral development banks	25	-	-	-	-	-	-	-	-	-	25	
5	International organisations	52	-	-	-	-	-	-	-	-	-	52	
6	Institutions	-	1,166	-	-	696	3,784	-	-	388	-	6,034	
7	Corporates	-	-	-	-	203	943	-	-	5,448	38	6,632	
8	Retail	-	-	-	-	-	-	-	-	-	-	-	
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	
10	Other items	-	-	-	-	-	-	-	-	-	-	-	
11	Total exposure value	1,920	1,166	-	-	1,163	4,762	-	-	5,947	38	14,996	
As at 31 December 2022													
1	Central governments or central banks	266	-	-	-	-	1	-	-	87	-	354	
2	Regional government or local authorities	220	-	-	-	-	-	-	-	-	-	220	
3	Public sector entities	346	-	-	-	52	38	-	-	-	-	436	
4	Multilateral development banks	33	-	-	-	-	-	-	-	-	-	33	
5	International organisations	51	-	-	-	-	-	-	-	-	-	51	
6	Institutions	-	1,292	-	-	696	1,515	-	-	210	-	3,713	
7	Corporates	-	-	-	-	237	871	-	-	5,740	14	6,862	
8	Retail	-	-	-	-	-	-	-	-	-	-	-	
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	
10	Other items	-	-	-	-	-	-	-	-	-	-	-	
11	Total exposure value	916	1,292	-	-	985	2,425	-	-	6,037	14	11,669	

Counterparty Credit Risk (CCR) EAD increased by €3.3bn to €15bn, primarily driven by an increase in trading activities.

Analysis of counterparty credit risk (continued)

Table 36: CCR5 - Composition of collateral for CCR exposures

This table shows the types of collateral posted or received, to support or reduce CCR exposures relating to derivative transactions or SFTs, including transactions cleared through a CCP. Segregated collateral is collateral that is held in a bankruptcy-remote manner as defined in Article 300 (1) CRR.

	a		b		c		d		e		f		g		h	
	Collateral used in derivative transactions								Collateral used in SFTs ^a							
	Fair value of collateral received				Fair value of posted collateral				Fair value of collateral received				Fair value of posted collateral			
	Segregated		Unsegregated		Segregated		Unsegregated		Segregated		Unsegregated		Segregated		Unsegregated	
	€m		€m		€m		€m		€m		€m		€m		€m	
As at 31 December 2023																
1 Cash – domestic currency	-	15,416	-	20,729	-	-	-	-	-	-	-	-	-	-	-	389
2 Cash – other currencies	-	1,673	-	891	-	-	-	-	-	-	-	-	-	-	-	3
3 Domestic sovereign debt	3,461	1,756	9	187	-	38,342	-	33,586	-	-	-	-	-	-	-	33,586
4 Other sovereign debt	241	255	-	137	-	4,892	-	4,628	-	-	-	-	-	-	-	4,628
5 Government agency debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Corporate bonds	218	15	-	-	-	18,776	-	19,809	-	-	-	-	-	-	-	19,809
7 Equity securities	599	1	-	-	-	4,819	-	6,225	-	-	-	-	-	-	-	6,225
8 Other collateral	12	-	-	-	-	1,113	-	1,120	-	-	-	-	-	-	-	1,120
9 Total	4,531	19,116	9	21,944	-	67,942	-	65,760	-	-	-	-	-	-	-	65,760
As at 31 December 2022																
1 Cash – domestic currency	-	15,547	-	23,945	-	-	-	531	-	-	-	-	-	-	-	531
2 Cash – other currencies	-	1,874	-	887	-	-	-	-	-	-	-	-	-	-	-	-
3 Domestic sovereign debt	2,807	2,637	-	248	-	38,884	-	32,535	-	-	-	-	-	-	-	32,535
4 Other sovereign debt	-	271	-	14	-	3,484	-	3,482	-	-	-	-	-	-	-	3,482
5 Government agency debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Corporate bonds	137	54	-	-	-	9,068	-	8,808	-	-	-	-	-	-	-	8,808
7 Equity securities	538	-	-	-	-	4,186	-	4,310	-	-	-	-	-	-	-	4,310
8 Other collateral	797	19	761	-	-	74	-	98	-	-	-	-	-	-	-	98
9 Total	4,279	20,402	761	25,094	-	55,696	-	49,764	-	-	-	-	-	-	-	49,764

Note

^a Collateral used in SFT includes the initial margin and variation margin collateral as well as the collateral appearing in the security leg of the SFT.

Derivative collateral posted and received decreased by €4.9bn to €45.6bn, mainly due to variation margin driven by mark-to-market volatility.

SFT collateral posted and received increased by €28.2bn to €133.7bn due to increase in trading activity.

Analysis of counterparty credit risk (continued)

Table 37: CCR6 - Credit derivatives exposures

This table provides a breakdown of exposures to credit derivatives products split into protection bought and sold.

	a		b	
	As at 31 December 2023		As at 31 December 2022	
	Protection bought	Protection sold	Protection bought	Protection sold
	€m	€m	€m	€m
Notionals				
1 Single-name credit default swaps	11,732	10,036	17,723	17,086
2 Index credit default swaps	15,952	15,986	24,178	24,439
3 Total return swaps	1,678	1,737	1,349	959
4 Credit options	5,239	5,239	5,022	5,022
6 Total notionals	34,601	32,998	48,272	47,506
Fair values				
7 Positive fair value (asset)	117	514	892	546
8 Negative fair value (liability)	(538)	(113)	(616)	(888)

Credit derivative notionals decreased by €28.2bn to €67.6bn primarily due to a decrease in trading activities.

Table 38: CCR8 - Exposures to CCPs

This table provides a breakdown of exposures and RWEAs to central clearing counterparties (CCPs).

	a		b	
	As at 31 December 2023		As at 31 December 2022	
	Exposure value	RWEA	Exposure value	RWEA
	€m	€m	€m	€m
1 Exposures to qualifying central counterparties (QCCPs) (total)		92		51
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	492	10	253	5
3 (i) OTC derivatives	479	10	67	1
4 (ii) Exchange-traded derivatives	-	-	-	-
5 (iii) SFTs	12	-	186	4
8 Non-segregated initial margin	674	13	1,039	21
9 Prefunded default fund contributions	214	69	99	25
10 Unfunded default fund contributions	344	-	267	-
11 Exposures to non-QCCPs (total)		-		-

EAD post CRM increased primarily due to an increase in the trading activities of derivatives and SFTs.

Credit value adjustments

The Credit Valuation Adjustment (CVA) measures the risk from MTM losses due to a deterioration in the credit quality of a counterparty to over-the-counter derivative transactions with BBI. It is a complement to the counterparty credit risk charge that accounts for the risk of outright default of a counterparty.

Table 39: CCR2 - Transactions subject to own funds requirements for CVA risk

Two approaches can be used to calculate the adjustment:

- Standardised approach: takes account of the external credit rating of each counterparty, and incorporates the effective maturity and EAD from the calculation of the CCR;
- Advanced approach: requires the calculation of the charge as a) a 10-day 99% Value at Risk (VaR) measure for the most recent one-year period, and b) the same measure for a stressed period. The sum of the two VaR measures is scaled by the relevant multiplication factor, based on the number of market risk back-testing exceptions for the most recent 250 business days, to yield the capital charge.

	a		b	
	As at 31 December 2023		As at 31 December 2022	
	Exposure value	RWEA	Exposure value	RWEA
	€m	€m	€m	€m
Credit valuation adjustment (CVA) capital charge				
1 Total transactions subject to the Advanced method	3,935	1,736	3,101	1,444
2 (i) VaR component (including the 3x multiplier)		385		544
3 (ii) Stressed VaR component (including 3x multiplier)		1,351		900
4 Transactions subject to the Standardised method	353	155	393	157
5 Total transactions subject to own funds requirements for CVA risk	4,288	1,891	3,494	1,601

CVA RWEA increased by €0.3bn to €1.9bn, driven by the expiry of the CVA exemption for the pension scheme arrangements and an increase in the exposure to Barclays Bank PLC.

Analysis of market risk

This section contains key disclosures describing BBI's market risk profile, highlighting regulatory as well as management measures.

Key Metrics

2023 Risk weighted assets
for market risk

€5.3bn

2022: €6.2bn

Market risk RWEAs are primarily generated by the following IFRS account classifications: Trading portfolio assets and liabilities; and Derivative financial instruments.

BBI has regulatory approval for VaR modelling for general market risk, which is designed to capture the risk of loss arising from changes in market interest rates, along with the risk of losses arising from changes in foreign exchange rates, and equity prices.

The capital charge for specific market risk is designed to protect against losses from adverse movements in the price of an individual security owing to factors related to the individual issuer. BBI has permission to model specific market risks, including credit spread, migration, and default risks, for certain legal entities and product types. Where BBI does not have permission to use a model, the Standardised approach is applied.

Analysis of market risk

Business scenario stresses

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

In 2023, the scenario analysis showed that during the first half of 2023 market risk related impacts would be driven by European Government Bond spread tightening, but during the second half of 2023 the positions driving these market risk related impacts were reduced and scenario analysis showed that the firm moved back to the adverse global concerns scenario.

Review of regulatory measures

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

BBI's market risk capital requirement comprises of two elements:

- the market risk of trading book positions in BBI is measured under full model permission granted by JST on 31 July 2023, including Regulatory VaR, Stressed Value at Risk (SVaR) and Incremental Risk Charge (IRC). It was previously operating under temporary tolerance.
- the trading book positions that do not meet the conditions for inclusion within the approved internal models approach are calculated using standardised rules.

The table below summarises the regulatory market risk measures, under the internal models approach (IMA).

Table 40: MR3 - Internal model approach (IMA) values for trading portfolios

		a	
		As at 31 December 2023	As at 31 December 2022
VaR (10 day 99%)^a		€m	€m
1	Maximum value	53.1	54.2
2	Average value	26.7	29.8
3	Minimum value	11.1	11.2
4	Period end	18.3	32.3
SVaR (10 day 99%)^a			
5	Maximum value	53.5	64.4
6	Average value	35.5	40.1
7	Minimum value	23.7	16.9
8	Period end	35.7	28.4
IRC (99.9%)			
9	Maximum value	244.0	80.4
10	Average value	101.4	48.9
11	Minimum value	44.0	32.0
12	Period end	95.1	36.6

Note

a 10-day VaR results reported above are based on 1-day VaR multiplied by the square root of 10. For SVaR, following a recalibration of the SVaR period to the COVID-19 stress period, Barclays has taken a post-model adjustment for RWEA reporting purposes to capture the incremental risk associated with 10-day SVaR over and above that obtained by scaling 1-day SVaR by the square root of 10. See Table 43: MR2-A for details.

Average VaR and SVaR reduced while IRC increased in 2023 from 2022:

- Regulatory VaR and SVaR: The Regulatory VaR for 2023 reduced slightly as we move away from the market volatility implied by Russian invasion of Ukraine and initial European Central Bank announcement on rate increases. However central bank pivot expectation and Israel Palestinian conflict maintained tail risk at similar levels.
- IRC : Increased due to a contribution of the rate desk with longer position in Sovereign, Supranational and Agency (SSA) and secondary exposure on European Government Bond (EGBs), also to a lesser extent from the credit desk with idiosyncratic risk on peripheral government bond with lower investment grade rating.

Analysis of market risk (continued)

Table 41: Breakdown of the major regulatory risk measures by portfolio

	Macro	Equities	Credit	Banking	Treasury	Cross Markets	Fixed Income Financing
As at 31 December 2023	€m	€m	€m	€m	€m	€m	€m
Regulatory VaR- 1 day	5.6	-	3.0	-	-	1.1	0.6
Regulatory VaR - 10 day	17.7	0.1	9.6	-	-	3.5	2.0
SVaR- 1 day	7.3	0.1	2.1	-	-	2.5	0.5
SVaR- 10 day	23.1	0.3	6.6	-	0.1	7.9	1.4
IRC	87.6	-	59.1	0.1	-	8.7	0.3
CRM	-	-	-	-	-	-	-
As at 31 December 2022							
Regulatory VaR- 1 day	8.5	0.1	0.6	-	-	2.4	1.4
Regulatory VaR - 10 day	26.8	0.2	2.0	0.1	-	7.5	4.5
SVaR- 1 day	7.7	0.1	1.4	0.1	0.1	3.5	0.7
SVaR- 10 day	24.2	0.3	4.3	0.2	0.2	11.2	2.2
IRC	27.3	-	23.9	0.4	-	16.8	-
CRM	-	-	-	-	-	-	-

The table above shows the primary portfolios which are driving the trading businesses' modelled capital requirement as at 2023 year-end. The standalone portfolio results diversify at the total level and are not additive.

Capital requirements for market risk

The table below shows the elements of capital requirements and risk weighted assets under the market risk framework as defined in the CRR. The Bank is required to hold capital for the market risk exposures arising from regulatory trading books. Inputs for the modelled components include the measures on Table 40, using the higher of the end of period value or an average over the past 60 days (times a multiplier in the case of VaR and SVaR).

Table 42: MR1 - Market risk under the standardised approach

This table shows the RWEAs and capital requirements for standardised market risk split between outright products, options and securitisation. This table includes exposures subject to the Standardised approach only.

	a	
	As at 31 December 2023	As at 31 December 2022
	RWEAs	RWEAs
	€m	€m
Outright products		
1 Interest rate risk (general and specific)	19	38
2 Equity risk (general and specific)	-	1
3 Foreign exchange risk	-	-
4 Commodity risk	-	-
Options (non-delta risks)		
5 Simplified approach	-	-
6 Delta-plus method	-	-
7 Scenario approach	-	-
8 Securitisation (Specific Risk)	-	-
9 Total	19	39

Overall market risk RWEA under standardised approach decreased by €20m to €19m during 2023, primarily due to decrease in Bonds €13m and Total Return Swaps €7m.

Analysis of market risk (continued)

Table 43: MR2-A - Market risk under the internal model approach (IMA)

This table shows RWEAs and capital requirements under the internal models approach. The table shows the calculation of capital requirements as a function of latest and average values for each component.

	a		b	
	As at 31 December 2023		As at 31 December 2022	
	RWEAs	Own funds requirements	RWEAs	Own funds requirements
	€m	€m	€m	€m
1 VaR (higher of values a and b)	750	60	1,281	103
(a) Previous day's VaR (VaRt-1)		15		29
(b) Multiplication factor (mc) x average of previous 60 working days (VaRavg)		60		103
2 SVaR (higher of values a and b)	1,828	146	3,412	273
(a) Latest available SVaR (SVaRt-1)	-	63	-	79
(b) Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		146		273
3 IRC (higher of values a and b)	1,192	95	616	49
(a) Most recent IRC measure		95		37
(b) 12 weeks average IRC measure		91		49
4 Comprehensive risk measure (higher of values a, b and c)	-	-	-	-
(a) Most recent risk measure of comprehensive risk measure		-		-
(b) 12 weeks average of comprehensive risk measure		-		-
(c) Comprehensive risk measure Floor		-		-
5 Other	1,462	117	873	70
6 Total	5,232	419	6,182	495

Overall modelled market risk RWEAs decreased by €1.0bn to €5.2bn, primarily due to a decrease in VaR and SVaR RWEAs as a result of risk taking at the end of 2022 being higher than 2023, as 2023 RWEAs is reflective of increasing risk reduction over the second half of 2023 primarily from the Italian Government bond trading desk.

The reduction in RWEAs is reflected across both SVaR RWEAs as well as the legal entity RWEA add-on.

Analysis of securitisation exposures

This section shows BBI's credit risk arising from securitisation positions.

Key Metrics

2023 Banking book risk weighted assets

€57m

2022: €43m

Analysis of securitisation exposures

Table 44: SEC1 - Securitisation exposures in the non-trading book

This table shows the non-trading book securitisation exposure split by exposure type and associated regulatory capital requirements, where the Bank acts as originator, sponsor or as investor

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o			
		Institution acts as originator								Institution acts as sponsor				Institution acts as investor					
		Traditional				Synthetic				Traditional				Traditional					
		STS		Non-STS		STS		Non-STS		STS		Non-STS		STS		Non-STS		Synthetic	
		of which SRT		of which SRT		of which SRT		Sub-total		STS		Non-STS		STS		Non-STS		Synthetic	
		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m		
As at 31 December 2023																			
1	Total exposures	-	-	1,520	160	-	-	1,520	-	-	-	-	-	365	-	365			
2	Retail (total)	-	-	1,507	147	-	-	1,507	-	-	-	-	-	205	-	205			
3	Residential mortgage	-	-	147	147	-	-	147	-	-	-	-	-	-	-	-			
5	Other retail exposures	-	-	1,360	-	-	-	1,360	-	-	-	-	-	205	-	205			
7	Wholesale (total)	-	-	13	13	-	-	13	-	-	-	-	-	160	-	160			
9	Commercial mortgage	-	-	13	13	-	-	13	-	-	-	-	-	-	-	-			
10	Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	160	-	160			
As at 31 December 2022																			
1	Total exposures	-	-	1,505	145	-	-	1,505	-	-	-	-	-	284	-	284			
2	Retail (total)	-	-	1,492	132	-	-	1,492	-	-	-	-	-	125	-	125			
3	Residential mortgage	-	-	132	132	-	-	132	-	-	-	-	-	-	-	-			
5	Other retail exposures	-	-	1,360	-	-	-	1,360	-	-	-	-	-	125	-	125			
7	Wholesale (total)	-	-	13	13	-	-	13	-	-	-	-	-	159	-	159			
9	Commercial mortgage	-	-	13	13	-	-	13	-	-	-	-	-	-	-	-			
10	Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	159	-	159			

The value of securitised assets in the banking book, where the Bank is the Investor increased to € 365m (31 December 2022: € 284m) primarily due to an increase in investments in securitisation backed by consumer loans.

Analysis of securitisation exposures (continued)

Table 45: SEC2 - Securitisation exposures in the trading book

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

		Institution acts as originator				Institution acts as sponsor				Institution acts as investor			
		Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
		STS	Non-STS			STS	Non-STS			STS	Non-STS		
		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
1	Total exposures	-	-	-	-	-	-	-	-	-	4	-	-
2	Retail (total)	-	-	-	-	-	-	-	-	-	4	-	-
3	Residential mortgage	-	-	-	-	-	-	-	-	-	-	-	-
4	Credit card	-	-	-	-	-	-	-	-	-	-	-	-
5	Other retail exposures	-	-	-	-	-	-	-	-	-	4	-	-
6	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	-
8	Loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-
9	Commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-
10	Lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-
11	Other wholesale	-	-	-	-	-	-	-	-	-	-	-	-
12	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-

The value of securitised assets in the trading book is increased to €4m (31 December 2022: Nil) due to new investments.

Analysis of securitisation exposures (continued)

Table 46: SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

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

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU - p	EU - q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap			
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
As at 31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
1 Total exposures	1	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-
2 Traditional transactions	1	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-
3 Securitisation	1	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-
4 Retail underlying	1	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-
5 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 December 2022																	
1 Total exposures	2	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
2 Traditional transactions	2	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
3 Securitisation	2	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
4 Retail underlying	2	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-
5 Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6 Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The Securitisation exposures in the non-trading book remained stable across periods.

Analysis of securitisation exposures (continued)

Table 47: SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

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

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	EU - p	EU - q
	Exposure values (by RW bands/deductions)				Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap				
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
As at 31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
1 Total exposures	355	14	-	-	-	-	-	369	-	-	-	57	-	-	-	5	-
2 Traditional securitisation	355	14	-	-	-	-	-	369	-	-	-	57	-	-	-	5	-
3 Securitisation	355	14	-	-	-	-	-	369	-	-	-	57	-	-	-	5	-
4 Retail underlying	195	14	-	-	-	-	-	209	-	-	-	33	-	-	-	3	-
6 Wholesale	160	-	-	-	-	-	-	160	-	-	-	24	-	-	-	2	-
As at 31 December 2022																	
1 Total exposures	284	-	-	-	-	-	-	284	-	-	-	43	-	-	-	3	-
2 Traditional securitisation	284	-	-	-	-	-	-	284	-	-	-	43	-	-	-	3	-
3 Securitisation	284	-	-	-	-	-	-	284	-	-	-	43	-	-	-	3	-
4 Retail underlying	125	-	-	-	-	-	-	125	-	-	-	19	-	-	-	1	-
6 Wholesale	159	-	-	-	-	-	-	159	-	-	-	24	-	-	-	2	-

The increase of €85m in securitisation exposures in the non-trading book where the Bank acts as investor is primarily due to increase in investments in securitisation backed by consumer loans.

Analysis of securitisation exposures (continued)

Table 48: SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

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

	a		b	c
	Exposures securitised by the institution - Institution acts as originator or as sponsor			
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period	
	Of which exposures in default			
	€m	€m	€m	€m
As at 31 December 2023				
1 Total exposures	4,950	547		-
2 Retail (total)	4,700	547		-
3 Residential mortgage	3,340	473		-
5 Other retail exposures	1,360	74		-
7 Wholesale (total)	250	-		-
9 Commercial mortgage	250	-		-
As at 31 December 2022				
1 Total exposures	4,597	221		-
2 Retail (total)	4,343	221		-
3 Residential mortgage	2,983	192		-
5 Other retail exposures	1,360	29		-
7 Wholesale (total)	254	-		-
9 Commercial mortgage	254	-		-

The value of securitised exposures in the banking book, where the Bank acts as originator has increased to €4.9bn (31 December 2022: €4.6bn) primarily due to origination of securitisations.

The value of exposures in default in the banking book, where the Bank acts as originator has increased to €547m (31 December 2022: €221m) primarily due to a rise in delinquency.

Analysis of operational risk

This section contains details of capital requirements for operational risk, expressed as RWEAs, and an analysis of the BBI's operational risk profile, including events which have had a significant impact in 2023.

2023 Risk Weighted Assets for operational risk

Total RWEAs

€2.7bn

2022: €2.3bn

Summary of performance in the period

Total reportable Operational Risk losses during 2023 were €2.70m.

Key Metrics

71%

71% of BBI's 2023 net reportable operational risk events by number had a loss value of €58,000 (€50,000) or less

74%

of 2023 Operational Risk events by number are aligned to Execution, Delivery and Process Management

97%

of 2023 losses are from events aligned to Execution, Delivery and Process Management

Analysis of operational risk (continued)

Table 49: OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

The following table details the Bank's operational risk RWEAs. BBI has approval from CBI to calculate its operational risk capital requirement using the Standardised approach (TSA).

See pages 147 to 150 for information on operational risk management.

Banking activities	a	b	c	d	e
	Relevant indicator			Own funds requirements	Risk weighted exposure amount
	Year-3	Year-2	Last year		
As at 31 December 2023	€m	€m	€m	€m	€m
1 Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2 Banking activities subject to standardised (TSA) / alternative standardised approaches (ASA)	1,196	1,430	1,275	213	2,668
3 Subject to TSA:	1,196	1,430	1,275		
4 Subject to ASA:	-	-	-		
5 Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-
As at 31 December 2022					
1 Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2 Banking activities subject to standardised (TSA) / alternative standardised approaches (ASA)	847	1,196	1,430	186	2,320
3 Subject to TSA:	847	1,196	1,430		
4 Subject to ASA:	-	-	-		
5 Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

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

Analysis of operational risk (continued)

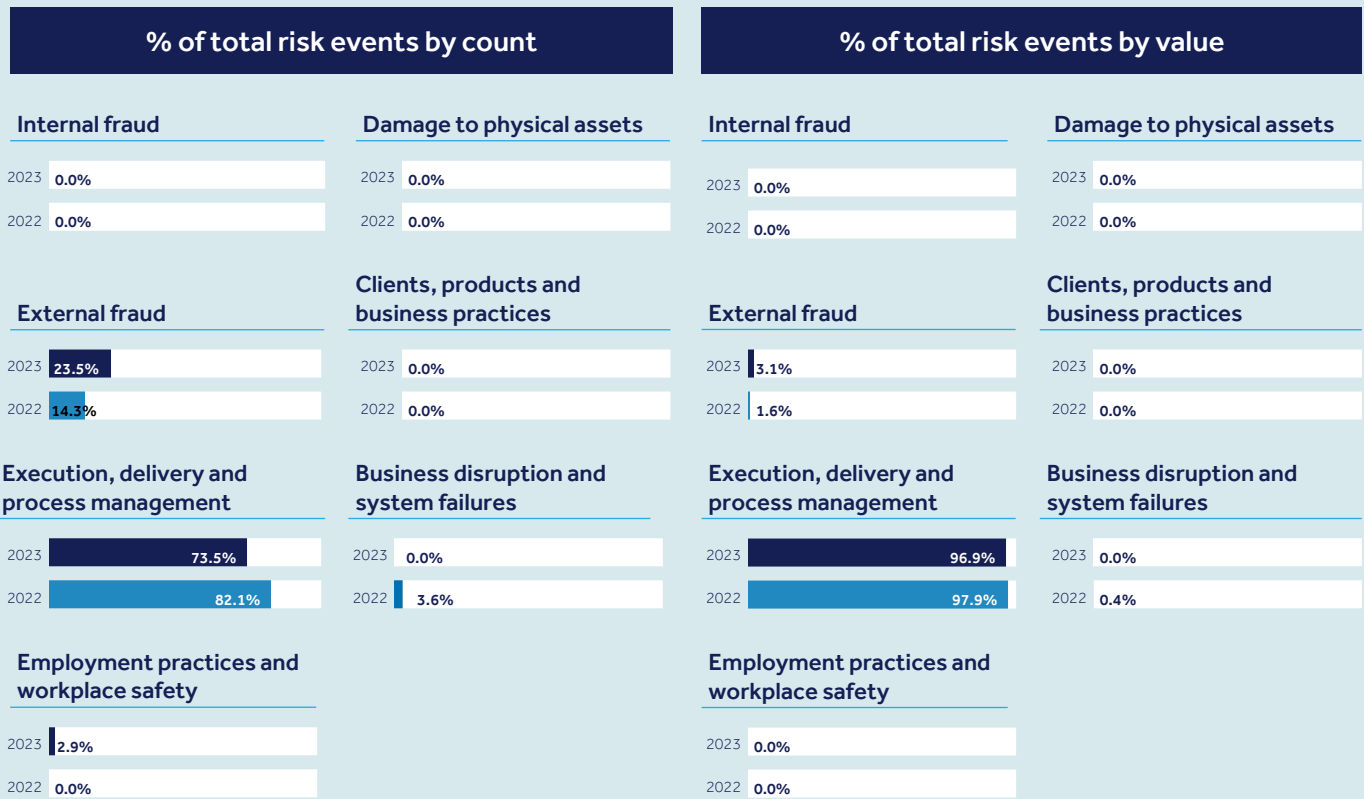
Operational risk profile

Reflective of the recent expansion of activities across a wider array of business lines, BBI's operational risk profile has many similarities with that of the broader Barclays Group.

Within operational risk, a high proportion of risk events have a low financial cost whilst a very small proportion of operational risk events will have a material impact on the financial results of the Bank. During 2023, 71% (2022: 64%) of the Bank's reportable operational risk events by volume had a value of less than €58,000 (£50,000), although this type of event accounted for only 18% (2022: 15%) of the Bank's total net operational risk losses.

Operational risk events by BASEL event category^{a,b}

The analysis below presents BBI's operational risk events by Basel event category:



Notes:

a The data disclosed includes operational risk losses for reportable events having net impact of > €11,600 (£10,000 - the financial impact threshold defined in Barclays Operational Risk Events Policy above which it is required for a risk event to be raised in the operational risk system of record) and excludes events that are compliance or legal risk, aggregate and boundary events. A boundary event is an operational risk event that results in a credit risk impact.

b Losses are recorded in GBP and converted for reporting here in EUR at an FX rate 1.1527 (December 2022: 1.1284).

- Execution, Delivery and Process Management impacts for 2023 amounted to €2.62m (2022: €3.23m) and accounted for 97% (2022: 98%) of overall operational risk losses. Volume of events increased to 25 (2022: 23) accounting for 74% of total events (2022: 82%). The events in this category are typical of the banking industry as a whole where high volumes of transactions are processed on a daily basis.

Investment continues to be made in improving the control environment across BBI. Specific areas of focus include new and enhanced fraud prevention systems and tools to combat the increasing level of fraud attempts being made whilst minimizing disruption to genuine transactions. Fraud remains an industry wide threat and BBI continues to work closely with external partners on various prevention initiatives. Additionally, BBI continues to invest in its processing infrastructure to manage the risk of processing errors as well as ensuring scalability of operations.

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

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

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

Analysis of Environmental, Social and Governance (ESG) risks

This section shows BBI's ESG risks.

The information set out in Tables 50-57 relates to our obligations under Article 449a of Regulation (EU) No 575/2013 (CRR) that requires large institutions with securities traded on a regulated market of any Member State to disclose prudential information on ESG risks, including physical risks and transition risks, as defined in the report referred to in Article 98(8) of Directive 2013/36/EU. Pillar 3 ESG implementing technical standards (ITS) specifies uniform formats and associated instructions for the disclosure of this information.

Banking book assets considered in-scope are loans and advances, debt securities and equity instruments, including reverse repo, cash collateral and settlement balances.

In preparing this information, the Bank has:

- Made certain key judgements, estimations and assumptions. This is, for example, the case in relation to financed emissions, portfolio alignment, classification of environmental and social financing, operational emissions and sustainability metrics, measurement of climate risk and scenario analysis;
- Used climate and sustainability data, models, scenarios and methodologies it considers to be appropriate and suitable for these purposes as at the date on which they were deployed. This includes data, models, scenarios and methodologies made available by third parties (over which it has no control) and which may have been prepared using a range of different methodologies, or where the basis of preparation may not be known to the Bank. Methodologies, interpretations or assumptions may not be capable of being independently verified and may therefore be inaccurate. Climate and sustainability data, models, scenarios and methodologies are subject to future risks and uncertainties and may change over time. Climate and sustainability disclosures in this document, including climate and sustainability-related data, models and methodologies, are not of the same standard as those available in the context of other financial information and use a greater number and level of judgements, assumptions and estimates, including with respect to the classification of climate and sustainable financing activities. Climate and sustainability disclosures are also not subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. Historical data cannot be relied on as a strong indicator of future trajectories in the case of climate change and its evolution. Outputs of models, processed data, scenario analysis and the application of methodologies will also be

affected by underlying data quality, which can be hard to assess, or challenges in accessing data on a timely basis;

- Continued (and will continue) to review and develop its approach to data, models, scenarios and methodologies in line with market principles and standards as this subject area matures. The data, models, scenarios and methodologies used (including those made available by third parties) and the judgements, estimates and/or assumptions made in them or by us are rapidly evolving, and this may directly or indirectly affect the metrics, data points, targets, convergence points and milestones contained in this section of the Pillar 3 report. Further, changes in external factors which are outside of our control such as accounting and/or reporting standards, improvements in data quality, data availability, or updates to methodologies and models and/or updates or restatements of data by third parties, could impact - potentially materially - the performance metrics, data points, targets, development of accounting and/or reporting standards could also impact (potentially materially) the performance metrics, data points and targets (as applicable) contained in this Pillar 3 report. In future reports the Bank may present some or all of the information for this reporting period (including information made available by third parties) using updated or more granular data or improved models, scenarios, methodologies, market practices or standards. Equally, the Bank may need to re-baseline, restate, revise, recalculate or recalibrate performance against targets, convergence points or milestones on the basis of such updated data;
- Included a number of graphics, infographics, text boxes and illustrative case studies and credentials which aim to give a high-level overview of certain elements of the climate and sustainability content of this Pillar 3 report and improve accessibility for readers. These graphics, infographics, text boxes and illustrative case studies and credentials are designed to be read within the context of the climate and sustainability content of this Pillar 3 report as a whole.

Analysis of ESG risks

Table 50: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

This table provides a breakdown of the assets more exposed to risks from the transition to a low-carbon and climate-resilient economy. It includes information on exposures to non-financial corporations that operate in sectors that contribute highly to climate change, and on the credit quality and staging, as well as related impairment provisions, of those exposures, as well as on exposures to other non-financial corporations and financial corporations.

Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	
	Gross carrying amount ^c					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Greenhouse Gas (GHG) financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions: gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	
	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks ^a	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Of which Stage 2 exposures	Of which non-performing exposures	Of which Scope 3 financed emissions										
As at 31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	years
1 Exposures towards sectors that highly contribute to climate change^b	2,238	298	83	370	145	(55)	(17)	(28)				2,124	86	28	-	2.2	
3 B - Mining and quarrying	308	175	1	23	-	(1)	-	-				308	-	-	-	0.4	
5 B.06 - Extraction of crude petroleum and natural gas	175	175	1	-	-	-	-	-				175	-	-	-	0.4	
6 B.07 - Mining of metal ores	5	-	-	5	-	-	-	-				5	-	-	-	2.8	
7 B.08 - Other mining and quarrying	4	-	-	-	-	-	-	-				4	-	-	-	-	
8 B.09 - Mining support service activities	124	-	-	18	-	(1)	-	-				124	-	-	-	0.4	
9 C - Manufacturing	820	27	33	111	39	(37)	(10)	(19)				772	20	28	-	2.8	
10 C.10 - Manufacture of food products	68	-	-	23	-	(1)	(1)	-				68	-	-	-	3.1	
11 C.11 - Manufacture of beverages	5	-	-	-	-	(1)	(1)	-				-	5	-	-	5.2	
12 C.12 - Manufacture of tobacco products	67	-	-	-	-	-	-	-				67	-	-	-	2.8	
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	13	-	-	-	-	-	-	-				13	-	-	-	3.2	
17 C.17 - Manufacture of pulp, paper and paperboard	14	-	-	12	-	-	-	-				14	-	-	-	2.9	
19 C.19 - Manufacture of coke oven products	6	-	-	-	-	-	-	-				6	-	-	-	-	
20 C.20 - Production of chemicals	97	-	-	18	-	(4)	(1)	-				54	15	28	-	6.7	

Analysis of ESG risks (continued)

Table 50: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (continued)

Sector/subsector	a	b				c	d	e	f			g	h	i	j	k	l	m	n	o	p
	€m	Gross carrying amount ^c				€m	€m	€m	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			€m	€m	Greenhouse Gas (GHG) financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)	GHG emissions: gross carrying amount percentage of the portfolio derived from company-specific reporting	€m	€m	€m	€m	€m	years
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks ^a	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures				Of which Stage 2 exposures	Of which non-performing exposures	Of which Scope 3 financed emissions										
As at 31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	years
21 C.21 - Manufacture of pharmaceutical preparations	71	-	-	21	-	(5)	(2)	-	-	-	-	-	-	-	71	-	-	-	-	-	3.0
22 C.22 - Manufacture of rubber products	76	-	9	-	-	(1)	(1)	-	-	-	-	-	-	-	76	-	-	-	-	-	1.5
23 C.23 - Manufacture of other non-metallic mineral products	7	-	-	-	-	(1)	(1)	-	-	-	-	-	-	-	7	-	-	-	-	-	0.2
24 C.24 - Manufacture of basic metals	6	-	-	-	-	-	-	-	-	-	-	-	-	-	6	-	-	-	-	-	3.6
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	2	-	-	2	-	(2)	(2)	-	-	-	-	-	-	-	2	-	-	-	-	-	2.4
26 C.26 - Manufacture of computer, electronic and optical products	2	-	-	-	-	(1)	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-
27 C.27 - Manufacture of electrical equipment	125	27	24	-	-	-	-	-	-	-	-	-	-	-	125	-	-	-	-	-	1.8
28 C.28 - Manufacture of machinery and equipment n.e.c.	87	-	-	2	30	(14)	-	(14)	-	-	-	-	-	-	87	-	-	-	-	-	2.6
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	117	-	-	-	9	(6)	-	(5)	-	-	-	-	-	-	117	-	-	-	-	-	2.2
30 C.30 - Manufacture of other transport equipment	25	-	-	2	-	-	-	-	-	-	-	-	-	-	25	-	-	-	-	-	2.5
32 C.32 - Other manufacturing	32	-	-	31	-	(1)	(1)	-	-	-	-	-	-	-	32	-	-	-	-	-	1.7
34 D - Electricity, gas, steam and air conditioning supply	278	96	42	22	-	(1)	-	-	-	-	-	-	-	-	251	27	-	-	-	-	1.9
35 D35.1 - Electric power generation, transmission and distribution	193	11	42	22	-	(1)	-	-	-	-	-	-	-	-	166	27	-	-	-	-	1.4

Analysis of ESG risks (continued)

Table 50: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (continued)

Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	
	Gross carrying amount ^c					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Greenhouse Gas (GHG) financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions: gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	
	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks ^a	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Of which Stage 2 exposures	Of which non-performing exposures	Of which Scope 3 financed emissions	€m	€m								
As at 31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	years
36 D35.11 - Production of electricity	54	11	7	1	-	-	-	-				54	-	-	-	0.3	
37 D35.2 - Manufacture of gas: distribution of gaseous fuels through mains	85	85	-	-	-	-	-	-				85	-	-	-	3.0	
40 F - Construction	67	-	7	1	1	(2)	(1)	(1)				40	27	-	-	4.7	
41 F.41 - Construction of buildings	24	-	-	1	1	(1)	-	(1)				24	-	-	-	3.4	
42 F.42 - Civil engineering	39	-	7	-	-	-	-	-				12	27	-	-	5.8	
43 F.43 - Specialised construction activities	4	-	-	-	-	(1)	(1)	-				4	-	-	-	1.9	
44 G - Wholesale and retail trade: repair of motor vehicles and motorcycles	243	-	-	51	-	(4)	(4)	-				243	-	-	-	2.1	
45 H - Transportation and storage	187	-	-	90	-	(2)	(2)	-				187	-	-	-	2.0	
46 H.49 - Land transport and transport via pipelines	-	-	-	-	-	-	-	-				-	-	-	-	-	
48 H.51 - Air transport	38	-	-	38	-	-	-	-				38	-	-	-	4.4	
49 H.52 - Warehousing and support activities for transportation	147	-	-	52	-	(2)	(2)	-				147	-	-	-	1.4	
50 H.53 - Postal and courier activities	2	-	-	-	-	-	-	-				2	-	-	-	2.1	
51 I - Accommodation and food service activities	148	-	-	41	104	(7)	-	(7)				136	12	-	-	2.0	
52 L - Real estate activities	187	-	-	31	1	(1)	-	(1)				187	-	-	-	2.0	
53 Exposures towards sectors other than those that highly contribute to climate change^b	17,562	-	6	565	2	(29)	(22)	(2)				17,282	13	50	217	1.0	
54 K - Financial and insurance activities	16,463	-	1	141	2	(5)	(1)	(2)				16,246	-	-	217	1.0	
55 Exposures to other sectors (NACE codes J, M - U)	1,099	-	5	424	-	(24)	(21)	-				1,036	13	50	-	2.4	
56 Total	19,800	298	89	935	147	(84)	(39)	(30)				19,406	99	78	217	1.2	

Analysis of ESG risks (continued)

Table 50: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (continued)

Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount ^c					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Greenhouse Gas (GHG) financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions: gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks ^a	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Of which Stage 2 exposures	Of which non-performing exposures	Of which Scope 3 financed emissions									
As at 31 December 2022 - as restated *	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	years
1 Exposures towards sectors that highly contribute to climate change^b	2,312	85		508	92	(74)	(13)	(45)				2,159	153	-	-	2.3
3 B - Mining and quarrying	164	5		19	-	(1)	(1)	-				158	6	-	-	0.9
5 B.06 - Extraction of crude petroleum and natural gas	6	5		-	-	-	-	-				6	-	-	-	-
6 B.07 - Mining of metal ores	14	-		-	-	-	-	-				14	-	-	-	3.8
7 B.08 - Other mining and quarrying	8	-		-	-	-	-	-				2	6	-	-	4.1
8 B.09 - Mining support service activities	136	-		19	-	(1)	(1)	-				136	-	-	-	0.5
9 C - Manufacturing	686	-		95	56	(40)	(7)	(24)				615	71	-	-	3.0
10 C.10 - Manufacture of food products	52	-		6	-	-	-	-				52	-	-	-	1.8
11 C.11 - Manufacture of beverages	51	-		4	-	(1)	-	-				46	5	-	-	3.0
12 C.12 - Manufacture of tobacco products	68	-		-	-	-	-	-				68	-	-	-	2.5
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	8	-		4	-	(1)	-	-				8	-	-	-	4.0
17 C.17 - Manufacture of pulp, paper and paperboard	3	-		-	-	-	-	-				3	-	-	-	4.7
19 C.19 - Manufacture of coke oven products	-	-		-	-	-	-	-				-	-	-	-	-
20 C.20 - Production of chemicals	17	-		-	-	-	-	-				17	-	-	-	3.1

Analysis of ESG risks (continued)

Table 50: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (continued)

Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	
	Gross carrying amount ^c					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Greenhouse Gas (GHG) financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions: gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	
	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks ^a	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Of which Stage 2 exposures	Of which non-performing exposures	Of which Scope 3 financed emissions	€m	€m								
As at 31 December 2022 - as restated *	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	years
21 C.21 - Manufacture of pharmaceutical preparations	30	-	-	-	-	(1)	-	-	-	-	-	30	-	-	-	-	3.9
22 C.22 - Manufacture of rubber products	100	-	-	56	-	(3)	(4)	-	-	-	-	62	38	-	-	-	3.9
23 C.23 - Manufacture of other non-metallic mineral products	19	-	-	-	-	-	-	-	-	-	-	6	13	-	-	-	4.4
24 C.24 - Manufacture of basic metals	46	-	-	-	-	-	-	-	-	-	-	46	-	-	-	-	4.6
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	35	-	-	-	-	-	-	-	-	-	-	35	-	-	-	-	2.6
26 C.26 - Manufacture of computer, electronic and optical products	21	-	-	-	11	(8)	-	(7)	-	-	-	15	6	-	-	-	2.6
27 C.27 - Manufacture of electrical equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
28 C.28 - Manufacture of machinery and equipment n.e.c.	84	-	-	4	45	(22)	(1)	(17)	-	-	-	79	5	-	-	-	1.9
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	98	-	-	-	-	(1)	-	-	-	-	-	98	-	-	-	-	2.4
30 C.30 - Manufacture of other transport equipment	24	-	-	-	-	-	-	-	-	-	-	24	-	-	-	-	3.5
32 C.32 - Other manufacturing	30	-	-	21	-	(3)	(2)	-	-	-	-	26	4	-	-	-	3.7
34 D - Electricity, gas, steam and air conditioning supply	283	80	-	1	-	-	-	-	-	-	-	254	29	-	-	-	1.9

Analysis of ESG risks (continued)

Table 50: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (continued)

Sector/subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount ^c					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Greenhouse Gas (GHG) financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions: gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity
	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks ^a	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Of which Stage 2 exposures	Of which non-performing exposures	Of which Scope 3 financed emissions									
As at 31 December 2022 - as restated *	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	years
35 D35.1 - Electric power generation, transmission and distribution	244	41		1	-	-	-	-				215	29	-	-	1.8
36 D35.11 - Production of electricity	128	41		-	-	-	-	-				99	29	-	-	1.7
37 D35.2 - Manufacture of gas: distribution of gaseous fuels through mains	39	39		-	-	-	-	-				39	-	-	-	2.4
40 F - Construction	73	-		-	1	(1)	-	(1)				43	30	-	-	5.7
41 F.41 - Construction of buildings	58	-		-	1	(1)	-	(1)				28	30	-	-	6.2
42 F.42 - Civil engineering	15	-		-	-	-	-	-				15	-	-	-	3.7
43 F.43 - Specialised construction activities	-	-		-	-	-	-	-				-	-	-	-	-
44 G - Wholesale and retail trade: repair of motor vehicles and	507	-		157	20	(18)	(2)	(12)				490	17	-	-	2.2
45 H - Transportation and storage	236	-		-	-	(3)	-	-				236	-	-	-	2.0
46 H.49 - Land transport and transport via pipelines	2	-		-	-	-	-	-				2	-	-	-	2.0
48 H.51 - Air transport	108	-		-	-	(2)	-	-				108	-	-	-	2.1
49 H.52 - Warehousing and support activities for	125	-		-	-	(1)	-	-				125	-	-	-	2.0
50 H.53 - Postal and courier activities	1	-		-	-	-	-	-				1	-	-	-	3.1
51 I - Accommodation and food service activities	163	-		163	-	(2)	(2)	-				163	-	-	-	2.2
52 L - Real estate activities	200	-		73	15	(9)	(1)	(8)				200	-	-	-	2.1
53 Exposures towards sectors other than those that highly contribute to climate change^b	15,204	-		248	83	(22)	(13)	(3)				14,931	20	35	218	1.2

Analysis of ESG risks (continued)

Table 50: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (continued)

Sector/subsector	a	b	c		d	e			f	g	h	i		j	k		l	m	n	o	p
	Gross carrying amount ^c					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Greenhouse Gas (GHG) financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO2 equivalent)		GHG emissions: gross carrying amount percentage of the portfolio derived from company-specific reporting	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity					
	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks ^a	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Of which stage 2 exposures	Of which non-performing exposures	Of which Scope 3 financed emissions														
As at 31 December 2022 - as restated *	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	years
54 K - Financial and insurance activities	14,214	-		79	3	(5)	(1)	(2)							13,988	8	-	218		1.1	
55 Exposures to other sectors (NACE codes J, M - U)	990	-		169	80	(17)	(12)	(1)						943	12	35	-		2.3		
56 Total	17,516	85		756	175	(96)	(26)	(48)						17,090	173	35	218		1.3		

* Pursuant to the EBA Q&A 2022_6600 published on 17 Feb 2023, exposures towards financial corporations are now reported within 'K - Financial and insurance activities'. The 31 December 2022 table has been updated accordingly, increasing the total Gross carrying amount reported by €14.2bn, from €3.5bn to €17.5bn. In addition, the amounts reported at 31 December 2022 in the 'F - Construction' and 'H - Transportation and storage' sectors have been restated as part of our ongoing review of sector classification of client exposures, reducing exposures to these sectors by €45m and €170m respectively, increasing 'K - Financial and insurance activities' by €215m accordingly.

Notes:

- In accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of the Climate Benchmark Standards Regulation. The identification of exposures to counterparties excluded from the EU Paris-aligned benchmarks (Article 12(1)), points (d) to (g) was carried out by assessing exposures towards companies in the following NACE sectors: Mining & Quarrying, Electricity & Gas, Manufacturing, and Transport (of oil or fuels). Each company's segmented revenue percentages were assessed to determine if they breach the thresholds outlined by the regulation Article 12(1)(d)-(f), above. For power generation companies, reported scope 1 and 2 emission intensity was used to determine alignment with Paris benchmark threshold. The identification of exposures to counterparties excluded from the EU Paris-aligned benchmarks Article 12(2) of Delegated Regulation (EU) 2020/1818 is based on voluntary disclosures of DNSH assessment by counterparties. Companies are not required to disclose the assessments about the technical screening criteria, which includes DNSH, that the taxonomy-eligible economic activities fail to meet but they may do so voluntarily. On this basis this disclosure includes values for only those counterparties where data was available from their own disclosures. This is being reported on for the first time using the disclosure reference date of 31 December 2023.
- In accordance with the Commission delegated regulation (EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and the EU Paris-aligned benchmarks - Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006.
- 12 rows (11 rows in December 2022) with zero gross carrying amounts were excluded from the above template format prescribed by the EBA.

In order to determine the counterparty Nomenclature of Economic Activities (NACE) codes (at NACE L1), we have utilised the internal Barclays Industry Classification used for other reporting such as Financial Reporting (FINREP). Additional data has been collected from Moody's for more granular NACE activity (at NACE L2-4). We consider the information is of good quality where available; however, in such instances where it is not available, a manual exercise was undertaken to gather the missing information. Data reported in this template is based on the specific definitions under Article 449a of Regulation (EU) 575/2013 (1) (CRR) on ESG metrics and NACE codes are identified basis the principal activity of the counterparty.

Banking book assets considered in-scope are loans and advances and debt securities at amortised cost (€13,163m, net of ECL), loans and advances, debt securities and equity instruments at FVTPL (€356m), cash collateral & settlement balances (€12,003m) and reverse repos (€2,064m), out of which exposures to non-financial corporations (€3,258m, net of ECL) and financial corporations (€16,458m, net of ECL) are in-scope for the above template, and Exposures to sovereigns and local governments are excluded (€3,541m), as are household exposures (€4,329m) and assets held for trading. (Consumer Bank Europe assets held for sale (€4,444m, net of ECL) are household balances and hence also out of scope).

Reporting of financed emissions (Scope 1 to 3) is voluntary until June 2024 and has not been reported for 31 December 2023. Although Barclays currently calculates financed emissions, this is only disclosed at a Barclays Group level. The Barclays Group's financed emissions have been included in the 2023 Barclays PLC Annual Report across two sections: (i) Estimating the full in-scope balance sheet financed emissions using a methodology which has been developed using the PCAF Standard (PCAF (2022), The Global GHG Accounting and Reporting Standard Part A: Financed Emissions, Second Edition); and (ii) Continuing to use the BlueTrack™ methodology to assess financed emissions for material sectors and set 2030 targets integrating 1.5°C scenarios BlueTrack™ methodology to assess financed emissions for material sectors and set 2030 targets integrating 1.5°C scenarios. BlueTrack™ starts by selecting a benchmark for a sector that defines how financed emissions for a portfolio need to change over time, in line with the goals and timelines of the Paris Agreement – consistent with scenarios limiting the increase in global temperatures to 1.5°C. Barclays measure the financed emissions within a selected boundary for a sector, then aggregate these into a portfolio-level metric – which is then compared to the benchmark. In 2023, Barclays expanded BlueTrack™ to

Analysis of ESG risks (continued)

cover the Agriculture, Aviation and UK Commercial Real Estate sectors. The Residential Real Estate sector was also expanded to include housing associations and small business buy-to-let lending, and is now referred to as UK Housing. Further reporting for financed emissions is also being developed for inclusion in future Pillar 3 reports.

Average maturity is defined as exposure-weighted average contractual maturity. It is calculated as the sum of gross exposure multiplied by the residual maturity of each counterparty and divided by the total exposure of the sector or sub-sector. Where the maturity date has passed the reporting date i.e. overdue, but the exposure continues to appear on the balance sheet, or where the exposure does not have a contractual maturity date (e.g. on demand) this has been reported with a maturity of 1 year.

Gross exposure to sectors that highly contribute to climate change at 31 December 2023 of €2.2bn decreased by €74m relative to 31 December 2022, with a reduction in exposure to "Wholesale and retail" (€264m) and "Transportation and storage" (€49m), partially offset by an increase in exposure to "Mining and quarrying" (€144m) and Manufacturing (€135m).

Gross exposure to sectors other than those that highly contribute to climate change increased by €2.4bn to €17.6bn, primarily due to increase in exposure to Other Financial corporations.

Gross exposures towards companies excluded from EU Paris-aligned Benchmarks increased by €213m to €298m at 31 December 2023, due to an increase in exposure to Mining and quarrying (€170m), Manufacturing (€27m), and Electricity, gas, steam and air conditioning supply (€16m).

Gross non-performing exposure to sectors that highly contribute to climate change increased by €53m to €145m primarily due to increase in "Accommodation and food service activities" (€104m) partially offset by decrease in exposure to "Wholesale and retail trade" (€20m) "Manufacturing" (€17m) and "Real estate activities" (€14m).

Gross non-performing exposure to sectors other than those that highly contribute to climate change decreased by €81m to €2m primarily due to decrease "Exposures to other sectors (NACE codes J, M - U)" (€80m).

Table 51: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

This table provides a breakdown of BBI's climate change transition risk on loans collateralised with commercial and residential real estate properties, and on collateral repossessed, which is based on the energy efficiency of the collateral, including energy consumption and an Energy Performance Certificate (EPC) label.

Counterparty sector	a	o	p	a	o	p
	As at 31 December 2023			As at 31 December 2022		
	Total gross carrying amount			Total gross carrying amount		
	Without EPC label of collateral			Without EPC label of collateral		
		Of which level of energy efficiency (EP score in kWh/m ² of collateral) estimated			Of which level of energy efficiency (EP score in kWh/m ² of collateral) estimated	
	€m	€m	€m	€m	€m	€m
1 Total EU area	4,257	4,257	-	5,132	5,132	-
2 Of which Loans collateralised by commercial immovable property	71	71	-	170	170	-
3 Of which Loans collateralised by residential immovable property	4,186	4,186	-	4,962	4,962	-
4 Of which Collateral obtained by taking possession: residential and commercial immovable properties	-	-	-	-	-	-
5 Of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated	-	-	-	-	-	-
6 Total non-EU area	-	-	-	-	-	-

Notes:

a. Rows and columns with nil values were excluded from the above template format prescribed by the EBA.

The gross carrying amounts cover all counterparty sectors for banking book exposure to loans collateralised by commercial and residential immovable property, and of repossessed real estate collateral, including loans to financial corporations, non-financial corporations and households. This primarily concerns the Italian mortgage portfolio, which is a historic portfolio and rundown book where EPC data is unavailable. Additionally, energy declarations were not mandatory in many EU countries as at the date of origination. Where there is no EPC label, this have been left blank.

Loans collateralised by commercial and residential immovable property decreased during 2023 by €0.9bn to €4.26bn, primarily due to repayments and portfolio run off in the Bank's Italian mortgage portfolio.

Analysis of ESG risks (continued)

Table 52: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

This table provides a breakdown of BBI's drawn exposures towards the top 20 carbon-intensive companies in the world. It is complementary to the sectoral approach applied in the previous templates. It includes information on the average maturity of the exposures, providing some insight on how these exposures may be impacted by longer-term climate change transition risks.

The implementing technical standards on prudential disclosures on ESG risks [#] states that there is evidence and public information according to which, the top polluting companies in the world are responsible for a large proportion of global annual Greenhouse Gas (GHG) emissions. Any policy action taken with the intention of reducing companies' emissions may have a larger impact on the top GHG emitting companies and may lead to the deterioration of their creditworthiness. Related reputational risks may further contribute to the deterioration of the credit quality of these companies. Hence, BBI's exposures towards top polluting companies may be more exposed to an impairment of their credit quality and eventually to credit losses.

	a	b	c	d	e
	Gross carrying amount (aggregate)	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate) for * counterparties among the top 20 carbon emitting companies in the world	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
	€m	%	€m	years	
As at 31 December 2023	12	0.02 %		0.08	2
As at 31 December 2022	36	0.06 %		2.61	1

* For counterparties among the top 20 carbon emitting companies in the world

https://eba.europa.eu/sites/default/files/document_library/Publications/Draft%20Technical%20Standards/2022/1026171/EBA%20draft%20ITS%20on%20Pillar%203%20disclosures%20on%20ESG%20risks.pdf

The Carbon Disclosure Project (CDP) database on reported and modelled GHG Emission dataset for 2022 was used to identify the top 20 carbon-intensive firms in the world. The GHG Emission dataset for 2022 was used due to lack of availability of more recent data. BBI's exposure to these firms, and their exposure to related parties of the top 20 carbon intensive firms (e.g. parent entity or subsidiaries), has been reported. Therefore, there may be "related parties" to top 20 carbon intensive firms that are included in the top 20 carbon-emitting companies list above but are not top 20 carbon emitters in their own right.

The gross carrying amount of exposure is given as a proportion of the total gross carrying amount of the assets in the banking book.

Methodologies to estimate and disclose the information required in this table will be further developed and refined this year, in preparation for disclosure to be made in respect of the financial year 2024.

Analysis of ESG risks (continued)

Table 53: Banking book - Climate change physical risk: Exposures subject to physical risk

This table provides a breakdown of BBI's exposures in the banking book (including loans and advances, debt securities and equity instruments not held for trading and not held for sale) towards non-financial corporates, on loans collateralised with immovable property and on repossessed real estate collateral that are exposed to chronic and acute climate-related hazards, with a break down by sector activity and by geography of location of the activity of the counterparty or the collateral.

a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
As at 31 December 2023	Gross carrying amount														
	of which exposures sensitive to impact from climate change physical events														
	Breakdown by maturity bucket						of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures		
Geographical area: Europe ^b	€m	€m	€m	€m	€m	years	€m	€m	€m	€m	€m	€m	€m	€m	
2	B - Mining and quarrying	303	67	-	-	-	0.4	54	12	1	4	-	-	-	
3	C - Manufacturing	726	85	4	3	-	2.9	44	47	1	10	6	(5)	(1)	(3)
4	D - Electricity, gas, steam and air conditioning supply	237	43	13	-	-	2.1	22	22	12	4	-	-	-	
6	F - Construction	67	7	4	-	-	4.4	5	4	2	-	-	-	-	
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	240	28	-	-	-	2.5	14	13	1	6	-	-	-	
8	H - Transportation and storage	135	27	-	-	-	2.4	14	12	1	10	-	-	-	
9	L - Real estate activities	187	40	-	-	-	2.3	9	20	11	3	-	-	-	
10	Loans collateralised by residential immovable property	4,186	98	80	376	61	12.8	420	170	25	85	28	(10)	(4)	(5)
11	Loans collateralised by commercial immovable property	71	24	-	-	-	2.1	5	12	7	17	-	-	-	

Analysis of ESG risks (continued)

a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
As at 31 December 2023	Gross carrying amount													
	of which exposures sensitive to impact from climate change physical events													
	Breakdown by maturity bucket						of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity									
Geographical area: Non-Europe ^{ab}	€m	€m	€m	€m	€m	years	€m	€m	€m	€m	€m	€m	€m	€m
2 B - Mining and quarrying	5	2	-	-	-	2.8	2	-	-	2	-	-	-	-
3 C - Manufacturing	94	28	-	-	-	3.3	25	2	1	10	-	-	-	-
4 D - Electricity, gas, steam and air conditioning supply	41	12	-	-	-	4.2	11	1	-	-	-	-	-	-
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	3	1	-	-	-	2.6	1	-	-	-	-	-	-	-
8 H - Transportation and storage	52	10	-	-	-	2.0	8	2	-	10	-	-	-	-

Table 53: Banking book - Climate change physical risk: Exposures subject to physical risk (continued)

a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
As at 31 December 2022 - as restated *	Gross carrying amount													
	of which exposures sensitive to impact from climate change physical events													
	Breakdown by maturity bucket						of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity									
Geographical area: Europe ^b	€m	€m	€m	€m	€m	years	€m	€m	€m	€m	€m	€m	€m	€m
2 B - Mining and quarrying	150	32	1	-	-	0.8	26	6	-	3	-	-	-	-
3 C - Manufacturing	606	73	8	-	-	2.3	46	32	3	12	7	(5)	(1)	(3)
4 D - Electricity, gas, steam and air conditioning supply	283	55	6	-	-	1.9	27	21	13	-	-	-	-	-
6 F - Construction	73	8	5	-	-	4.7	6	5	2	-	-	-	-	-
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	405	47	2	-	-	1.1	21	26	2	15	2	(2)	(1)	(1)
8 H - Transportation and storage	200	40	-	-	-	0.7	15	22	3	-	-	(1)	-	-
9 L - Real estate activities	198	46	-	-	-	0.5	13	21	12	17	3	(2)	-	(2)
10 Loans collateralised by residential immovable property	4,962	64	108	453	74	14.2	504	181	14	37	38	(16)	(5)	(11)
11 Loans collateralised by commercial immovable property	170	56	-	-	-	2.5	10	29	17	19	1	(1)	-	(1)

Analysis of ESG risks (continued)

a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
As at 31 December 2022 - as restated *	of which exposures sensitive to impact from climate change physical events													
	Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures	
Geographical area: Non-Europe ^{ab}	€m	€m	€m	€m	€m	years	€m	€m	€m	€m	€m	€m	€m	€m
2 B - Mining and quarrying	14	5	-	-	-	0.1	4	-	-	1	-	-	-	-
3 C - Manufacturing	79	22	3	-	-	0.7	22	2	1	3	2	(1)	-	(1)
4 D - Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	102	46	1	-	-	1.1	45	2	-	15	2	(2)	-	(1)
8 H - Transportation and storage	36	7	-	-	-	0.1	6	1	-	-	-	-	-	-
9 L - Real estate activities	2	-	-	-	-	-	-	-	-	-	-	-	-	-

* The amounts reported at 31 December 2022 in the "F - Construction" and "H - Transportation and storage" sectors have been restated as part of our ongoing review of sector classification of client exposures, reducing exposures to these sectors by €45m and €170m respectively, increasing "K - Financial and insurance activities" by €215m accordingly..

a. Non-European exposure is primarily North American

b. 3 rows for Geographical area: Europe (3 rows in December 2022) and 7 rows for Geographical area: Non-Europe (6 rows in December 2022) with zero gross carrying amounts were excluded from the above template format prescribed by the EBA.

This template covers all geographic areas and regions and includes exposure to non-financial corporations in those sectors prescribed in the CRR.

The gross exposures in table 53 are less than the exposure in table 50 as sectors like "Accommodation and food service activities", "K - Financial and insurance activities" and "other sectors (NACE codes J, M - U)" are not included in table 53, as prescribed by CRR.

Exposures to households are included above within loans collateralized by residential immovable property and are to European counterparties. While it is expected that the effects of physical risk to the Bank's portfolio is significantly decreased by mitigating factors such as flooding or sea erosion barriers, or sewage upgrades, these have not been taken into consideration.

Moody's Four Twenty Seven Methodology has been used to identify exposures subject to physical climate risks. Moody's leverage several public and private databases to generate over 25 underlying risk indicators, which are chosen based on known pathways of business risk that emerge from changes in the physical environment. The data sourced from the application covers several aspects of chronic and acute physical risks listed in Appendix A of the delegated climate act, 2021/2139 (EU). A sample of data is tested every reporting period to check accuracy.

Moody's provides Physical Risk Scores for counterparties scored from 1 (low risk) to 100 (high risk) for physical risk due to flooding, hurricanes and wildfires (acute climate change events) and sea level rise, heat stress and water stress (chronic climate change events).

The Physical Risk Score data rates each hazard for a given location as either no risk, low, medium, high, or red flag.

A climate risk rating of red flag is assumed to imply that all the assets in that location are highly sensitive to physical climate risk. We do not expect significant damage to assets from the risk intensity threshold below red flag. Physical climate risks are assessed by sector, along with specific location, given that physical assets will be affected differently by climate hazards based on their activities. For example, a manufacturing plant that has heavy water and energy inputs will be more sensitive to heat stress and water stress than an office in the same location. Exposures sensitive to the impact of climate change events, reported in gross amounts, have been assessed by aggregating site-level climate hazard exposure across all of their known facilities with no assessment made regarding mitigating actions such as insurance or actions taken by counterparties or local/national government.

The Bank will continue to monitor its methodology and take account of further guidance and industry best practices as they become available or develop. Inconsistencies in approach have been observed among other financial institutions. Additionally, availability and quality of data issues exist at the present time. These factors may lead to comparability issues when examining results between financial institutions, and, in the future, when comparing results between years.

Analysis of ESG risks (continued)

At the end of 31 December 2023, no material changes were observed to the exposure values that are sensitive to climate change events as compared to at 31 December 2022.

Table 54: Summary of KPIs on Taxonomy-aligned exposures

The table shows the GAR (Green Asset Ratio) stock and flow of the EU Taxonomy objectives of climate change mitigation and climate change adaptation. They are calculated as the % of taxonomy-aligned Turnover KPIs reported by each counterparty, applied to the Bank's loan exposure to each counterparty. The percentage coverage is calculated as % of Total Covered Assets^a over the Bank's total assets. This is being reported on for the first time using the disclosure reference date of 31 December 2023. For further information on the EU Taxonomy KPIs, please refer to the Barclays Europe EU Taxonomy disclosures available on the Barclays website.

As at 31 December 2023	KPI			% coverage (over total assets) ^c
	Climate change mitigation ^b	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
GAR stock	0.3 %	-	0.3 %	6.3 %
GAR flow	1.6 %	-	1.6 %	0.4 %

Notes:

- a. Total Covered Assets comprise total assets as defined under IFRS as adopted by the EU, minus trading book assets and minus exposures to central banks, central governments and supranational issuers
- b. Based on Turnover KPI of the counter-parties. It is calculated as the percentage of Taxonomy aligned exposures over Total Covered Assets.
- c. Percentage coverage (over total assets) is calculated as Total GAR Assets over total assets as per the Annexure XL - Instructions for disclosure of ESG risks for CRR2 Pillar 3 while for Bank's FY 2023 EU Taxonomy disclosures, the % coverage (over total assets) was calculated as a % of aligned assets over total assets.

Table 55: Mitigating actions: Assets for the calculation of GAR

The table shows the absolute value of GAR-eligible, taxonomy-eligible loans and taxonomy-aligned loans, analysed by asset class. This is being reported on for the first time using the disclosure reference date of 31 December 2023

	a	b	c	d			e	f	g			h	i	j	k	l			m	n	o	p	
				Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)							TOTAL (CCM + CCA)							
				Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)							Of which towards taxonomy relevant sectors (Taxonomy-eligible)							
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)							Of which environmentally sustainable (Taxonomy-aligned)							
Of which specialised lending	Of which transitional	Of which enabling	Of which specialised lending	Of which transitional	Of which enabling	Of which specialised lending	Of which transitional/adaptation	Of which enabling															
As at 31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	
GAR - Covered assets in both numerator and denominator																							
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	8,997	4,891	89	-	12	54	36	-	-	-	-	4,927	89	-	12	54						
2	Financial corporations	3,373	668	1	-	-	-	31	-	-	-	-	699	1	-	-	-						
3	Credit institutions ^a	2,088	571	-	-	-	-	-	-	-	-	-	571	-	-	-	-						
4	Loans and advances ^b	2,088	571	-	-	-	-	-	-	-	-	-	571	-	-	-	-						
7	Other financial corporations ^c	1,285	97	1	-	-	-	31	-	-	-	-	128	1	-	-	-						
8	of which investment firms	401	4	-	-	-	-	-	-	-	-	-	4	-	-	-	-						
9	Loans and advances ^b	401	4	-	-	-	-	-	-	-	-	-	4	-	-	-	-						
12	of which management companies	77	7	1	-	-	-	-	-	-	-	-	7	1	-	-	-						

Analysis of ESG risks (continued)

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p																
																	Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)				
																	Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
																	Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				
Of which specialised lending						Of which specialised lending					Of which specialised lending																					
Of which transitional						Of which transitional					Of which transitional																					
Of which enabling						Of which enabling					Of which enabling																					
As at 31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m																
13 Loans and advances ^b	77	7	1	-	-	-	-	-	-	-	-	7	1	-	-	-																
16 of which insurance undertakings	432	36	-	-	-	-	31	-	-	-	-	67	-	-	-	-																
17 Loans and advances ^b	432	36	-	-	-	-	31	-	-	-	-	67	-	-	-	-																
20 Non-financial corporations (subject to NFRD disclosure obligations)	1,253	234	88	-	12	54	5	-	-	-	-	239	88	-	12	54																
21 Loans and advances ^b	1,253	234	88	-	12	54	5	-	-	-	-	239	88	-	12	54																
24 Households	3,989	3,989	-	-	-	-						3,989	-	-	-	-																
25 of which loans collateralised by residential immovable property ^d	3,989	3,989	-	-	-	-						3,989	-	-	-	-																
28 Local governments financing	382	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																
30 Other local governments financing	382	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-																
32 TOTAL GAR ASSETS	8,997	4,891	89	-	12	54	36	-	-	-	-	4,927	89	-	12	54																
Assets excluded from the numerator for GAR calculation (covered in the denominator)																																
33 EU Non-financial corporations (not subject to NFRD)	1,686																															
34 Loans and advances ^b	1,682																															
36 Equity instruments	4																															
37 Non-EU Non-financial corporations (not subject to)	398																															
38 Loans and advances ^b	398																															
41 Derivatives	16																															
42 On demand interbank loans	659																															
43 Cash and cash-related assets	27																															
44 Other assets (e.g. Goodwill, commodities etc.)	17,879																															
45 TOTAL ASSETS IN THE DENOMINATOR (GAR)	29,663																															
Other assets excluded from both the numerator and denominator for GAR calculation																																
46 Sovereigns	3,165																															
47 Central banks exposure	33,830																															
48 Trading book	76,155																															
49 TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR	113,150																															
50 TOTAL ASSETS	142,813																															

Notes:

*GAR eligible loans are those assets that are considered in the numerator of the GAR. It include loans and advances, debt securities, equity holdings and repossessed collaterals.

a. As per the Draft Commission Notice published on 21 December 2023, where the same exposure is relevant for two or more environmental objectives, it should be allocated to the most relevant objective based on the information provided by the financial counterparty in order to avoid double counting. Given that credit institutions were not required to report the breakdown of eligibility against the EU Taxonomy objectives of CCM and CCA for FY 2022, the Bank has decided to report the eligibility under the objective of climate change mitigation in the above table.

Analysis of ESG risks (continued)

b. Cash collateral balances has been included under loans and advances.

c. Exposures amounting to €375m could not be classified under investment firms, management companies, and insurance undertakings. Hence the total of the three categories under other financial corporations do not exactly match with the balance of other financial corporations.

d. Loan collateralised by residential immovable properties under Households € 4.0bn were considered to be 100% eligible but not aligned.

e. 17 rows with zero gross carrying amounts were excluded from the above template format prescribed by the EBA

Table 56: GAR %

The table shows taxonomy-eligible loans and taxonomy-aligned loans, analysed by asset class, as a % of GAR-eligible loans, and as a % of total assets for both stock and flow. This is being reported for the first time using the disclosure reference date of 31 December 2023.

	a	b	d	e	f	g	k	l	n	o	p	q	r	t	u	v	aa	ab	ad	ae	af		
	GAR Stock											GAR Flow											
	Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)		TOTAL (CCM + CCA)					Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)		TOTAL (CCM + CCA)					
	Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors		Proportion of eligible assets funding taxonomy relevant sectors ^a					Proportion of total assets covered ^c	Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of new eligible assets funding taxonomy relevant sectors ^b		Proportion of new eligible assets funding taxonomy relevant sectors ^b				Proportion of total new assets covered ^d
	Of which environmentally sustainable				Of which environmentally sustainable		Of which environmentally sustainable						Of which environmentally sustainable				Of which environmentally sustainable		Of which environmentally sustainable				
Of which transitional		Of which enabling		Of which environmentally sustainable		Of which transitional/adaptation		Of which enabling			Of which transitional		Of which enabling		Of which transitional/adaptation		Of which enabling						
As at 31 December 2023 ^f	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%	
1 GAR	16.5	0.3	-	0.2	0.1	-	16.6	0.3	-	0.2	6.3	3.9	1.6	0.3	1.0	-	3.9	1.6	0.3	1.0	0.4		
Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation ^e	54.4	1.0	0.1	0.6	0.4	-	54.8	1.0	0.1	0.6	6.3	23.9	9.4	2.0	6.2	-	23.9	9.4	2.0	6.2	0.4		
3 Financial corporations	19.8	-	-	-	0.9	-	20.7	-	-	-	2.4	39.6	-	-	-	-	39.6	-	-	-	0.1		
4 Credit institutions	27.3	-	-	-	-	-	27.3	-	-	-	1.5	-	-	-	-	-	-	-	-	-	-		
5 Other financial corporations	7.6	0.1	-	-	2.4	-	10.0	0.1	-	-	0.9	39.6	-	-	-	-	39.6	-	-	-	0.1		
6 of which investment firms	1.1	-	-	-	-	-	1.1	-	-	-	0.3	-	-	-	-	-	-	-	-	-	-		
7 of which management companies	8.9	1.3	-	-	-	-	8.9	1.3	-	-	0.1	-	-	-	-	-	-	-	-	-	-		
8 of which insurance undertakings	8.3	-	-	-	7.2	-	15.5	-	-	-	0.3	-	-	-	-	-	-	-	-	-	-		
9 Non-financial corporations subject to NFRD disclosure obligations	18.7	7.0	1.0	4.3	0.4	-	19.0	7.0	1.0	4.3	0.9	19.7	12.0	2.5	7.8	-	19.7	12.0	2.5	7.8	0.3		
10 Households	100	-	-	-	-	-	100	-	-	-	2.8	-	-	-	-	-	-	-	-	-	-		
of which loans collateralised by residential immovable property	100	-	-	-	-	-	100	-	-	-	2.8	-	-	-	-	-	-	-	-	-	-		
14 Local government financing	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	-	-	-	-	-	-	-		
Other local governments financing	-	-	-	-	-	-	-	-	-	-	0.3	-	-	-	-	-	-	-	-	-	-		
16																							

Notes:

a. This is calculated as total gross carrying amount of stock eligible for the respective EU Taxonomy objective over the total gross carrying amount appearing in Table 55 for the respective row.

b. This is calculated as total gross carrying amount of flow eligible for the respective EU Taxonomy objective over the total gross carrying amount of flow for the respective row.

Analysis of ESG risks (continued)

c. Proportion of total assets covered is calculated as the total gross carrying amount appearing in Table 55 for the respective row over the Bank's total assets

d. Proportion of total new assets covered is calculated as the total gross carrying amount appearing in the flow for the respective row over the Bank's total assets.

e. Cash collateral has been excluded from Loans and advances for flow calculation

f. 9 columns and 4 rows with nil values were excluded from the above template format prescribed by the EBA were excluded from the table as they were blank.

Table 57: Other climate change mitigating actions that are not covered in the EU Taxonomy

This table provides a breakdown of other mitigating actions put in place by BBI to mitigate climate-change-related risks.

a		b	c	d	e	f
Type of financial instrument		Type of counterparty	Gross carrying amount	Type of risk mitigated	Type of risk mitigated	Qualitative information on the nature of the mitigating actions
			€m	Climate change transition risk	Climate change physical risk	
As at 31 December 2023^a						
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	-	-	-
2		Non-financial corporations	-	-	-	-
4		Households	-	-	-	-
7		Other counterparties	-	-	-	-
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	209	Yes	-	Sustainability-linked loans with SPTs related to GHG emission reductions and purchase of renewable energy
9		Non-financial corporations	219	Yes	-	
10		Of which Loans collateralised by commercial immovable property	2	Yes	-	Loans focused on green buildings and Sustainability-linked loans with SPTs related to GHG emission reductions
11		Households	-	-	-	-
14		Other counterparties	-	-	-	-
As at 31 December 2022^a						
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	-	-	-	-
2		Non-financial corporations	-	-	-	-
4		Households	-	-	-	-
7		Other counterparties	-	-	-	-
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	75	Yes	-	Sustainability-linked facilities which incentivise borrower to achieve pre-determined sustainability performance targets (SPTs) by linking them to the pricing mechanism of the facility
9		Non-financial corporations	258	Yes	-	
10		Of which Loans collateralised by commercial immovable property	22	Yes	-	
11		Households	-	-	-	-
14		Other counterparties	-	-	-	-

Notes:

a. 5 rows with zero gross carrying amounts were excluded from the above template format prescribed by the EBA

The template covers other climate change mitigating actions and includes exposures of the institutions that are not taxonomy aligned according to Table 55 and Table 56 but that still support counterparties in the transition and adaptation process for the objectives of climate change mitigation and climate change adaptation.

Analysis of ESG risks (continued)

The climate change mitigation objective includes financing directed towards GHG emission reduction, energy efficiency, green buildings, clean transportation and renewable energy.

The majority of exposures included in the table consist of sustainability-linked loans which are issued under Loan Market Association (LMA) Sustainability-linked loans principles. Sustainability-linked loans are facilities which incentivize the borrower to achieve pre-determined sustainability performance targets (SPT) by linking them to the pricing mechanism of the facility. For these facilities, at least one SPT is linked to climate mitigation objectives listed above.

The increase in sustainability linked loans to financial corporations as compared to 31 December 2022 reflects continued growth in this market as issuers use these instruments to embed their sustainability targets into financing instruments. The decline in sustainability linked loans to non-financial corporations is primarily due to loans repaid or matured (€39m) during the year.

Risk management strategy, governance and risk culture

In this section, we describe the approaches and strategies for managing risks at Barclays Bank Ireland PLC. It contains information on how risk management functions are organised, and how they maintain their independence and foster a sound risk culture.

The Enterprise Risk Management Framework (ERMF) sets out the tools, techniques and organisational arrangements to enable all material risks to be identified and understood (see page 87).

A discussion of how our risk management strategy is designed to foster a strong risk culture is contained on page 95.

A governance structure, encompassing the organisation of the function as well as executive and Board committees, supports the continued application of the ERMF. This is discussed in pages 88 to 100.

Pages 91-95 describe Barclays Bank Ireland Plc risk management tools that support risk management and the BBI management body (Ex-co and Board) in discharging their responsibilities, outlining how they are applied in the strategic planning cycle

Risk management strategy, governance and risk culture (continued)

The Bank's risk management strategy

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

Enterprise Risk Management Framework (ERMF)

The ERMF outlines the highest level principles for risk management by setting out standards, objectives and key responsibilities of different groups of employees of the Bank. The Bank's ERMF is adapted from, and consistent with, the Barclays Group ERMF as approved by the B PLC Board on the recommendation of the Group Board Risk Committee and the Barclays Group Chief Risk Officer. This is then reviewed and formally adopted by the Bank's Board at local legal entity level.

The ERMF sets out:

- principal risks faced by the Bank which guides the organisation of risk management processes;
- risk appetite requirements (this helps define the level of risk the bank is willing to undertake in its business);
- risk management and segregation of duties (the ERMF defines a 'Three Lines of Defence' model); and
- roles and responsibilities for risk management and governance structure.

The ERMF is complemented by frameworks, policies and standards, which are mainly aligned to individual principal risks. Similarly to the ERMF, these documents are approved by the relevant Group owners, and are modified via addenda where needed for application in Barclays Bank Ireland PLC:

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

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

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

First Line of Defence

The first line comprises all employees engaged in the revenue generating and client facing areas of the Bank and all associated support functions, including Finance, Operations, Treasury, and Human Resources etc. The first line is responsible for identifying and managing the risks in which they are engaged, operating within applicable limits, developing a control framework, and escalating risk events or issues as appropriate. Employees in the first line have primary responsibility for their risks and their activities are subject to oversight from the relevant parts of the second and third lines.

Second Line of Defence

The second line is comprised of the Risk and Compliance functions. The role of the second line is to establish the limits, rules and constraints, and the frameworks, policies and standards under which all activities shall be performed, consistent with the risk appetite of the Bank, and to oversee the performance of the Bank against these limits, rules and constraints. Controls for first line activities, especially those related to operational risk, will ordinarily be established by the control officers operating within the control framework of the firm. These will remain subject to oversight by the second line.

Third Line of Defence

The third line of defence is Internal Audit, who are responsible for providing independent assurance over the effectiveness of governance, risk management and controls over current, systemic and evolving risks.

The Legal function provides support to all areas of the Bank and is not formally part of any of the three lines of defence. The Legal function is responsible for proactively identifying, communicating and providing legal advice on applicable laws, rules and regulations. Except in relation to the legal advice it provides or procures, it is subject to second line oversight with respect to its own operational and compliance risks, as well as with respect to the legal risk to which the Bank is exposed.

Principal risks

The ERMF identifies nine principal risks namely: credit risk, market risk, treasury and capital risk, climate risk, operational risk, model risk, compliance risk, reputation risk and legal risk. Note that "compliance risk" replaced "conduct risk" in 2023 with an expanded definition (see page 93 for more information).

Each of the principal risks is overseen by an accountable executive at the Group level who is responsible for overseeing and/or assigning responsibilities for the framework, policies and standards that set out associated responsibilities and expectations, and detail the related requirements around risk management.

In addition, certain risks span across more than one principal risk.

Risk management strategy, governance and risk culture (continued)

Risk appetite

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

Risk appetite is approved by the Barclays PLC Board in aggregate and disseminated across legal entities and businesses, including the Bank. The Bank's Board cannot approve a higher Risk appetite than that determined by the Barclays PLC Board without the approval of the Barclays PLC Board but may choose to operate at a lower level of risk appetite than that approved by the Barclays PLC Board..

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

Roles and responsibilities in the management of risk

Certain roles within the Bank carry specific responsibilities and accountabilities with respect to risk management and the ERMF.

BBI Chief Executive Officer (CEO)

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

Specifically, a crucial role of the CEO is to appoint the most senior risk owners at the executive level, including the Barclays Bank Ireland PLC Chief Risk Officer and the Barclays Bank Ireland PLC General Counsel. The executive management work together to embed a sound risk culture within the legal entity, with particular regard to the identification, escalation and management of risk matters.

BBI Chief Risk Officer (CRO)

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

- oversight of the application of the ERMF in Barclays Bank Ireland PLC;
- recommendation of the Bank's risk appetite, in line with the relevant Group allocation, to the Barclays Bank Ireland PLC Board for approval;
- operation and maintenance of a comprehensive risk management framework for Barclays Bank Ireland PLC to monitor and manage the risk profile against the approved Risk appetite. This includes oversight of the following principal risks: Credit Risk, Market Risk, Operational Risk, Climate Risk, Model Risk and Operational Risk;
- using mandate to identify and assign actions to be taken by management to comply with the ERMF and remain within Risk appetite. This extends to suspending or stopping decisions as necessary;
- provision of accurate, transparent and timely reporting of the Risk Profile of Barclays Bank Ireland PLC;
- bringing a risk perspective to compensation decisions.

BBI Chief Compliance Officer

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

- leadership and oversight of the compliance function for the Bank;
- overseeing that the Bank's compliance and reputation risks are effectively managed and escalated to the Board where appropriate;
- overseeing the adoption of and monitoring compliance with the Reputation Risk Management Framework (RRMF) and Compliance Risk Management Framework (CRMF) within the Bank;
- inputting into compensation structures, objectives and performance management of the employees who can expose the Bank to significant risk;
- overseeing the adoption within the Bank of the Group-wide Raising Concerns Framework including the elements relating to the Group's Whistleblowing process and obligations; and
- using their mandate to access any part of the legal entity and any information, bringing to the attention of line and senior management or the Board, as appropriate, any situation that is of concern from a compliance or reputation risk management perspective that could materially violate the approved risk appetite guidelines.

BBI General Counsel

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

BBI Chief Controls Officer

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

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

Risk management strategy, governance and risk culture (continued)

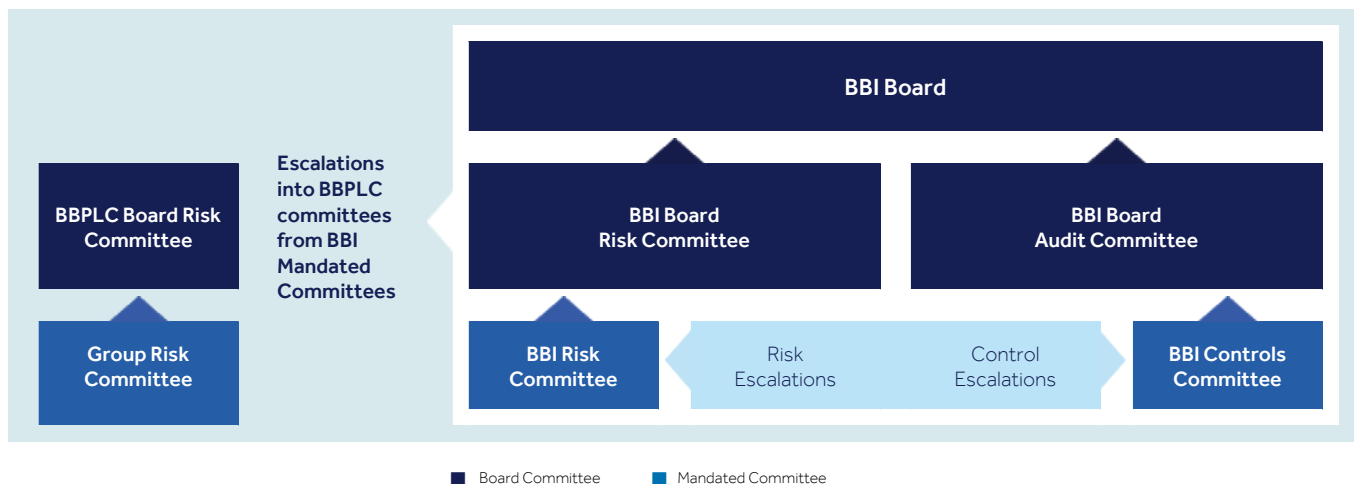
Risk committees

The Bank's various risk committees consider risk matters relevant to their business, and escalate as required to the Barclays Bank Ireland PLC Board Risk Committees and the Barclays Bank Ireland PLC's Board.

The Barclays Bank Ireland PLC Board receives regular information on the Bank's risk profile, and has ultimate responsibility for risk appetite and capital plans, within the parameters set by the Barclays PLC Board. One of the responsibilities of the Bank's Board is the approval of risk appetite allocated to the Bank. The Bank's Board is also responsible for the adoption of the ERMF.

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

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



Coverage of risk reports to executive and Board risk committees

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

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

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

Frameworks, Policies and Standards

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

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

Frameworks, policies and standards are owned by the area responsible for performing the described activity.

Risk management strategy, governance and risk culture (continued)

The Barclays Group CRO is accountable for the development and implementation of frameworks, policies and associated standards for credit, market, treasury and capital, climate, operational and model risks. The BBI CRO is responsible for adoption and overseeing their effective implementation within BBI. These frameworks, policies and associated standards are adapted where appropriate to ensure they comply with any specific requirements of the jurisdictions where the Bank operates and the local regulatory frameworks which the Bank must adhere to.

The Barclays Group Chief Compliance Officer is likewise accountable for compliance risk and reputation risk, and the Barclays Group General Counsel for legal risk. Similar to the BBI CRO, the BBI Chief Compliance Officer and the BBI General Counsel are accountable for adoption and overseeing the effective implementation within their functions and throughout the Bank as appropriate. The Barclays Group CRO and Barclays Group Chief Compliance Officer have the right to require amendments to any Frameworks, Policies or Standards in the Barclays Group, for any reason, including inconsistencies or contradictions among them.

Frameworks, Policies and Standards are subject to annual review. These will then be recommended for adoption by the Bank's Board with modifications where needed at local legal entity level.

Assurance

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

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

Internal Audit is responsible for the independent review of risk management and the control environment. Its objective is to provide reliable, valued and timely assurance to the Board and executive management over the effectiveness of controls, mitigating current and evolving material risks and thus enhancing the control culture within the Bank.

The Barclays Bank Ireland PLC Board Audit Committee reviews and approves Internal Audit's plans and resources, and evaluates the effectiveness of Internal Audit. An assessment by independent external advisers is also carried out periodically.

Effectiveness of risk management arrangements

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

Learning from our mistakes

Learning from mistakes is central to Barclays' values and mindset, demonstrating a commitment to excellence and taking accountability for failure as well as success. The Barclays Group, including BBI, seek to learn lessons on a continuous basis to support achievement of strategic objectives, increase operational excellence and to meet commitments to stakeholders, including colleagues, customers, shareholders and regulators.

Barclays has implemented a Barclays Group Lessons Learned process, setting out requirements for the completion of Lessons Learned assessments in response to internal and external risk events. The approach is aligned to the Three Lines of Defence model (see page 87), with businesses and functions accountable for undertaking Lessons Learned Assessments; the Second Line providing oversight and challenge; and independent review by Internal Audit.

Core components of the Lessons Learned approach include:

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

Barclays risk culture

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

The Bank is committed to maintaining a robust risk culture in which:

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

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

Our Code of Conduct – the Barclays Way

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

Risk management strategy, governance and risk culture (continued)

Barclays Group-wide risk management tools

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

Risk Appetite

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

Risk Appetite provides a basis for ongoing dialogue between management and Board with respect to the Bank's current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis.

The Risk Appetite setting process aims to consider the material risks the Bank is exposed to under its business plans.

The Risk Appetite of the Bank aims to:

- Specify the level of risk the bank is willing to take to enable specific risk taking activities;
- Consider all Principal Risks individually and, where appropriate, in aggregate; and
- Consistently communicate the acceptable level of risk for different risk types.

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

The Board expresses risk appetite through setting an acceptable level of deterioration for a set of key financial parameters under a severe but plausible stress scenario i.e. the Internal Stress Test. For 2023, the key financial parameters are listed below with their link between strategy and risk profile.

- Common Equity Tier 1 ratio: monitors capital adequacy in relation to the capital plan, targets and regulatory hurdle rates.
- Liquidity Risk Appetite: monitors and protects the liquidity position of the bank and its ability to meet financial obligations under normal conditions and in a stress.

Based on the specified Risk Appetite, BBI develops both stress loss, and mandate and scale limits, to control specific activities, the most material of which are approved by the Board.

Climate risk became a principal risk in 2022 and therefore Barclays' strategic plans and risk appetite must support Barclays' ambition to reduce emissions to net zero by 2050.

Stress loss limits

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

Mandate and scale

Mandate and scale exposure controls is a risk management approach that seeks to formally review and control business activities to make sure that they are within mandate (i.e. aligned with expectations), and are of an appropriate scale (relative to the risk and reward of the underlying activities) based on an appropriately detailed system of controls. Using controls (limits and triggers) helps mitigate the risk of concentrations which would be out of line with expectations, and which may lead to unexpected losses of a scale that would be detrimental to the stability of the relevant business line or the Bank. For example, for leveraged finance and commercial property finance portfolios, there is a series of limits in place to control exposure within each business and geographic sector. To further align limits to the underlying risk characteristics, the mandate and scale limits differentiate between types of exposure.

The most material mandate and scale limits are designated by the BBI Board.

Further limits are set by risk managers within each business, covering particular portfolios and are approved by the Board. Unapproved excesses of limits may result in performance management and disciplinary consequences. Business limits are approved by the relevant business risk team and reportable to the relevant risk committee.

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

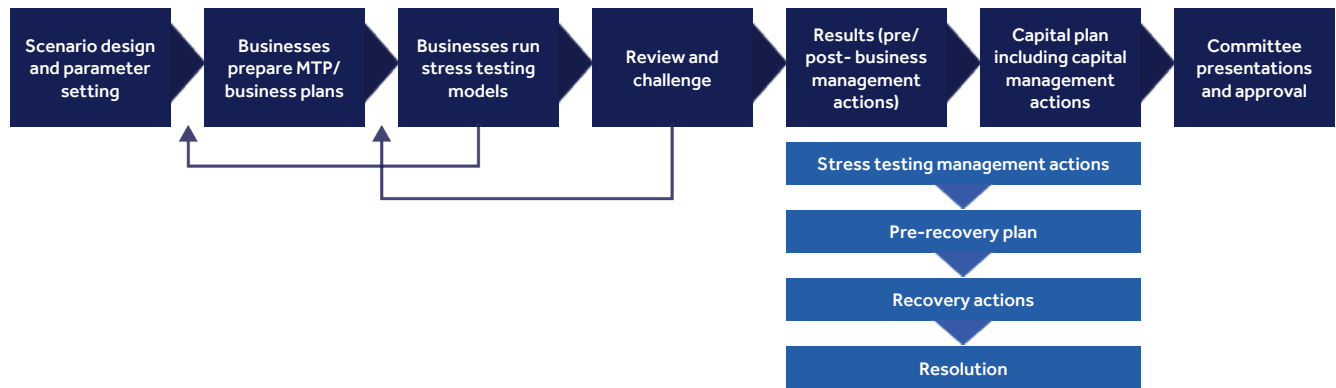
- the Bank's Risk Appetite;
- current exposure/MTP forecasts;
- risk return considerations; and
- senior risk management judgement.

Stress testing

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

Risk management strategy, governance and risk culture (continued)

The following diagram outlines the key steps in the stress testing process, which are described below.



The stress testing process begins with detailed scenario setting. The scenarios are designed to be severe but plausible, and relevant to the entity and to its business. A wide range of macroeconomic parameters are defined (such as GDP, unemployment, house prices, FX and interest rates), which allows the impact of the scenarios across the wide range of products and portfolios to be assessed across the Entity.

Businesses prepare detailed MTP business plans which form the baseline for the stress test assessment. The stress test process aims to support this level of complexity, using bottom-up analysis across all of our businesses including both on- and off-balance sheet positions, and combines running statistical models with expert judgement. An overview of the stress testing approach by Principal Risk is provided in the table on page 93. As part of their stress test assessments, businesses are also required to identify potential management actions that could be taken to mitigate the impact of stress and document these within their results.

The governance process in place includes a detailed review of the stress testing methodology, assumptions, judgements, results and management actions within each business and by central functions.

The businesses stress test results are consolidated to form a Bank view which is used to assess the stress impact on the Bank's capital plans. For the latter, capital management actions such as reducing dividends or redeeming certain capital instruments may be considered. The Bank also maintains recovery plans which take into consideration actions to facilitate recovery from severe stress or an orderly resolution. These actions are additional to those included in the Bank's stress testing results.

The overall stress testing results are reviewed and signed off by the Board, following review by the Group-wide Stress Testing Steering Committee in addition to the Bank's Risk Committee and the Board Risk Committee.

Risk management strategy, governance and risk culture (continued)

Summary of methodologies for the Bank's stress testing by risk

Principal Risk	Stress testing approach
Credit risk	<ul style="list-style-type: none"> • Credit risk impairment: For retail portfolios businesses use statistical models to establish a relationship between IFRS 9 impairment loss levels and key macroeconomic parameters such as GDP, inflation and unemployment, incorporating credit quality migration analysis to estimate stressed levels. In addition, house price reductions (for mortgages), increased customer drawdowns (for revolving facilities) and higher interest rates impacting customer affordability lead to higher losses which also contribute to increased impairment levels. For wholesale portfolios the stress shocks on credit risk drivers (PDs, LGDs and EADs) are primarily calibrated using historical and expected relationships with key macro-economic parameters such as GDP, CPPI and oil prices. Additionally key consideration are given to high risk sectors such as leverage lending. • Credit risk weighted assets: The impact of the scenarios is calculated via a combination of business volumes and using similar factors to impairment drivers above, as well as the regulatory calculation and the level of pro-cyclicality of underlying regulatory credit risk models. Additionally, upcoming regulatory changes are included in the calculation.
Counterparty Credit risk	<ul style="list-style-type: none"> • Counterparty credit risk losses: The scenarios include market risk shocks that are applied to determine the market value under stress of contracts that give rise to Counterparty Credit Risk (CCR). Counterparty losses, including from changes to the Credit Valuation Adjustment and from defaults, are modelled based on the impact of these shocks as well as using stressed credit risk drivers (PDs and LGDs). The same approach is used to stress the market value of assets held as available for sale or at fair value in the banking book. • Counterparty Credit Risk RWA: The scenario market risk shocks are applied to determine the market value of contracts under stress in line with the losses process and the credit risk MEVs and models are used to determine the underlying PDs and LGDs. This combination of stressed metrics are applied to the regulatory calculations alongside any regulatory changes.
Market risk	<ul style="list-style-type: none"> • Trading book losses: Market risk factors on the balance sheet are stressed using specific market risk shocks (same as used for the CCR analysis above). The severity of the shocks applied are dependent on the liquidity of the market under stress e.g. illiquid less liquid positions are assumed to have a longer holding period than positions in liquid markets.
Income and Costs	<p>The stress projections for Income and Costs apply projection methodologies utilizing either modelled or judgement based approaches.</p> <ul style="list-style-type: none"> • Impact on net interest income is driven by stressed margins, which depend on the level of interest rates under stress as well as funding costs, and on stressed balance sheet volumes. This can be partly mitigated by management actions that may include repricing of variable rate products, taking into account interbank lending rates under stress. • Net Trading Income (NTI) stress impacts consist of two key components. The modelled impact of various risk stresses on trading book activity will directly impact the NTI account. Additionally change in client activity is also modelled for each business area which has a corresponding impact on revenue earned on intermediation and liquid financing flows that will be reported in NTI. This can be further impacted by management actions whereby select types of client activity may be reduced to conserve capital deployed with a corresponding impact on reducing NTI. • Non-interest income stress impacts are primarily driven by lower projected business volumes and hence lower income from fees and commissions. • The impact on costs is mainly driven by business volumes, exchange rates, and inflation with management actions to partly offset profit reductions (due to impairment increases and decreases in income) such as headcount reductions and lower performance costs.
Capital and Management Actions	<ul style="list-style-type: none"> • The stress testing methodology for Capital Risk considers all modelled risk impacts as part of the stress scenario. The scenario includes various management actions in response to the worsening economic and commercial position. These actions consider the trigger framework that forms part of the Management Actions Standard. Scenario outputs enable an assessment of key capital and leverage flightpaths, including CET1. The results are considered against internally agreed risk appetite levels, regulatory minima and perceived market expectations. The MTP can only be agreed by the Board if it is within agreed risk appetite levels under stress.
Pension Risk	<ul style="list-style-type: none"> • Pension risk is the risk of earnings or capital being reduced due to Defined Benefit Obligations (DBOs) increasing or the value of the assets backing these DBOs decreasing due to changes in both the level and the volatility of prices. • The IAS19 position of pension funds is also stressed as part of the capital risk assessment, taking into account key economic drivers impacting future obligations (e.g. long-term inflation and interest rates) and the impact of the scenarios on the value of fund assets.

Risk management strategy, governance and risk culture (continued)

Principal Risk	Stress testing approach
Liquidity Risk	<p>Liquidity risk is assessed through internal liquidity stress testing (ILST) and regulatory stress testing (Barclays' Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)). The Bank analyses specific liquidity risk drivers such as wholesale funding and contingent funding needs based on the below scenarios:</p> <ul style="list-style-type: none"> • Barclays idiosyncratic scenario: Barclays face a loss of market confidence while the market overall is not impacted; • Market wide scenario: Market-wide stress leading to increased market volatility and loss of confidence not specific to Barclays; • Combined scenario: A simultaneous Barclays idiosyncratic and Market wide liquidity stress scenario; • 12-month scenario: All financial institutions are impacted by a market-wide stress; • Liquidity Coverage Ratio: Regulatory prescribed 30-day liquidity metric; • Net Stable Funding Ratio: Regulatory prescribed stable funding metric.
Interest Rate Risk in Banking Book (IRRBB)	<p>Risk assessment for interest rate risk on the banking books is driven by the economic risk of the underlying positions but also considers the accounting treatment:</p> <ul style="list-style-type: none"> • earnings based measures are used to assess risk to net interest income from positions in customer banking books, hedging portfolios (held to mitigate those risks), and Treasury investment and funding activities; • value based measures are used to assess risk to the fair value of assets held as part of investments in the liquid asset portfolio and associated risk management portfolios. <p>Risk under stress is assessed by considering:</p> <ul style="list-style-type: none"> • the impact on net interest income resulting from stressed product margins and volumes, which are dependent on the level of interest rates and funding costs under stress conditions. This can be partly mitigated by management actions, which may include repricing of variable rate products taking into account interbank lending rates under stress; • securities in the liquid asset portfolio are subject to several market risk stresses designed to estimate potential losses in various scenarios. This includes, but is not limited to, an annual internal stress test, regulatory stress tests as well as various ad hoc exploratory exercises.
Operational risk	<ul style="list-style-type: none"> • Operational risk loss projections include the effect of the stressed macroeconomic scenario as well as the impact of forward-looking idiosyncratic risk events under stress. Operational risk is also part of the reverse stress testing framework through scenario assessments of such idiosyncratic events.
Model risk	<ul style="list-style-type: none"> • The Independent Valuation Unit (IVU) reviews and approve models for use in stress tests. IVU may require compensating controls, in the form of overlays to address model deficiencies. IVU may also reject a model that is not conceptually sound, or for which the marginal impact of findings (in aggregate or on a stand-alone basis) on model output is $\geq 30\%$.
Compliance risk	<ul style="list-style-type: none"> • Redress/Remediation: Businesses review existing provisions and include additional provisions in MTP if required. • Litigation: Irrespective of whether a provision had been recognised, stress projections of future losses for compliance risk matters managed by legal are estimated by exercising expert judgment on a case by case basis (material matters) or on a portfolio basis (non-material matters) in accordance with the methodology provided by regulators.
Reputation risk	<ul style="list-style-type: none"> • Reputation risk is not quantified or stressed.
Legal risk	<ul style="list-style-type: none"> • Legal risk is not quantified or stressed.

Risk management strategy, governance and risk culture (continued)

In 2023, the internal Group-wide stress testing exercise was run as part of the MTP process, assessing Barclays' vulnerabilities under a severe but plausible scenario. This was used for the risk appetite setting process.

The stress testing framework also includes reverse stress testing techniques, which aim to identify the circumstances under which the business model would no longer be viable, leading to a significant change in business strategy and to the identification of appropriate mitigating actions. Examples include extreme macroeconomic scenarios, or specific idiosyncratic events, covering both operational risk and capital/liquidity events.

Reverse stress testing is used to help support ongoing risk management and is an input to our Recovery Planning process.

Business and risk type specific stress tests

Stress testing techniques at portfolio and product level are also used to support risk management. For example, portfolio management in the German cards business employs stressed assumptions of loss rates to determine profitability hurdles for new accounts. In the Corporate and Investment Bank, global scenario testing is used to gauge potential losses that could arise in conditions of a severe but plausible market stress. Stress testing is also conducted on positions in particular asset classes, including interest rates, commodities, equities, credit and foreign exchange.

Regulatory stress testing

In addition to running internal stress tests, Barclays Bank Ireland PLC also runs regulatory stress tests with the European Central Bank (ECB) as its main regulator.

- BBI completed the EBA regulatory stress test in H1'23 as part of European wide stress test exercise with the result published in June 2023.

Risk management in the setting of strategy

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

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

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

Management of Climate Risk

In this section, we describe the impact on Financial (Credit, Market, Treasury & Capital) and Operational risks arising from climate change through physical risks and risks associated with transition to a lower carbon economy.

Management of Climate Risk

Overview

Climate Risk is the impact on Financial (Credit, Market, Treasury and Capital Risks) and Operational Risks arising from climate change through physical risks and risks associated with transitioning to a lower carbon economy. In addition to Climate Risk, the Bank has developed a working definition of Environmental Risk (nature-related risk), which is subject to further enhancement. This definition will be reviewed during 2024 with the intention of including it in the Bank's standards. Environmental Risk is considered to be the impact on Financial and Operational Risks arising from a degradation in nature through physical risks and risks associated with adjustments towards a more sustainable economy aimed at protecting, restoring and/or reducing negative impacts on nature. These risks can manifest due to nature degradation and the related loss of ecosystem services (physical risk) and changes in government policies, technologies, and market demand (transition factors).

The two sub categories of C&E (Climate and Environmental) risks are given below:

Physical risks

This is the risk of financial loss as a result of a physical risk event due to extreme changes in weather events and ecosystem services, such as cyclones, hurricanes, flood and water scarcity from a changing climate or due to Barclays' (including the Bank's) dependency on nature within its own operations or through its clients and/or supply chain. Longer term shifts in climate patterns and ecosystems (chronic risks) may lead to rising sea levels (rising mean temperatures) and more severe weather events, deterioration in soil quality, biodiversity loss and resource scarcity.

Nature-related physical risks can (in part) be driven by climate change. Likewise, climate-related physical risk can be exacerbated by a decline in nature. As a result, it may be challenging (and unnecessary) to assign a physical risk against a defined climate or environmental risk boundary. In the short term, these need to be developed and implemented independently due to differing levels of maturity and regulatory focus, however in the longer term, we expect the management of these risks to be integrated together

Transition risks

This is the risk of financial losses caused by the extensive policy, legal, technology and market changes aimed at transitioning to a lower carbon economy and protecting, restoring and/or reducing negative impacts on nature.

The Barclays Group has developed a Climate Risk Framework (CRF) for managing Financial and Operational Risks stemming from climate change. The Bank also applies the same framework. Environmental risk is presently managed within the Bank's climate and other Principal Risk frameworks, recognising the emerging nature of certain aspects of Environmental Risk and the wider scope of environmental challenges.

The CRF enables Barclays to foster a systematic and consistent approach for managing Climate Risk across the Group. The key principle underpinning this framework is that Climate Risk is recognised as a driver of other existing Financial Risks (Credit, Market, Treasury and Capital) and non-Financial Risks (Operational and Reputational), and not treated as a standalone risk type. The CRF is supported by policies, standards and other relevant documents which contain control objectives to address the following:

- a definition of Climate Risk;
- establishment of principles for the identification, measurement, monitoring and reporting of Climate Risk;
- incorporation of Climate Risk into the firm's risk appetite;
- an assessment of the impact of Climate Risk on other principal Financial and operational risk types; and
- roles and responsibilities applicable to the CRF.

The Climate Risk Policy sets objectives for the management of climate risks and establishes key principles for quantifying and reporting, including escalations required to senior stakeholders up to and including the Group Board Risk Committee (BRC) and relevant legal entity committees. The CRF and Climate Risk Policy are applicable to Barclays' business activities (including BBI's business activities).

Climate Risk may also drive non-Financial Risks such as Reputational Risk, which continue to be managed under the respective risk frameworks.

To support the embedding of the Climate Risk Principal Risk, in 2023 the Barclays Group delivered the following:

1. Improved risk appetite and associated controls for C&E risks.
2. A plan for refining modelling and scenario analysis capabilities.
3. BlueTrack™ expansion, which now covers nine segments, composed of Energy, Power, Cement, Steel, Automotive Manufacturing, UK Housing, Commercial Real Estate, Agriculture and Aviation.

Organisation and structure

On behalf of the BBI Board, the BBI BRC reviews and approves the Bank's approach to managing the Financial and Operational Risks associated with Climate Risk. Broader sustainability matters and other Reputational Risk issues associated with Climate Risk are coordinated by the Group Sustainability Team who report through the Group Board Sustainability Committee (BSC) and then to the Group Board.

The Barclays Group Head of Climate Risk is the Group-wide Principal Risk owner accountable for the management and oversight of the Climate Risk profile. The Group Head of Climate Risk reports directly to Group CRO. The BBI CRO and BBI Head of Climate Risk, are responsible for the oversight and management of the BBI Climate Risk profile. The Head of Climate Risk for BBI reports to the BBI Deputy CRO and BBI CRO.

At the Group level, the Group Risk Committee (GRC) is the most senior executive body responsible for reviewing and challenging risk practices for Climate Risk. To support the oversight of Barclays' Climate Risk profile, a Climate Risk Committee (CRC) has been established as a sub-committee of the GRC. The Group Head of Climate Risk is the Chair of the CRC. Any material issues are escalated by the CRC to the GRC, and the GRC subsequently escalates to the Group BRC as appropriate. The BBI CRO and BBI Head of Climate Risk are members of the CRC and other BBI colleagues participate. BBI CRO and BBI Head of Climate Risk discuss climate-related

Management of climate risk (continued)

portfolio risks on a monthly basis at the Barclays Europe Risk Committee (BERC). Any material C&E risks are escalated to BERC by the BBI Head of Climate Risk. BERC escalates into BBI BRC. The BBI BRC reports to the BBI Board.

The BBI BRC receives regular updates on C&E Risk through comprehensive reports and presentations on BBI's portfolios from the BBI Head of Climate Risk. These updates ensure that committee members are well-informed about emerging trends, regulatory developments, progress on integration of C&E Risk, enabling informed decision making and proactive risk management. During 2023, updates included:

- areas of elevated Climate Risk in the BBI portfolio (Market Risk, Wholesale Credit Risk (WCR), and CBE Climate related limits);
- progress on the integration of C&E Risk into the firms processes and practices (e.g. risk register, risk appetite, stress testing, risk limits, risk monitoring); and
- regulatory remediation against the ECB 2022 Thematic Review and ECB C&E Guide.

The BBI Board is supported in its work by committees, each of which incorporates climate risk where relevant, as documented in the respective Committee Terms of Reference, clearly setting out its remit and decision-making powers. Board and committee meetings are held at a minimum of quarterly

To further support this, a Climate Risk control environment has been established at Group level in alignment with the Barclays' Control Framework. A Group Climate Risk Control Forum (CRCF) was established in 2022 to oversee implementation and operation of the Barclays Control Framework, including reviewing risk events, policy and issues management. The BBI Head of Climate Risk is a member of the CRCF. A risk assurance group has been established and is responsible for performing C&E risk specific reviews to support the embedding of the CRF and Policy.

Governance	Enterprise Risk Management Framework ('ERMF')	
	Climate Risk Framework ('CRF')	Reputation Risk Management Framework (RRMF)
	Group Board Risk Committee ('BRC') & BBI BRC	Group Board Sustainability Committee ('BSC')
Risk	Credit, Market, Climate, Treasury and Capital, and Operational risks	Sustainability matters and reputation risk associated with climate change
Ownership	Group Risk Committee ('GRC') and Barclays Europe Risk Committee ('BERC')	Group Sustainability Committee ('GSC')
	Group Chief Risk Officer and BBI Chief Risk Officer	Head of Public Policy and Corporate Responsibility
	Group Head of Climate Risk & BBI Head of Climate Risk	Group Head of Sustainability

Climate strategy

Barclays has a three-part climate strategy, underpinned by assessment and management of climate-related risk, the ambition to be a net zero bank by 2050 and related actions. All entities in Barclays, including BBI, are aligned to this three-part strategy established to:

- Achieve net zero operations – working to reduce the Barclays Group's Scope 1, Scope 2 and Scope 3 operational emissions consistent with a 1.5°C aligned pathway and counterbalance any residual emissions;
- Reduce the Barclays Group's financed emissions – aligning our financing with the goals and timelines of the Paris Agreement, consistent with limiting the increase in global temperatures to 1.5°C; and
- Finance the transition – helping to provide the green and sustainable finance required to transform the economies, customers and clients the Barclays Group serves.

For each of the Barclays Group's three strategy pillars, Barclays has set targets and milestones at the Group level, driven by considerations of all relevant risks, as well as the Barclays Group's Purpose, to deploy finance responsibly to support people and businesses

Risk Appetite

The Barclays Group's approach to setting the Climate Risk appetite is aligned with its ambition to be a Net Zero Banking Group by 2050 and reducing financed emissions in line with its disclosed sector targets. In accordance with its risk appetite policy and tolerance standards, Barclays has established a Climate Risk appetite at the Group level, comprising of qualitative risk appetite statements and quantitative constraints. The Group's Climate Risk appetite is cascaded to BBI through additional limits and controls. For full year 2023 reporting, BBI established a quantitative Climate Risk appetite, reviewed and approved by the BBI Board. The Bank has introduced a climate-informed stress loss limit, monitored through risk specific stress loss triggers, informed by a climate stress scenario, which assesses the incremental impact of Climate Risk over and above a traditional macro scenario.

In 2023, Barclays has enhanced its approach for the quantification of Climate Risk appetite by implementing additional limits and controls, including the expected financed emissions target (BlueTrack™) pathways. The progress against these targets is monitored on a regular basis whilst acknowledging the challenges and external dependencies to reduce financed emissions. The Group continues to expand coverage of limits for its priority sectors.

Supplementary disclosure on ESG risks

This section provides an overview of the disclosures on Environmental, Social and Governance (ESG) risks across categories such as business strategy and processes, governance and risk management in accordance with Article 449a (CRR).

ESG risk is the risk of losses arising from any negative financial impact on the Bank stemming from the current or prospective impacts of environmental, social or governance factors on the Bank's counterparties or invested assets.

In preparing the climate and sustainability content within this Pillar 3 report, wherever it appears, the Bank has:

- Made certain key judgements, estimations and assumptions. This is, for example, the case in relation to financed emissions, portfolio alignment, classification of environmental and social financing, operational emissions and sustainability metrics, measurement of climate risk and scenario analysis;
- Used climate and sustainability data, models, scenarios and methodologies it considers to be appropriate and suitable for these purposes as at the date on which they were deployed. This includes data, models, scenarios and methodologies made available by third parties (over which it has no control) and which may have been prepared using a range of different methodologies, or where the basis of preparation may not be known to the Bank. Methodologies, interpretations or assumptions may not be capable of being independently verified and may therefore be inaccurate. Climate and sustainability data, models, scenarios and methodologies are subject to future risks and uncertainties and may change over time. Climate and sustainability disclosures in this document, including climate and sustainability-related data, models and methodologies, are not of the same standard as those available in the context of other financial information and use a greater number and level of judgements, assumptions and estimates, including with respect to the classification of climate and sustainable financing activities. Climate and sustainability disclosures are also not subject to the same or equivalent disclosure standards, historical reference points, benchmarks or globally accepted accounting principles. Historical data cannot be relied on as a strong indicator of future trajectories in the case of climate change and its evolution. Outputs of models, processed data, scenario analysis and the application of methodologies will also be affected by underlying data quality, which can be hard to assess, or challenges in accessing data on a timely basis;
- Continued (and will continue) to review and develop its approach to data, models, scenarios and methodologies in line with market principles and standards as this subject area matures. The data, models, scenarios and methodologies used (including those made available by third parties) and the judgements, estimates and/or assumptions made in them or by us are rapidly evolving, and this may directly or indirectly affect the metrics, data points, targets, convergence points and milestones contained in this section of the Pillar 3 report. Further, changes in external factors which are outside of our control such as accounting and/or reporting standards, improvements in data quality, data availability, or updates to methodologies and models and/or updates or restatements of data by third parties, could

Supplementary disclosure on ESG risks (continued)

impact - potentially materially - the performance metrics, data points, targets, development of accounting and/or reporting standards could also impact (potentially materially) the performance metrics, data points and targets (as applicable) contained in this Pillar 3 report. In future reports the Bank may present some or all of the information for this reporting period (including information made available by third parties) using updated or more granular data or improved models, scenarios, methodologies, market practices or standards. Equally, the Bank may need to re-baseline, restate, revise, recalculate or recalibrate performance against targets, convergence points or milestones on the basis of such updated data.

- Included a number of graphics, infographics, text boxes and illustrative case studies and credentials which aim to give a high-level overview of certain elements of the climate and sustainability content of this Pillar 3 report and improve accessibility for readers. These graphics, infographics, text boxes and illustrative case studies and credentials are designed to be read within the context of the climate and sustainability content of this Pillar 3 report as a whole.

Supplementary disclosure on ESG risks

Environmental risk

Business strategy and processes

a) BBI business strategy, aligned with Barclays Group, is to integrate and take into account the impact of environmental factors and risks on institution's business environment, business model, strategy and financial planning.

Environmental Risk management

In addition to Climate Risk, the Bank has developed a working definition of Environmental Risk (nature-related risk), which is subject to further enhancement (see page 97 Climate Risk Management section for further details). This definition will be reviewed during 2024 with the intention of including it in the the Barclays Group's standards, which will apply to the Bank. Environmental risk is considered as the impact on Financial and Operational Risks arising from a degradation in nature through physical risks and risks associated with adjustments towards a more sustainable economy aimed at protecting, restoring and/or reducing negative impacts on nature. These risks can manifest due to nature degradation and the related loss of ecosystem services (physical risk) and changes in government policies, technologies, and market demand (transition factors).

The Bank's assessment of environmental risks not only help safeguard its reputation, which supports longevity of the business, but also informs its wholesale credit risk management.

Environmental Risk is regarded as a credit risk driver, and is considered within the Barclays Group's credit risk assessment process, which also applies to the Bank. Environmental risks in credit are governed under the Barclays Group's Client Assessment and Aggregation standard.

Nature and Biodiversity

The Barclays Group, including the Bank, also recognise the important role of the finance sector in contributing to a nature-positive future. The Barclays Group continues to work to build an understanding of the ways in which its financing activities impact nature as well as the ways in which the Barclays Group and its clients depend on nature. This includes engaging with industry groups and its membership as a Group, of the Taskforce on Nature-related Financial Disclosure Forum (TNFD).

During 2023, the Barclays Group, including the Bank, worked on setting the foundation to its approach to nature through planning and preparation to understand nature-related regulatory obligations and disclosure frameworks, and build consensus for strategic action in 2024. The Barclays Group, including the Bank, recognises the need for continuous improvement with regard to available data and technologies, in particular noting the complexity and challenge given the number of nature attributes and their associated metrics. During 2023, the Barclays Group engaged with a number of data providers to better understand data availability and capability.

In 2023, Barclays Group put financing restrictions in place, which also apply to the Bank, that seek to address nature-related risk within its position statements on Forestry and Agricultural Commodities, WHS and RW, and Climate Change. Barclays continues to review and monitor the ways in which it can strengthen its approach. In 2023, also Barclays undertook a significant update of its Forestry and Agricultural Commodities Statement¹ to expand the scope to include, for the first time, requirements for companies producing or primary processing of South American beef – and enhanced the existing requirements for clients involved in palm oil and soy.

Barclays has also continued to develop its approach to evaluating nature-related risk in financing. This included building on work across 2022-23 in which the Barclays Group piloted the TNFD Framework on the Group's lending portfolio for Agriculture and Food in Europe. Barclays refined the work undertaken in 2022 to develop a sectoral heatmap, refreshing the industries included to align with the TNFD's priority sector list. The Group's proposed next steps include consideration of the TNFD and Locate, Evaluate, Assess, Prepare (LEAP) framework to conduct further sector-level analysis.

Barclays also continues to review the ways in which its financing activities can contribute to nature.

Business model and financial planning

The Barclays Group's 2023 financial planning process included a review of its strategy and its implementation, as well as capturing a view of climate-related risks and opportunities, which aligns with how Barclays manage other risks. The implementation of the Barclays Group's strategy is not only impacting Barclays' products and services, but also operations. Barclays continue to develop new processes and capabilities, and are embedding them into the Barclays Group's operations to address complexity.

The latest financial plan leverages the three pillars of Barclays' climate strategy to estimate the future impact of climate on its financial performance. The Barclays Group assessed the financial impact of embedding the individual parts of its Climate Strategy, new initiatives and targets across its Group businesses, including the wholesale credit book, sustainable financing and sustainable lending in the Corporate and Investment Bank.

The Barclays' Group strategy will continue to evolve and adapt to reflect the broader business environment and external factors affecting the shape and timing of the transition to a low-carbon economy, similar to those impacting clients' transitions. In addition, during 2024, the Bank intends to progress the incorporation of climate risk into its business strategy and financial planning.

The Barclays Group keeps its policies, targets and progress under review in light of the rapidly changing external environment and the need to support governments and clients in delivering an orderly energy transition and providing energy security. The trajectory for clients' transition to a low-carbon economy is influenced by a number of external factors, including market developments, technological advancement, the public policy environment, geopolitical developments and regional variations, behavioural change in society and the scale of change needed to adapt their business models. Client transition pathways will vary, even within the same sectors and geographies.

b) Objectives, targets and limits to assess and address environmental risk in short-, medium-, and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes.

Climate Risk became a Principal Risk within the Barclays Enterprise Risk Management Framework from January 2022. The Group defines Climate Risk as the risk of financial losses arising from climate change through physical risks and risks associated with

Supplementary disclosure on ESG risks (continued)

transitioning to a lower carbon economy. As set out in the Management of Climate Risks section (p.97 above), BBI has developed a working definition, of environmental risk. The Bank recognises that climate risk knowledge is more advanced and established compared to knowledge of environmental risks. Consequently, its practices and processes for addressing climate risks are more mature and well-defined. Given the evolving nature of environmental risk (primarily new elements and features of TNFD), the Bank's understanding and capabilities in this area are still at an early stage. The Barclays Group, including the Bank, continues to enhance and develop its risk management capabilities with increased knowledge and its ability to quantify and manage C&E risks. Further, during 2024 the Bank intends to progress the incorporation of Climate Risk into business strategy and financial planning.

For each of the three pillars of its climate strategy (as referred to on p.98 above), Barclays has set targets and milestones at the Group level, and reports progress against those targets annually as part of the Barclays Group Annual Report. The Barclays Group's targets are aligned with the goals and timelines of the Paris Climate Agreement, consistent with limiting the increase in global temperatures to 1.5°C. Barclays Group discloses details of these targets, including the risk management approach that underpins them, and the impact on the business model and products and services, as part of its Task Force on Climate-Related Financial Disclosures (TCFD) disclosures, which are embedded into the Group Annual Report.

The Barclays Group, including the Bank, is also committed to reducing its financed emissions, those deriving from the activities of the clients that it finances and those generated in their respective value chains by providing financial advice and support as they transition to a low-carbon economy.

The Barclays Group has now set 2030 emissions reduction targets for eight of the highest-emitting sectors in its portfolio: Energy, Power, Cement, Steel, Automotive manufacturing, Aviation, Agriculture and Commercial Real Estate (in addition to setting a convergence point for its UK Housing portfolio, which is not part of BBI). For these sectors, Barclays uses its BlueTrack™ methodology to measure and track financed emissions at a portfolio level against the goals and timelines of the Paris Agreement. The exposures held by the Bank are included in this measurement.

In addition to targets, the Barclays Group Climate Change Statement, which was updated in 2024 and which also applies to the Bank, sets out the Group's current restrictions on business appetite and includes restrictions in respect of certain sensitive energy subsectors (namely thermal coal mining, coal-fired power generation, mountain-top coal removal, upstream oil & gas and unconventional oil & gas including oil sands, Arctic oil & gas, Amazon oil & gas, fracking, ultra-deep water and extra heavy oil), and includes new EDD requirements for biomass.

On behalf of the BBI Board, the BBI Board Risk Committee (BRC) reviews the Bank's approach to managing the Financial and Operational risks associated with climate change.

As part of establishing Climate Risk as a Principal Risk, Barclays defined a risk appetite statement and constraint for climate risk. BBI embedded the qualitative risk appetite statement into its own documents in 2022. In Q1 2024 Risk Appetite constraints were further developed to include a quantitative risk appetite limit, supported by Principal Risk specific triggers, all defined by a climate internal stress test and approved by the Bank's Board in Q1 2024. Barclays has appetite to manage climate risk in line with its climate ambition and to reduce financed emissions in line with disclosed targets. Group targets to 2025 are set for Energy and Power. Group targets to 2030 are set for Energy, Power, Cement, Steel, Automotive Manufacturing, Aviation, Agriculture, and Commercial Real Estate (in addition to setting a convergence point for its UK Housing portfolio, which is not part of the Bank).

Furthermore, Barclays has developed the Client Transition Framework (CTF) to evaluate the Group's (including the Bank's) clients' progress as they transition to a low-carbon business model. Using BlueTrack™ data and public disclosures, the framework evaluates both qualitative and quantitative components to assess transition trajectories against Barclays' targets and benchmarks (BBI clients are in scope). This allows the Barclays Group to prioritise engagement with clients based on their CTF scores. Details on the CTF methodology are set out on pages 90 and 91 in the Barclays Group PLC 2023 Annual Report. During 2023, Barclays conducted industry-specific deep dives to identify risk factors and characteristics for those sectors. For example, the power sector review incorporated analysis of carbon intensity, transition plans and the results of a bespoke power utilities scenario analysis (such as the effect of carbon pricing on client financial performance).

The Barclays Group continues to assess financed emissions (i.e. the emissions arising from activities that Barclays finances) across its portfolio and measure the baseline emissions it finances across sectors. In particular, it has continued to make progress setting 2030 targets for the Aviation and Commercial Real Estate sectors (in addition to the UK Agriculture sector, which is not part of the Bank), in line with the ambitions of the Net-Zero Banking Alliance (NZBA) for all material high-emitting sectors in the Barclays Group's portfolio. This year, Barclays has further extended the scope of its calculations to cover the full in-scope balance sheet financed emissions as at December 2022, based on a methodology which has been developed using the PCAF Standard. Barclays uses its methodology for measuring its financed emissions and tracking them at a portfolio level against the goals and timelines of the Paris Agreement – this methodology is called BlueTrack™. Each of its 2030 target ranges is developed with reference to a 1.5°C-aligned scenario, such as the International Energy Agency (IEA) "Net Zero by 2050" scenario. For full details, refer to the 'Reducing our Financed Emissions' section of the Barclays Group PLC 2023 Annual Report.

Nature-related risk

Barclays include financing restrictions that seek to address nature-related risk within the Barclays Group's position statements on Climate Change, Forestry and Agricultural Commodities, and World Heritage Sites and Ramsar Wetlands. The Barclays Group's Climate Change Statement sets out the Barclays Group's positions and approach to sensitive sectors with tightening policy criteria and increasing expectations over time. In February 2024, the Barclays Group updated its Climate Change Statement to include new requirements for upstream oil and gas and restrictions on the type of exposures and risk the Barclays Group will finance going forward, as well as additional restrictions going forward, as well as additional restrictions on financing in relation to the Amazon Biome, ultra-deep water and extra-heavy oil. Furthermore, the Barclays Group has engaged with investors, clients and civil society organisations which has informed a review of its Forestry and Agricultural Commodities Statement. This was updated in April 2023 with a number of significant changes. The updated Forestry and Agricultural Commodities Statement now covers clients involved in South American beef production or primary processing, and enhances the existing requirements for clients involved in soy and palm oil. In addition, the Forestry and Agricultural Commodities Statement requires that clients prohibit the production or primary processing of soy or beef from deforested areas of the Amazon, in recognition of the critical nature of this biome to biodiversity and climate objectives. The World Heritage Sites and Ramsar Wetlands Statement was reviewed in April 2023, resulting in only minor changes.

Supplementary disclosure on ESG risks (continued)

For further details on our restrictive policies, please see section (d), below.

The Barclays Group, including the Bank, has continued to develop its understanding and ability to evaluate nature-related risk in financing. Barclays continues to work to build an understanding of the ways its activities and those of its clients impact and depend on nature. This includes engaging with industry and cross-sector groups. Barclays continues to explore how to integrate these considerations into policy and process and reviews the ways its financing activities can contribute to nature. During 2023, the Barclays Group, including the Bank, worked on setting the foundation to its approach on nature through planning and preparation to understand nature-related regulatory obligations and disclosure frameworks, and build consensus for strategic action in 2024. The Barclays Group recognises the need for continuous improvement with regard to available data and technologies, in particular noting the complexity and challenge given the number of nature attributes and their associated metrics. During 2023, the Barclays Group engaged with a number of data providers to better understand data availability and capability.

The Barclays Group has been part of a TNFD pilot group led by the United Nations Environment Programme Finance Initiative (UNEP FI) to test the draft TNFD risk management and disclosure framework for organisations to report and act on evolving nature-related risks. As part of the pilot, Barclays has tested a number of nature and climate scenarios on our European Agriculture and Food portfolio. This involved assessing Barclays' clients' locations in terms of production and sales and applying a number of biodiversity metrics to each location to determine where key impacts and risks may arise. A number of different 2030 scenarios were also used to stress the portfolio and individual counterparties, to see whether material financial impact could arise as a result of nature-related transition and physical risks. Barclays subsequently refined the work undertaken in 2022 to develop a sectoral heatmap, refreshing the industries included to align with the TNFD's priority sector list. The Barclays Group's proposed next steps include consideration of the TNFD and Locate, Evaluate, Assess, Prepare ('LEAP' framework to conduct further sector-level analysis).

Barclays will therefore continue to support the development of methodologies which seek to better evaluate risk impacts and dependencies at a portfolio level. For further details please refer to BBI 2023 Annual Report. <https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2023/Barclays%20Bank%20Ireland%20PLC%20Annual%20Report%202023.pdf>

c) Current investment activities and (future) investment targets towards environmental objectives and EU Taxonomy-aligned activities.

The Barclays Group is helping to provide the green and sustainable financing required to transform the economies it serves. It surpassed its 2018 target to deliver £150bn of social, environmental and sustainability-linked financing by 2025.

After a strategic review, the Barclays Group announced two new targets in December 2022:

- Facilitate \$1trn of Sustainable and Transition Financing between 2023 and the end of 2030.
- Increase investment into global climate tech start-ups to £500m through the Sustainable Impact Capital portfolio by the end of 2027.

The Barclays Group's environmental financing consists of labelled use of proceeds and general purpose financing in environmental categories. In 2023, Barclays Group facilitated €25.9bn (2022: €25.5bn), comprising: (i) €19.8bn of labelled use of proceeds and general purpose financing in environmental categories (vs €18bn in 2022); and (ii) sustainability-linked financing that incorporates environmental performance targets of €6.2bn (2022: €7.5bn), reflecting continued strong demand for environmental financing and its strategy to work with clients and customers to help facilitate their transitions towards a low-carbon economy.

The Barclays Group sustainable financing is tracked using the methodology set out in the Barclays Sustainable Finance Framework: <https://home.barclays/content/dam/home-barclays/documents/citizenship/our-reporting-and-policy-positions/Barclays-Sustainable-Finance-Framework-V4-1.pdf>

The Barclays Group is considering the EU Taxonomy and other regional taxonomies as they develop.

Case study: Federal Republic of Germany - Green Bonds

The Bank acted as Joint Lead Manager on the Federal Republic of Germany's €5.25 bn 10 Y Green Bond in April 2023, and €4.5bn 30 Y Green Bond in June 2023. These transactions are intended to support the country's transition towards a low-carbon, resource-efficient and sustainable economy. The funds raised from the bonds will be allocated towards eligible green expenditures including all areas of the federal budget that support the overall climate and sustainability targets set out in the Federal Republic of Germany's Green Bond Framework. Furthermore, the eligible expenditures are mapped to the six environmental objectives of the EU taxonomy for environmentally sustainable economic activities.

Because data from non-financial corporates on taxonomy-aligned activities is very limited at the moment, the Bank is not in a position to fully utilise taxonomy alignment in product design and processes, or engagement with counterparties. However, the Bank is considering how to incorporate it into its ESG frameworks. Within Markets, Barclays has developed an ESG framework for the governance, product constructions and suitability assessment of its current and future ESG product suite. In line with the Sustainable Financing Disclosures Regulation and Markets in financial Instruments Directive (MiFID) ESG Regulations Directive, Barclays has defined a set of principles for an ESG Index utilised on its structured products, derivative and investment solutions businesses which broadly aligns with the principles of the EU Taxonomy. Barclays are also working with clients and partners to create products and services that align to the principles of the EU Taxonomy to address their sustainability preferences in structured products investments where applicable to the client.

d) Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce environmental risks.

The Barclays Group's Climate Change Statement, which also applies to the Bank, sets out the Barclays Group's approach based on a consideration of all risk and market factors to certain energy and power sectors with higher carbon-related exposures or emissions from extraction or consumption, or those which may have an impact on certain sensitive environments or on communities, namely thermal coal mining, coal-fired power generation, mountain top coal removal, upstream oil and gas and unconventional oil and gas including oil sands, Arctic oil and gas, Amazon oil and gas, hydraulic fracturing ('fracking'), ultra-deep water and extra heavy oil. The

Supplementary disclosure on ESG risks (continued)

statement outlines Barclays' focus on supporting its clients to transition to a low-carbon economy, while helping to limit the threat that climate change poses to people and to the natural environment. Barclays conduct due diligence on a case-by-case basis on clients in sensitive energy sectors that fall outside the restrictions set out in the Climate Change Statement.

In addition, the Barclays Group have developed internal standards for each of these (which also apply to the Bank) which reflects these positions in more detail. These standards which sit under the management of Reputation risk in the ERMF, determine Barclays' approach to climate change and relevant sensitive sectors and are considered as part of its existing transaction origination, review and approval process.

The Barclays Group's standards include an enhanced due diligence approach for certain clients operating in energy sub-sectors and clients in-scope of Barclays' Forestry and Agricultural Commodities, World Heritage and Ramsar Wetlands standards.

Where client relationships or transactions are assessed as higher-risk (high or medium ESI rating) or outside appetite (in the case of Defence and Security) following a Sustainability enhanced due diligence review, they are then considered for escalation to the appropriate business unit review committee (e.g. BBplc Transaction Review Committee, whose scope covers the Bank) for consideration and a decision on whether to proceed if transaction related. Business unit review committees comprise of Business management and representatives from the control functions, including Reputation risk. Should the front office business team or the Sustainability and ESG team believe the issues are sufficiently material, these clients/relationships would be escalated to the Group Reputation Risk Committee (GRRC) for more senior consideration and decision.

The Barclays Group has also developed a CTF, a methodology that allows the Barclays Group to evaluate its corporate clients' current and expected future progress in transitioning to a low-carbon economy. The framework comprises both a quantitative and qualitative component to assess clients' trajectory against targets and benchmarks, and the ambition and achievability of their plans, allowing us to engage with them at a more granular level for their transition financing needs.

Governance

e) Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of environmental risk management covering relevant transmission channels.

The BBI Board is responsible for the overall leadership of the Bank including establishing its purpose, values and strategy, and assessing and monitoring that these and its culture are aligned. As part of this, the BBI Board and, as appropriate, its Committees, are responsible for the oversight of environmental matters, including climate-related risks and opportunities. The Board discusses updates received from the BBI CRO, CFO and Head of Climate Risk. This includes approving the BBI PLC Annual Report, which has specific disclosures on Climate Change Risk.

On behalf of the BBI Board, the BBI BRC reviews the Bank's approach to managing the Financial and Operational risks associated with climate change. Broader sustainability matters and other reputation risk issues associated with climate change are coordinated by the Barclays Group's Sustainability Team.

BBI has appointed a Head of Climate Risk responsible for management of Climate Risk, reporting into the BBI Deputy CRO and BBI CRO. The BBI CRO and BBI Head of Climate Risk are responsible for the oversight and management of the BBI Climate Risk profile. To support the oversight of Bank's Climate Risk profile, regular monitoring is provided to the Barclays Europe Risk Committee (BERC). BERC is the delegated committee of BBI BRC where Climate Risk is reviewed. BBI has a representative on the Barclays Group Climate Risk Committee (CRC). To support the oversight of Barclays Group climate risk profile, the CRC has been established, as a sub-committee of GRC. The authority of the CRC is delegated by the Group Risk Committee (GRC). The GRC is the most senior executive body responsible for review and challenge of risk practices and risk profile, for Climate Risk and other principal risk types.

The CRC has reviewed and approved a range of updates including from each of the Financial and Operational risks and from the material legal entities of the Barclays Group, along with key regulatory, policy and legal themes, the risk register, appetite statement & constraint and reviewed the control environment.

BBI has a representative on the Climate Risk Control Forum (CRCF), which was established in July 2022 and escalates to GRC via the Group Controls Committee. The purpose of the CRCF is to oversee the consistent and effective implementation and operation of the Barclays Controls Framework relating to Climate Risk. It reviews the control environment relating to Climate Risk, including risk events, policy and issues management. Climate Risk assurance groups have been established and are responsible for performing Climate Risk-specific reviews to support the embedding of the Climate Risk Framework and to ensure that Barclays are continually improving and addressing identified issues in its risk practices.

The Barclays Group Board approved the establishment of the Board Sustainability Committee (BSC) in March 2023. The BSC supports the Board's oversight of the Barclays Group's climate strategy and sustainability agenda, including its ambition to be a net zero bank by 2050. The BSC is responsible for oversight of climate matters and the Group's sustainability agenda, and supports the Board in considering the suitability of the Barclays Group's climate and sustainability strategy, position statements, frameworks, ambitions, metrics, and targets and monitoring the implementation of the Barclays Group's climate and sustainability strategy. During 2023, the BSC met four times. For the Bank, broader sustainability matters and other Reputational Risk issues associated with Climate Risks are coordinated by the Group Sustainability team who report through the BSC and then to the Group Board.

Additionally, in 2023, the Group Sustainability Committee, a sub-committee of the Group Executive Committee (Group ExCo), was established as a dedicated forum to identify and discuss climate-related matters across the Group with a specific mandate to review and propose updates to the Group Climate strategy prior to approval by Group ExCo. The GSC is responsible for recommending the overall Group sustainability strategy for approval by Group ExCo, and ensuring alignment of business unit climate strategies to the overall strategy. The GSC is also responsible for determining, agreeing or recommending position statements, frameworks, targets, relevant disclosures and advocacy areas necessary to support strategy delivery and agreeing the strategic change priorities to support overall sustainability strategy. The Bank has a representative on the GSC.

f) Management body's integration of short, medium and long-term effects of environmental factors and risks, organisational structure both within business lines and internal control functions.

Supplementary disclosure on ESG risks (continued)

The Barclays Group has developed a Climate Risk Framework (CRF) for managing Financial and Operational Risks stemming from climate change. The Bank also applies the same framework. Environmental risk is presently managed within the Bank's climate and other Principal Risk frameworks, recognising the emerging nature of certain aspects of Environmental Risk and the wider scope of environmental challenges.)

See further information on the governance of C&E risks in the Climate Risk Management section page 97.

g) Integration of measures to manage environmental factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body covering relevant transmission channels.

On behalf of the BBI Board, the Bank's BRC reviews the Bank's approach to managing the Financial and Operational Risks associated with Climate Risks. Broader sustainability matters and other Reputational Risk issues associated with Climate Risks are coordinated by the Group Sustainability Team who report through the Group Board Sustainability Committee and then to the Group Board.

The Barclays Group Head of Climate Risk is the Group-wide Principal Risk owner accountable for the management and oversight of the Climate Risk profile. The Group Head of Climate Risk reports directly to Group CRO. The BBI CRO and BBI Head of Climate Risk, are responsible for the oversight and management of the BBI Climate Risk profile. The Head of Climate Risk for BBI reports to the BBI Deputy CRO and BBI CRO.

At the Group level, the Group Risk Committee (GRC) is the most senior executive body responsible for reviewing and challenging risk practices for climate. To support the oversight of Barclays' Climate Risk profile, a Climate Risk Committee (CRC) has been established as a sub-committee of the GRC. The Group Head of Climate Risk is the Chair of the CRC. Any material issues are escalated by the CRC to the GRC, and the GRC subsequently escalates to the Group BRC as appropriate. The BBI CRO and BBI Head of Climate Risk are members of the CRC and other BBI colleagues participate. BBI CRO and BBI Head of Climate Risk discuss climate related portfolio risks on a monthly basis at the Barclays Europe Risk Committee (BERC). Any material C&E risks are escalated to BERC by the BBI Head of Climate Risk. BERC escalates into BBI BRC. The BBI BRC reports to the BBI Board.

The BBI BRC receives regular updates on C&E risks through the CRO report along with ad hoc presentations, including C&E training and progress updates on the development of the C&E Risk oversight. These updates ensure that committee members are well-informed about emerging trends, regulatory developments, progress on integration of C&E risks, enabling informed decision making and proactive risk management. During 2023, updates included:

- areas of elevated Climate Risk in the BBI portfolio (Market Risk, WCR, and CBE Climate related limits);
- progress on the integration of C&E risks into the firms processes and practices (e.g. risk register, risk appetite, stress testing, risk limits, risk monitoring); and
- progress against the ECB 2022 Thematic Review and ECB C&E Guide.

The BBI Board is supported in its work by its committees (including in respect of climate-related matters), each of which has its own Committee Terms of Reference, clearly setting out its remit and decision-making powers. Committees meet for ten occurrences per year, Board meetings are held a minimum of quarterly.

A Climate Risk control environment has been established at Group level in alignment with the Barclays' Control Framework. A Group Climate Risk Control Forum (CRCF) was established in 2022 to oversee implementation and operation of the Barclays Control Framework, including reviewing risk events, policy and issues management. The BBI Head of Climate Risk is a member of the CRCF. A risk assurance group has been established and is responsible for performing C&E risk specific reviews to support the embedding of the CRF and Policy.

h) Lines of reporting and frequency of reporting relating to environmental risk.

Chief Risk Officer

The BBI CRO is accountable for the approach to managing climate-related Financial and Operational risks to Barclays. The BBI CRO reports into the BBI CEO. This encompasses the measurement, monitoring and limit setting for Climate risk and the supporting governance. Frequency of reporting is detailed in section g above.

Group Head of Public Policy & Corporate Responsibility (PPCR)

The Group Head of PPCR leads the Barclays Group's overall sustainability and citizenship agendas. Specifically, the role is responsible for leading Barclays' efforts in tackling climate change, and for integrating our ambition and commitments to help embed the transition towards a low-carbon economy into the business.

Group Head of Sustainability

The Group Head of Sustainability leads the Sustainability and ESG team, and the strategic direction and execution of Barclays' policies and practices across a broad range of sustainability and ESG matters, including climate change. The role also oversees the development of standards and metrics to advance green and sustainable finance and support innovation in sustainable product and development. This role is responsible for Reputation risk issues arising from climate change, although the Group Board has overall responsibility for reputation matters generally. The Group Head of Sustainability reports directly to the Group Head of PPCR.

Group Head of Climate Risk

The Group Head of Climate Risk was appointed in July 2020 and is the Principal Risk Lead for Climate Risk. Being the Head of the Climate risk team, the role encompasses the development of Climate risk governance, including ownership of the Group's Climate Risk Framework, and making recommendations on risk appetite, constraints and exclusions to Group BRC, informed by Barclays' net zero ambition. Further responsibilities include leading the development of Climate risk methodologies and the Barclays Group's approach to carbon modelling, including the BlueTrack™ model. The Head of Climate Risk reports directly to the Group CRO, and is the Chair of CRC

Supplementary disclosure on ESG risks (continued)

BBI Head of Climate Risk

BBI has appointed a Head of Climate Risk responsible for management of Climate Risk, reporting into the BBI Deputy CRO and BBI CRO. The BBI CRO and BBI Head of Climate Risk are responsible for the oversight and management of the BBI Climate Risk profile. To support the oversight of Bank's Climate Risk profile, regular monitoring is provided to the Barclays Europe Risk Committee (BERC) and the Group Climate Risk Committee. BERC is the delegated committee of BBI BRC where Climate Risk is reviewed.

i) Alignment of the remuneration policy with institution's environmental risk-related objectives.

Barclays' remuneration philosophy

Remuneration decisions for Barclays employees result from the application of Barclays' remuneration philosophy, which applies to all employees globally. The objectives of the remuneration philosophy include the following:

- Barclays remuneration should reward sustainable performance. Sustainable performance means making a positive and enduring difference to investors, customers and communities, delivering good customer outcomes, taking pride in leaving things better than we found them and playing a valuable role in society.
- Barclays remuneration should align with risk appetite, risk exposure and conduct expectations. Barclays' remuneration approach is designed to reward employees for achieving results in line with the Group's risk appetite and conduct expectations.

Incentive pool funding

Barclays' performance against non-financial measures, including ESG measures, is explicitly considered in the determination of the incentive pool – impacting pay levels of the wider workforce. In 2023, non-financial performance was assessed against strategic non-financial measures organised around three main categories: Customers & clients, Colleagues and Climate & sustainability. These categories cover a wide range of factors and measures included Barclays Group's progress towards its Sustainable and Transition Financing target, reducing financed emissions and operational emissions, and supporting its communities. The incentive pool is also adjusted to take account of an assessment of a wide range of future risks, including consideration of ESG factors.

Barclays PLC Executive Director remuneration

Annual bonus outcomes and Long Term Incentive Plan (LTIP) award outcomes for the Executive Directors of Barclays PLC are assessed against a framework of measures set by the Remuneration Committee at the start of the performance period for each award. A proportion of both annual bonus and LTIP is driven by non-financial performance measures, including measures relating to climate and sustainability. The weighting of the Climate & sustainability category is 15% in the 2024-2026 LTIP and 5% in the 2024 annual bonus. The climate-related measures reflect Barclays' ambition to be a net zero bank by 2050, including its commitment to align its financing with the goals and timelines of the Paris Climate Agreement. The measures include progress towards its Sustainable and Transition Financing target, reducing financed emissions and operational emissions, and supporting its communities.

Risk management

j) Integration of short-, medium- and long-term effects of environmental factors and risks in the risk framework.

Barclays' approach to Environmental and climate risk management is guided by the Group's strategy, to which the Bank aligns as well as by the policies and regulatory requirements of the regions in which Barclays and its affiliates operate.

When considering the timescales of climate-related risks, Barclays has categorised short, medium and long term as follows: (i) Short term (S): 0-1 year; (ii) Medium term (M): 1-5 years and (iii) Long term (L): 5-30 years. The assessment for Climate Risk has been focused on the short (0-1 year) and medium term (1-5 years) horizons, in line with the Bank's financial planning cycle.

The qualitative assessment of Long term risk is carried out through the Horizon scanning process. Looking to the longer term, the cumulative effects of global temperature rise are likely to become increasingly pronounced – influencing ecosystems, sea levels and societal structures. Climate change can also trigger tipping points through feedback loops that amplify its effects. Certain tipping points are already underway, manifesting in observable changes across the globe. Different tipping elements, such as the melting of ice sheets or changes in ocean circulation, have varying time horizons. As the science develops, we are observing that some tipping points may run on a shorter timeline than initially expected. Accordingly, the uncertainty of exact timeframes in which such tipping points are expected to materialise adds a layer of complexity – making it challenging to precisely.

The feedback effects of Climate Risk drivers through macro and micro transmission channels are observed in the Bank's portfolio through traditional risk categories such as Credit Risk, Market Risk, Treasury and Capital Risk, Operational Risk (including Legal Risk) and Reputational Risk. The examples of these feedback effects are set out in the table below:

Supplementary disclosure on ESG risks (continued)

Principal Risk	Example effects of Climate & Environment(C&E) risk drivers
Credit Risk	Increase in credit risk due to reduction in borrowers' ability to repay and service debt if the borrower is affected by physical risk events that severely damages its infrastructure and operations. Borrowers that are subjected to higher carbon taxes, penalties or fines for not adequately addressing their impact on climate and environment (i.e. exposed to higher litigation and reputational damages) or do not successfully transition to a lower carbon economy and reduce negative impacts on nature might see deterioration in their credit ratings. In some instances, this could lead to borrowers going into default and impact banks' ability to recover loan value.
Market Risk	Uncertainty about timing, severity and frequency of extreme physical climate events may lead to higher volatility in financial markets. Equity prices of corporates operating in carbon intensive sectors or sectors that cause negative impacts on nature may decrease due to reduced demand for products or services. Reduction in financial asset values can potentially lead to abrupt price adjustments, resulting in market risk losses where climate risk is not priced into the asset value.
Treasury & Capital Risk	Severe physical events could trigger a sharp increase in demand for liquidity for financial firms, corporates and households. Reduction in banks' access to stable sources of funding or withdrawal of deposits due to climate risk drivers may negatively impact banks' liquidity positions. Deterioration of clients' risk profile due to C&E risk drivers may also lead to higher capital requirements
Operational Risk	Acute physical risk events may cause damage to banks' essential infrastructure and disrupt operations leading to higher operational risks. Banks rely on a complex network of supplier and service providers. Climate and ecosystem change can disrupt supply chains by affecting the availability of goods and services leading to delays or interruptions in critical operations. Increasingly stringent climate and sustainability-related laws and regulations and the pace at which the regulations are implemented means that banks, through their business activities, may face increasing litigation and other claims if they are perceived to have contributed to or failed to prevent climate change or environmental damage, including by financing client activities.
Reputational Risk	Banks may face reputational risks related to climate change and environmental damages in various ways, as the public and stakeholders increasingly expect banks to demonstrate their commitment to environmental sustainability. Banks that are perceived as not adequately addressing C&E risks may face reputational damage. Additionally, banks can be accused of greenwashing if the information disclosed is misleading or if they are not able to meet their C&E goals.

k) Definitions, methodologies and international standards on which the environmental risk management framework is based.

Barclays operates in a number of regulatory jurisdictions and aims to comply with all applicable regulations. A dedicated Sustainability team considers how the Group approaches wider sustainability and ESG matters.

Barclays is an active participant in the majority of the industry standard setting bodies. It contributes to and takes direction from these bodies, Task Force on Climate-Related Financial Disclosures (TCFD), United Nations Environment Programme Finance Initiative (UNEP FI), Global Reporting Initiative (GRI), Sustainability Reporting Standards (SRs), the United Nations' Principles for Responsible Investment (UNPRI), Sustainability Accounting Standards Board (SASB) and Carbon Disclosure Projects (CDP).

For further information on methodologies on C&E risk management please see sections l to r below.

l) Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to environmental risks, covering relevant transmission channels.

The Barclays Group has established financing restrictions that seek to address nature-related risk within its position statements on Forestry and Agriculture Commodities, World Heritage Sites and Ramsar Wetlands and Climate Change. The Barclays Group continue to review and monitor the ways in which it can strengthen its approach.

Barclays, including the Bank, has continued to work to build an understanding of the ways its activities and those of its clients impact and depend on nature. This included working with an external expert on a materiality exercise to produce an initial portfolio heatmap to analyse nature related risk by sector and exposure across our lending portfolio. This involved a qualitative review of sector impacts and dependencies across a number of key risk drivers representing both physical and transition risks, to determine where in the portfolio were the likely areas of highest risk.

Barclays refined the work undertaken in 2022 to develop a sectoral heatmap, refreshing the industries included to align with the TNFD's priority sector list. The Group's proposed next steps include consideration of the TNFD and Locate, Evaluate, Assess, Prepare (LEAP) framework to conduct further sector-level analysis.

Barclays has been part of a TNFD pilot group led by UNEP FI to test the draft TNFD Framework. As part of the pilot, we looked specifically at agriculture and food in Europe. We recognise the need for continuous improvement with regard to available data and technologies, in particular noting the complexity and challenge given the number of nature attributes and their associated metrics. The Bank will therefore continue to support the development of methodologies which seek to better evaluate risk impacts and dependencies at a portfolio level. For example, we have trailed an emerging modelling methodology in order to support our participation with the UNEP FI work, which draws upon a wide range of available data and also adopts assumptions where there are gaps.

The Bank has implemented climate-aware limits and controls for priority sectors, including based on BlueTrack™ measures of emissions intensity and the CTF. For Bank portfolios, specific limits and sub-limits have been established with careful consideration of materiality, portfolio composition and other relevant factors. The specific limits for the Bank are listed below:

- WCR sub limits for key elevated sectors, namely Automotive, Power, Steel and Cement for the Wholesale credit portfolio (primarily focusing on client transition plans and emissions);

Supplementary disclosure on ESG risks (continued)

- Consumer Bank limits for areas prone to flood risks;
- Stress loss limits for Market risk portfolio (primarily focusing on late transition risk scenario); and
- Liquidity Risk limits for C&E risk, taking into account additional drawdown of RCFs.

Restrictive Policies

In addition to setting sector-specific emission reduction targets, consistent with the Barclays Group's Purpose and considering relevant risks and other factors, Barclays has set explicit restrictions to curtail or prohibit financing of certain activities in sensitive sectors, as set out in the Barclays Group Climate Change Statement, which also applies to the Bank. This includes clear restrictions on thermal coal mining and coal-fired power generation, mountain top coal removal, upstream oil and gas and unconventional oil and gas, including oil sands, Arctic oil and gas, Amazon oil and gas, hydraulic fracturing ('fracking'), ultra-deep water and extra heavy oil. Barclays also has restrictive policies on Forestry and Agricultural Commodities including forestry, pulp and paper, palm oil, beef, and soy. Further details can be found on page 18 of the BBI PLC Annual Report 2023. Our restrictive policies are regularly reviewed and updated based on a number of internal and external factors. In light of this Barclays has aligned its thermal coal power client financing phase-out date for all EU and Organisation for Economic Co-operation and Development (OECD) countries to 2030.

Monitoring

As part of the Barclays Group's management of environmental risk, the Barclays Group may require further client engagement in relation to the specific environmental risks that it has identified as part of its enhanced due diligence process. Barclays have used this engagement as an opportunity to gain a more detailed understanding of the risks and challenges that the client is facing and to better understand any climate transition plan that they may have.

For further details on the enhanced due diligence process, please refer to section d) under Environmental Risk, Business strategy and process.

m) Activities, commitments and exposures contributing to mitigate environmental risks.

In addition to the measures and processes already described above, Barclays performs the following activities to contribute to the mitigation of environmental risks:

- Barclays uses its methodology for measuring its financed emissions and tracking them at a portfolio level against the goals and timelines of the Paris Agreement – this methodology is called BlueTrack™. Each of its 2030 target ranges is developed with reference to a 1.5°C-aligned scenario, such as the International Energy Agency (IEA) "Net Zero by 2050" scenario.
- Barclays' assessment of environmental risks informs its wholesale credit risk management.
- Climate Lens is currently being redeveloped with the aim of making it more quantitative and improving its integration within the credit processes.

n) Implementation of tools for identification, measurement and management of environmental risks.

Barclays uses tools to identify and assess climate risks include:

- Horizon scanning: Evaluating the potential impact of climate risk across different time horizons, through qualitative judgement and review of external research papers is carried out quarterly. This has led to the identification of industry sectors, countries and U.S States that are considered as elevated risk and identifying emerging trends. Horizon scanning and research will be expanded to incorporate environmental risk.
- Climate and Environmental Risk Register: BBI has developed an internal Climate Risk identification process to identify and assess the potential impact (materiality assessment) of Climate Risks as a driver of the other principal risks. Quantitative (typically based on stress testing) or qualitative materiality assessments are performed to assess the impact of Climate Risks on Market, Credit and Liquidity Risks. Following this assessment, each material risk is mapped to key drivers along with the risk materiality ratings (which are derived based on magnitude of impact and materiality thresholds related to the CET 1 ratio and liquidity buffer). The BBI Risk Register is refreshed on at least an annual basis and is subsequently used to support scenario design and capital adequacy assessments.
- For BBI, the Risk Register this analysis has been extended to include the impact of environmental risks, using a third-party study and heat mapping exercise. From an environmental risk perspective, the key risk drivers from a transition and physical risk perspective were considered in relation to water quantity and quality, pollination, soil quality, flood and storm protection, deforestation and land-use change, air pollution (non-GHG), water pollution and over-fishing. For BBI, four nature/environmental sectors based on their materiality (size of exposure/ portfolio analysis) have been identified as elevated risk sectors namely construction and materials, water utilities, other transport services and certain real estate. Credit Risk management perform additional due diligence on these sectors, as part of their Climate Lens questionnaire. BBI has also disclosed sectors defined by TNFD as nature priority sectors on page 66 of the BBI Annual Report 2023. BBI will continue to review its portfolio in relation to environmental risk drivers and consider the TNFD framework
- Climate lens: which is a qualitative scorecard used by Barclays Group (including the Bank) to assess climate and environmental risk considerations for clients operating in wholesale elevated sectors.
- BBI has adopted in 2024 a quantitative Climate Risk appetite informed by the Climate Internal Stress Test exercise (CIST), as per p 98 Climate Risk Management, Risk Appetite section. Further information on assumptions, data, risk factors used in the Climate Internal Stress Test (CIST) can be found on: (p 29) <https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2023/Barclays%20Bank%20Ireland%20PLC%20Annual%20Report%202023.pdf> and (p 131-135) <https://home.barclays/content/dam/home-barclays/documents/investor-relations/reports-and-events/annual-reports/2023/Barclays-PLC-Annual-Report-2023.pdf>.
- The Bank is carrying out an environmental risk/nature risk stress scenario in 2024, to assess vulnerabilities in the BBI portfolio.
- BlueTrack™: The emissions resulting from the activities of customers and clients to whom financing is provided, is measured using Barclays' bespoke model BlueTrack™. The methodology and coverage of the BlueTrack™ is expanded each year, with the aim of

Supplementary disclosure on ESG risks (continued)

covering Barclays' entire financed portfolio. Currently, BlueTrack™ covers nine segments: energy, power, cement, steel and automotive manufacturing and UK residential real estate business, as well as UK commercial real estate, agriculture and aviation.

o) Results and outcome of the risk tools implemented and the estimated impact of environmental risk on capital and liquidity risk profile.

So far the use of the above tools has helped Barclays develop an understanding of Climate and Environmental Risk relevant for Barclays' book of exposures, risk appetite and risk management. BlueTrack™ has been expanded and now covers nine segments, comprising of Energy, Power, Cement, Steel, Automotive Manufacturing, UK Housing, Commercial Real Estate, Agriculture and Aviation.

Impact of CIST:

Climate-related impairment losses in the scenario represented a 52% uplift from the Bank's internal stress test, largely driven by a more severe macro-economic stress rather than specific vulnerability. Whilst this is significant, in absolute terms, it remains manageable within the Bank's existing risk profile and overall, the business remained resilient under the climate scenario with a 10% profit before tax drag over the 5 years. In particular:

- In addition to the impact from the macro-economic scenario, in the CIB portfolio, losses were largely driven by exposure to carbon intensive industries who are most impacted from a fast transition scenario subject to rising carbon prices, as well as rapidly falling demand due to shifting consumer behaviour, in the scenario.
- Losses in the Italian Mortgages portfolio were observed due to a susceptibility to flood risk, however remain resilient given the low LTV profile of lending.
- Losses in the Consumer Credit and Payments business were a result of the scenario's GDP trajectory which gave rise to higher unemployment, inflation and would impact consumer affordability through job losses and an overall weaker macroeconomic environment.

The Bank will further develop climate risk management, capabilities in 2024 as follows:

- Improved risk appetite and associated controls for C&E risks.
- A plan for refining modelling and scenario analysis capabilities.

p) Data availability, quality and accuracy, and efforts to improve these aspects.

Barclays continues to build its data requirements and uses external providers to cover its business and risk requirements.

To manage the data availability, quality and accuracy challenges, Barclays has implemented an end-to-end architecture to source external and internal data into a central Climate Data Repository (CDR).

Additional data considerations and challenges are detailed in the Climate Risk Management section of the BBI annual report on pages 51-56, and page 135 of the Barclays PLC annual report 2023.

q) Description of limits to environmental risks (as drivers of prudential risks) that are set, and triggering escalation and exclusion in the case of breaching these limits.

Barclays continue to work to build an understanding of the ways its activities and those of its clients impact and depend on nature. This includes engaging with industry and cross-sector groups. Barclays continues to explore how to integrate these considerations into policy and process and reviewing the ways its financing activities can contribute to nature. Limits are detailed in section (l).

r) Description of the link (transmission channels) between environmental risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework.

Barclays continues to assess the approach to environmental risk identification and management across principal risk types within the overall framework to be defined as we progress our understanding and establishment of environmental risk. Risk identification of environmental risks across the Financial principal risks has started to develop as follows:

For Credit Risk, the Bank continues to embed C&E risk assessment into the credit assessment, annual review and transaction approval processes to ensure that climate-related risks are considered for wholesale credit.

At a client level, the Climate Lens questionnaire is also used to evaluate the impact of C&E risks on firms. The Climate Lens questionnaire is completed for the firms in C&E elevated risk sectors. Each question is rated as Low, Moderate or High based on the client's exposure and vulnerability to various climate and environmental risk factors. Climate Lens is currently being re-developed with the aim of making it more quantitative and improving its integration within the credit processes.

For the other Principal Risk categories, the assessment is primarily focused on Climate Risk and Barclays is developing its capabilities to extend these assessments to include environmental risk drivers where applicable.

For Market Risk, the impact of Climate Risk is measured by applying a range of stress scenarios that stress the core risks (equities and credit risk asset classes) susceptible to climate change over long and short-term horizons to individual risk factors. The pattern of stress losses arising from the stress scenario is used to estimate and set ongoing limits, under which BBI monitors and controls Market Risk arising from transition related climate change. The BBI Market risk stress loss limit for transition risk considers a late action stress scenario, and applies stressed shocks to the Equities and Credit Risk asset classes. Given the dynamic nature of market risk portfolios and hedging strategies, the scenario is assessed over a one month horizon.

For Treasury and Capital Risk, Barclays' conducts Group-wide climate stress tests (including for the Bank) to understand and assess the potential impact on Barclays' capital position. Climate Risk considerations have also been incorporated into the BBI ICAAP.

For Liquidity Risk, Barclays identifies and assesses potential vulnerabilities of certain industries and asset classes that may deteriorate under a climate stress scenario, and subsequently impact funding and liquidity ratios. Climate Risk considerations have also been incorporated into the Internal Liquidity Adequacy Assessment Process (ILAAP).

Supplementary disclosure on ESG risks (continued)

For Operational Risk, climate-related risks continue to be assessed as part of existing Operational Risk processes. This includes working with Premises and Operational Recovery Planning teams to evaluate and respond to climate-related impacts and regulatory requirements. Climate factors have been integrated into Structured Scenario Assessments, which capture extreme but plausible operational tail risks. As part of the assessment in 2023, Climate Risk has been included in the building destruction scenario (physical risks) and greenwashing related scenarios (transition risks).

For Reputation Risk, the primary responsibility for identifying and managing Reputation Risk and adherence sits with the front line business and support functions where the risk arises. The EDD process and other relevant processes in these business units facilitate the assessment of C&E related reputational risk. The client relationships or transactions that have been assessed as higher risk from EDD or other relevant processes may be subject to further escalation including escalation to the Group Reputational Risk Committee. The clients and transactions deemed as presenting material reputational risks to the Bank are carefully reviewed for recommendations to proceed or reject transactions or client relationships.

Across the Bank's portfolios, scenario analysis continues to form a key part of the approach to assessing and quantifying the impact of climate and environmental risks.

The Bank recognises that climate risk knowledge is more advanced and established compared to knowledge on environmental risks. Consequently, its practices and processes for addressing climate risks are more mature and well-defined. Given the evolving nature of environmental risk (primarily new elements and features of TNFD), the Bank acknowledges that its understanding and capabilities in this area are still in their early stages.

Social risk

Business strategy and processes

Social strategy and processes reflected in this section have been initiated by the Group, to which the Bank aligns.

a) Adjustment of the institution's business strategy to integrate social factors and risks taking into account the impact of social risk on the institution's business environment, business model, strategy and financial planning.

Environmental and social risks are governed and managed through the Barclays Group's Enterprise Risk Management Framework (ERMF), setting the strategic approach for risk management by defining standards, objectives and responsibilities for all areas of Barclays. The ERMF is complemented by a number of other frameworks, policies and standards, all of which are aligned to individual Principal Risks.

The Barclays Group's assessment of environmental and social risks informs its wholesale credit risk management and helps safeguard its reputation. This supports the longevity of Barclays' business and also enhances its ability to serve its clients and support them in improving their own sustainability practices and disclosures.

Barclays seeks to support a just transition which accounts for the potential social risks as well as opportunities of the energy transition and seeks effective dialogue with relevant stakeholders (as described in more detail on page 32 of the Barclays PLC 2023 Annual Report). The Barclays Group has taken steps to pilot the approach to transition in its Client Transition Framework, and will consider the findings of the pilot in its engagement with clients. The Barclays Group also intend to include social considerations as it develops its transition plan. The Barclays Group believe that industry engagement is essential to advance its collective understanding and strategy to ensure a just transition. As such Barclays intends to continue to work with peers and industry groups, and is a founding member of the LSE Just Transition Finance Lab to help shape the way just transition is defined and implemented in the financial sector. For further information about how Barclays continued to develop its work in 2023 on just transition, please see page 124 of the Barclays PLC 2023 Annual Report.

b) Objectives, targets and limits to assess and address social risk in short-term, medium-term and long-term, and performance assessment against these objectives, targets and limits, including forward-looking information in the design of business strategy and processes.

Human Rights

The Barclays Group continues to take action to enhance and further embed its approach to respecting human rights. During 2023 Barclays worked towards two important milestones for its human rights work: (i) saliency assessment of human rights risks, and (ii) updating the Barclays Group Human Rights Statement (both detailed further in this section). Barclays completed a saliency assessment of human rights risks in the Corporate and Investment Bank (CIB) financing portfolio to guide its next steps in enhancing the CIB approach to managing human rights risks. For further information about the saliency assessment of human rights undertaken by Barclays, please see pages 240-241 of the Barclays PLC 2023 Annual Report.

Insights from the saliency assessment informed updates to Barclays' Statement on Human Rights. The Statement seeks to reflect Barclays' evolving approach to human rights and align with the relevant normative frameworks, in particular the UN Guiding Principles on Business and Human Rights (UNGPs). The Statement reiterates Barclays' commitment to respecting human rights as defined in the International Bill of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work (ILO Declaration). The Barclays Group's approach is guided by the UNGPs and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. It also incorporates Barclays' Focus Areas for Progress, which set out Barclays' plans to enhance its approach to respecting human rights.

The Barclays Group also seek to monitor issues and developments globally that may present new or elevated human rights risks, and work to evaluate its potential involvement and consider its responsibilities to seek to address these risks. In time the Barclays Group aim to develop appropriate indicators against which to monitor the effectiveness of its approach to managing human rights risks across the Barclays Group.

Supplementary disclosure on ESG risks (continued)

c) Policies and procedures relating to direct and indirect engagement with new or existing counterparties on their strategies to mitigate and reduce socially harmful activities.

Policies and Enhanced Due Diligence

The Barclays Group has also continued to embed human rights considerations into its position statements and related enhanced due diligence approach, which also applies to the Bank. For example, in the Forestry and Agricultural Commodities Statement Barclays requires in-scope clients to have a policy commitment to respect human rights across their operations and supply chain and the expectation that they undertake human rights due diligence across their operations and supply chain.

The Barclays Group's aim, to which the Bank is aligned, is to enhance its existing position statements and associated enhanced due diligence processes to better reflect the salient human rights issues identified through its assessment of CIB. Additionally, in response to analysis of Barclays' exposure to salient issues through its CIB financing portfolio, Barclays may consider the development of additional position statements.

Human Rights

Barclays worked with Shift, a non-profit and leading centre of expertise on business and human rights, and gathered a range of perspectives through engagement with both internal and external stakeholders, to seek to understand the most salient human rights risks to people connected to the CIB financing portfolio.

Barclays recognise that engagement, including with credible proxies for affected stakeholders, is essential to developing its understanding of the actual and potential human rights risks and enhancing the robustness and legitimacy of the process. In its external engagement, Barclays engaged with ten civil society organisations (CSOs), selected by reference to their previous contact with Barclays in relation to human rights issues, and/or their recognised expertise, in particular, on the intersection between financial institutions and human rights. Engagement took place through a series of focused discussions, mostly facilitated by Shift.

Barclays' internal engagement included a series of workshops with colleagues from a range of functions including Sustainability, Risk Compliance, Legal and the business and across the US, UK and APAC, followed by deep dive interviews with some of these colleagues. The insights gathered during this proactive engagement, complemented by insights from previous relevant engagement with CSOs, as well as desk-based research by the Barclays Social Policy team and Shift, informed the identification of a long list of human rights impacts. These impacts were then prioritised through consideration of the relative severity of the impacts on people and their likelihood of occurrence, to produce a shortlist. This list and related analysis were presented to core stakeholders to review and test the application of the severity and likelihood criteria to finalise the following five salient human rights issues: (i) human impacts of climate change and the energy transition; (ii) indigenous peoples; (iii) land rights; (iv) modern slavery; (v) weapons and dual-use technology. Barclays have subsequently identified its Focus Areas for Progress (Corporate Culture, Saliency Assessments, Policies and EDD, Just Transition, and Remedy), setting out the actions it intends to undertake over time to enhance its approach to the management of its salient issues across the Barclays Group. For further information about the Barclays Group's Focus Areas for Progress, please refer to page 241 of the Barclays PLC 2023 Annual Report.

Modern Slavery

The Barclays Group, including the Bank, is committed to trying to identify and seeking to address modern slavery risks in its supply chain. Regardless of the industry or geography in which Barclays' Third Party Service Providers (TPSP) operate, Barclays requires them to comply with applicable laws and regulations. TPSPs that are assessed as being above a low risk of exposure from a business risk perspective become managed TPSPs and requested to complete an annual self-attestation against topics contained within the Barclays Group's TPSP Code of Conduct (TPSP CoC), which also applies to the Bank's suppliers. The TPSP CoC identifies Barclays' expectations with regards to respecting human rights through areas such as occupational health and safety, freely chosen employment, avoidance of child labour and practices which could lead to exploitation of workers, freedom of religion and belief in the workplace, freedom of association and collective bargaining, zero tolerance for discrimination, harassment and abuse, accessible grievance and whistleblowing mechanisms. These expectations (which relate to human rights topics) are an important part of Barclays' efforts to meet its responsibility to respect human rights.

Barclays continue to strengthen the way modern slavery is identified and assessed, as detailed in the Modern Slavery Statement, as applicable to the Bank.

Barclays' standard TPSP terms, also adopted by the Bank, include an obligation on the TPSPs to respect internationally recognised human rights – including not using forced, bonded or involuntary prison labour or engaging in any practices constituting modern slavery or human trafficking. The TPSP terms also require Barclays' TPSPs (including the Bank's TPSPs) to use reasonable efforts to procure the same of their affiliates and subcontractors.

Governance

d) Responsibilities of the management body for setting the risk framework, supervising and managing the implementation of the objectives, strategy and policies in the context of social risk management covering counterparties' approaches to:

(i) Activities towards the community and society

Barclays, including the Bank, is committed to building a stronger, more inclusive economy that is better for everyone. The Barclays Group are supporting local communities where it operates by enabling people to develop the skills and confidence they need to succeed, and helping businesses to grow and create jobs.

Barclays believe everyone deserves the financial independence, security and opportunity that comes with a job – and a vibrant, skilled workforce ensures local communities and businesses can thrive. In 2023 its programmes reached more than 3.27 million people around the world, unlocking the skills and employment opportunities people need to progress.

(ii) Employee relationships and labour standards

Reference section (i) above.

(iii) Customer protection and product responsibility

Reference section (i) above.

Supplementary disclosure on ESG risks (continued)

(iv) Human rights

The Barclays PLC Board receives regular updates on public policy and corporate responsibility matters, including ESG and Reputation risk, which may cover human rights matters. The Board is presented with the Group Reputation Risk Report from the Group Head of Public Policy and Corporate Responsibility twice a year in order to consider the most significant live and emerging reputation risks for the Group, including the Bank, as well as a summary of items discussed by the Group Reputation Risk Committee from the Group Chief Compliance Officer. Both of these updates may cover human rights matters. In addition, the Board may be notified of, or asked to consider, specific Reputation risk matters from across the Group, aligned with the escalation protocols set out in the Reputation Risk Management Framework. The Board is supported by the Board Sustainability Committee, which provides oversight of climate matters and the sustainability agenda, including human rights matters, escalating items to the Board as appropriate. The Board Sustainability Committee is assisted by the Barclays Group Sustainability Committee, which is chaired by the Group Head of Public Policy and Corporate Responsibility, in discharging its responsibilities.

e) Integration of measures to manage social factors and risks in internal governance arrangements, including the role of committees, the allocation of tasks and responsibilities, and the feedback loop from risk management to the management body.

The BBI Board is responsible for the overall leadership of the Bank, including establishing its purpose, values and strategy, and assessing and monitoring that these and its culture are aligned. As part of this, the Board and, as appropriate, its Committees are responsible for the oversight of social and environmental matters, including climate-related risks and opportunities.

The Barclays Group has continued to progress its efforts to identify salient human rights risks associated with its client financing portfolio, and on its plan to review its approach to managing these risks. Barclays seek to proactively monitor issues and developments globally that may present new or elevated human rights risks and work to investigate its potential exposure to these and consider its responsibilities to seek to mitigate these risks.

Barclays position statements, including the Bank, and related due diligence approach for clients operating in certain sectors with elevated environmental and social impacts seek to include consideration of human rights impacts. For example, Barclays includes specific due diligence questions around respect for Indigenous Peoples' rights, health and safety of local communities for clients in energy sub-sectors such as fracking and oil sands which are covered under Barclays' Climate Change Statement.

For further details, please see point (c) above.

f) Lines of reporting and frequency of reporting relating to social risk.

Barclays' governance structure consists of the Board, Board Committees, Executive and Management Committees across both business and legal entity lines.

The Barclays PLC Board sets the strategic direction and risk appetite of the Group, including the Bank, and is the ultimate decision-making body for matters of Group-wide strategic, financial, regulatory or reputational significance. The Group Board is also responsible for the oversight of social and environmental matters, including climate-related risks and opportunities.

Group Head of PPCR

The Group Head of PPCR is a member of Group ExCo and is accountable for ensuring the Group's societal purpose is present in strategic decision-making at the highest levels in the organisation. The Group Head of PPCR, and their team, regularly updates Group, including the Bank, ExCo on a range of Public Policy and Corporate Responsibility matters, covering key government and regulatory policy, regulator engagement and ESG matters, including climate. Specifically relevant for the Bank, the Group Head of PPCR provided updates on the Climate strategy including proposed amendments to the oil and gas policy and the establishment of new targets for aviation, agriculture and commercial real estate. Updates were also provided on a range of other matters, such as greenwashing, deforestation and biodiversity.

The Group Sustainability Committee (GSC), a sub-committee of Group ExCo, is chaired by the Group Head of PPCR with senior representation from the Group Head of Sustainability, Head of Sustainable Finance for CIB and Head of Social Purpose and Sustainable Finance for Barclays UK, as well as members representing key functions across the Group, including the BBI CFO.

The Group Transaction Review Committee (GTRC) is a sub-committee of the Group ExCo which reviews and challenges, and directs as appropriate, the management and mitigation of Reputation Risk matters in the Barclays Group, including the Bank, as they are brought to the attention of the Committee via relevant Reputation Risk assessment and escalation processes. Specifically relevant for the Bank, this includes Reputation Risk associated with climate related matters and cases which require elevated due diligence for Human Rights issues, (reference section h below for detail). The GTRC is chaired by the Group Chief Compliance Officer, as the Principal Risk owner for Reputation Risk in the Bank, and members include the Group CRO and Group Head of PPCR. In 2023 the GTRC considered certain transactions in scope of Barclays' Sustainability Standards to evaluate their alignment with Barclays' climate change and sustainability strategy.

Group Head of Sustainability

The Group Head of Sustainability leads the Sustainability and ESG team, and the strategic direction and execution of Barclays' policies and practices across a broad range of sustainability and ESG matters, as applicable to the Bank, including climate change. The role also oversees the development of standards and metrics to advance green and sustainable finance and support innovation in sustainable product development. This role is responsible for Reputation risk issues arising from climate change, although the Board has overall responsibility for reputation matters generally.

The Group Head of Sustainability reports directly to the Group Head of PPCR.

g) Alignment of the remuneration policy in line with institution's social risk-related objectives.

Barclays' remuneration philosophy

Remuneration decisions for Barclays employees result from the application of Barclays' remuneration philosophy, which applies to all employees globally. The objectives of the remuneration philosophy include the following:

Supplementary disclosure on ESG risks (continued)

- Barclays remuneration should reward sustainable performance. Sustainable performance means making a positive and enduring difference to investors, customers and communities, delivering good customer outcomes, taking pride in leaving things better than we found them and playing a valuable role in society.
- Barclays remuneration should align with risk appetite, risk exposure and conduct expectations. Barclays' remuneration approach is designed to reward employees for achieving results in line with the Group's risk appetite and conduct expectations.

Incentive pool funding

Barclays' performance against non-financial measures, including ESG measures, is explicitly considered in the determination of the incentive pool – impacting pay levels of the wider workforce. In 2023, non-financial performance was assessed against strategic non-financial measures organised around three main categories: Customers & clients, Colleagues and Climate & sustainability. These categories cover a wide range of factors and included specific consideration of how Barclays Group is investing in communities through LifeSkills programmes (including number of people upskilled and placed into work compared against targets) and through the Sustainable Impact Capital portfolio (investments into global climate technology start-ups), as well as performance against Colleague measures, including diversity, inclusion and engagement. The incentive pool is also adjusted to take account of an assessment of a wide range of future risks, including consideration of ESG factors.

Barclays PLC Executive Director remuneration

Annual bonus outcomes and Long Term Incentive Plan (LTIP) award outcomes for the Executive Directors of Barclays PLC are assessed against a framework of measures set by Group's Remuneration Committee at the start of the performance period for each award. A proportion of both annual bonus and LTIP is driven by non-financial performance measures, including measures relating to climate and sustainability and colleagues. The weighting of the Climate & sustainability category is 15% in the 2024-2026 LTIP and 5% in the 2024 annual bonus. The climate-related measures include progress towards the Sustainable and Transition Financing target and supporting communities. Additionally, 5% of the annual bonus and 5% of the LTIP will be determined on Colleague measures, including diversity, inclusion and engagement.

Risk management

h) Definitions, methodologies and international standards on which the social risk management framework is based.

Human Rights

Barclays continues to take action to enhance and further embed our approach to respecting human rights. During 2023 Barclays worked towards two important milestones for our human rights work. completed a saliency assessment of human rights risks in our Corporate and Investment Bank (CIB) financing portfolio to guide our next steps in enhancing the CIB approach to managing human rights risks. Insights from the saliency assessment informed updates to Barclays' Statement on Human Rights. The Statement seeks to reflect our evolving approach to human rights and align with the relevant normative frameworks, in particular the UN Guiding Principles on Business and Human Rights (UNGPs). The Statement reiterates our commitment to respecting human rights as defined in the International Bill of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work (ILO Declaration). Our approach is guided by the UNGPs and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. It also incorporates our Focus Areas for Progress, which set out our plans to enhance our approach to respecting human rights.

In addition, during 2023 the Barclays Group continued its efforts to monitor issues and developments globally that may present new or elevated human rights risks and worked to evaluate its potential involvement and consider its responsibilities to seek to address, these risks.

Barclays also continued to embed human rights considerations into our position statements and related enhanced due diligence approach. For example, in its Forestry and Agricultural Commodities Statement Barclays have introduced a requirement for in-scope clients to have a policy commitment to respect human rights across their operations and supply chain and the expectation that they undertake human rights due diligence across their operations and supply chain.

Barclays is committed to trying to identify and seeking to address modern slavery risks in our supply chain. Regardless of the industry or geography in which its Third Party Service Providers (TPSP) operate, Barclays require them to comply with applicable laws and regulations.

TPSPs that are assessed as being above a low risk of exposure from a business risk perspective become managed TPSPs and are requested to complete an annual self attestation against topics contained within Barclays' TPSP Code of Conduct (TPSP CoC). The TPSP CoC identifies Barclays' expectations with regards to respecting human rights through areas such as occupational health and safety, freely chosen employment, avoidance of child labour and practices which could lead to exploitation of workers, freedom of religion and belief in the workplace, freedom of association and collective bargaining, zero tolerance for discrimination, harassment and abuse, accessible grievance and whistleblowing mechanisms. These expectations (which relate to human rights topics) are an important part of Barclays' efforts to meet its responsibility to respect human rights.

Barclays continues to strengthen the way it identifies and assesses modern slavery and it describes the ways it aims to do this in its Modern Slavery Statement. Barclays is continuing to work with its TPSPs to support its ambition that those making up 70% of its addressable spend will have a modern slavery policy or standard in place by 2025.

Barclays' standard Third Party Service Provider (TPSP) terms include an obligation on the TPSPs to respect internationally recognised human rights – including not using forced, bonded or involuntary prison labour or engaging in any practices constituting modern slavery or human trafficking. The terms also require Barclays' TPSPs to use reasonable efforts to procure the same of their affiliates and subcontractors.

Barclays' people policies

Barclays' people policies help it recruit the best people, provide equal opportunities and create an inclusive culture in line with its Purpose, Values and Mindset, and in support of its long term success. They are regularly reviewed and updated to ensure alignment with the Barclays Group's broader people strategy.

Supplementary disclosure on ESG risks (continued)

i) Processes to identify, measure and monitor activities and exposures (and collateral where applicable) sensitive to social risk, covering relevant transmission channels.

All clients in-scope of the Barclays Group's standards (Climate Change Statement: thermal coal-mining, coal-fired power generation, mountain-top coal removal, oil sands, Arctic oil & gas and hydraulic fracturing ('fracking') and clients in-scope of the Barclays Group's Forestry and Agricultural Commodities, World Heritage Sites and Ramsar Wetlands and Defence and Security) must be assessed annually via a detailed Sustainability enhanced due diligence questionnaire, which is used to evaluate their performance on a range of environmental and social issues and may be supplemented by a review of client policies / procedures, further client engagement and adverse media checks as appropriate. This annual review either generates an Environmental and Social Impact (ESI) risk rating (low, medium, high), or in the case of Defence and Security an assessment against risk appetite, which in turn determines whether further review and client engagement may be required throughout the year.

High and certain medium ESI rated clients would require further risk assessment prior to execution of transactions with those clients where client relationships or transactions are assessed as higher-risk (high or medium ESI rating) or outside appetite (in the case of Defence and Security) following a Sustainability enhanced due diligence review, they are then considered for escalation to the appropriate business unit review committee (e.g. BBplc Transaction Review Committee) for consideration and a decision on whether to proceed if transaction related. Business unit review committees comprise of Business management and representatives from the control functions, including Reputation risk.

Should the front office business team or the Sustainability and ESG team believe the issues are sufficiently material, these clients/relationships would be escalated to the Group Transaction Review Committee (GTRC) for more senior consideration and decision.

j) Activities, commitments and assets contributing to mitigate social risk.

See point (i) above.

k) Implementation of tools for identification and management of social risk.

Barclays also continues to embed human rights considerations into its position statements and related enhanced due diligence approach. For example, in its Forestry and Agricultural Commodities Statement Barclays introduced a requirement for in-scope clients to have a policy commitment to respect human rights across their operations and supply chain and the expectation that they undertake human rights due diligence across their operations and supply chain. Barclays' aim is to enhance its existing position statements and associated enhanced due diligence processes to better reflect the salient human rights issues identified through its assessment of CIB.

In 2023 the Barclays Group assessed the most salient human rights risks in our Corporate and Investment Bank financing portfolio. The Barclays Group intend to undertake over time a number of actions to enhance its approach to the management of these issues.

For more detailed information on Barclays' approach to managing human rights and other Social or Environmental risks associated with clients, please see BB PLC Annual Report 2023 and Statements and Policy Positions section of the Barclays website.

l) Description of setting limits to social risk and cases to trigger escalation and exclusion in the case of breaching these limits.

See point (d)(iv) on due diligence escalation routes.

m) Description of the link (transmission channels) between social risks with credit risk, liquidity and funding risk, market risk, operational risk and reputational risk in the risk management framework.

Environmental and social risks are governed and managed through the Barclays Group's Enterprise Risk Management Framework (ERMF), setting out Barclays' strategic approach for risk management by defining standards, objectives and responsibilities for all areas of Barclays. The ERMF is complemented by a number of other frameworks, policies and standards, all of which are aligned to individual Principal Risks.

Governance risk

Governance

a) Institution's integration of counterparties governance performance in their governance arrangements, including committees of the highest governance body, committees responsible for decision-making on economic, environmental, and social topics.

Environmental and social risks are governed and managed through the Barclays Group Enterprise Risk Management Framework (ERMF), setting the strategic approach for risk management by defining standards, objectives and responsibilities for all areas of Barclays. The ERMF is complemented by a number of other frameworks, policies and standards, all of which are aligned to individual Principal Risks.

Approach to Enhanced Due Diligence (EDD)

Enhanced Due Diligence: The Barclays Group's standards currently include an enhanced due diligence approach for certain clients operating in the following energy sub-sectors covered by the Barclays Group's Climate Change Statement: thermal coal mining, coal-fired power generation, mountain-top coal removal, oil sands, Arctic oil & gas and hydraulic fracturing ('fracking') and clients in-scope of our Forestry and Agricultural Commodities, World Heritage Sites and Ramsar Wetlands and Defence and Security standards where a similar approach is taken. This approach will be extended to cover the additional sectors brought into scope of the updated Climate Change Statement.

All clients in-scope of the above mentioned standards must be assessed annually via a detailed Sustainability enhanced due diligence questionnaire, which is used to evaluate their performance on a range of environmental and social issues and may be supplemented by a review of client policies / procedures, further client engagement and adverse media checks as appropriate. This annual review either generates an Environmental and Social Impact (ESI) risk rating (low, medium, high), or in the case of Defence and Security an assessment against risk appetite, which in turn determines whether further review and client engagement may be required throughout the year.

High and certain medium ESI rated clients would require further risk assessment prior to execution of transactions with those clients.

Supplementary disclosure on ESG risks (continued)

The approach to EDD is tailored depending on specific sub sectors for example counterparties in scope of Climate Change Statement included but not limited to:

- i. The Barclays Group's adherence to the Equator Principles (if a project finance or credit transaction is deemed to be in scope including, where appropriate, any relevant International Finance Corporation (IFC) performance standards;
- ii. The Barclays Group's adherence to local and national environmental regulation and standards and industry best practice;
- iii. The Barclays Group's management and implementation of procedures which minimise direct environmental impacts in the context of their operations;
- iv. The Barclays Group's disclosures in relation to corporate governance and oversight of climate change issues and associated corporate risks, including disclosure against principles such as the Financial Stability Board (FSB) Taskforce on Climate-related Financial Disclosures (TCFD) and appropriate transition plans;
- v. The Barclays Group's approach to and track record in protecting the health and safety of the workforce and local communities;
- vi. The Barclays Group's approach to stakeholder engagement and consultation, including its commitment and adherence to the principles of Free Prior Informed Consent (FPIC) where indigenous peoples may be impacted by their operations;
- vii. The Barclays Group's approach to identifying and addressing its human rights impacts, including through due diligence.

b) Institution's accounting of the counterparty's highest governance body's role in non-financial reporting.

See (a) above.

c) Institution's integration in governance arrangements of the governance performance of their counterparties including:

- (i) Ethical considerations**
- (ii) Strategy and risk management**
- (iii) Inclusiveness**
- (iv) Transparency**
- (v) Management of conflicts of interest**
- (vi) Internal communication of critical concerns**

See (a) above, specifically points (i)-(vii).

Risk management

d) Institution's integration in risk management arrangements the governance performance of their counterparties considering:

- (i) Ethical considerations**
- (ii) Strategy and risk management**
- (iii) Inclusiveness**
- (iv) Transparency**
- (v) Management of conflicts of interest**
- (vi) Internal communication of critical concerns**

See (a) above specifically points (i)-(vii).

Escalation and decision

Where client relationships or transactions are assessed as higher-risk (high or medium ESI rating) or outside appetite (in the case of Defence and Security) following a Sustainability EDD review, they are then considered for escalation to the appropriate business unit review committee (e.g. BB plc Transaction Review Committee (TRC), which covers BBI transactions) for consideration and a decision on whether to proceed if transaction related. Business unit review committees comprise of Business management and representatives from the control functions, including Reputation Risk. For transaction-related oversight and approval, the TRC has absorbed the responsibilities of the Climate TRC and reflects the business-as-usual (BAU) approach to reviewing transactions.

In addition to Group-wide escalation, BBI transactions considered to pose reputational risks will be escalated to the Bank CEO and Chair, as appropriate.

Management of credit risk

This section discusses the organisation specific to the management of credit risks.

- **Pages 117 to 127 cover the aspects of BBI's risk management framework specific to credit risk, including committees and reporting structure.**

Management of credit risk

Credit risk

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

Overview

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

Credit risk management objectives are to:

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

Organisation and structure

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

The credit risk management teams are accountable to the BBI Head of Credit Risk and the BBI CRO.

Barclays Bank Ireland PLC Board Risk Committee

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

Barclays Bank Ireland PLC Risk Committee

- Reviews appetite for wholesale and retail credit risk and makes recommendations on the setting of limits to the Board Risk Committee;
- Monitors the risk profile for wholesale and retail credit risk; and
- Reviews and monitors the control environment for wholesale, retail and credit risk.

Consumer Bank Europe Risk Management Committee

- Oversees activities and manages information relating to business portfolios and identify actions needed to mitigate current and arising credit risks;
- Reviews and approves business mandate and scale limits and, where relevant, provides recommendations for limits managed by wholesale and retail risk committees; and
- Reviews relevant decisions made by, and material issues and topics raised by, other forums and committees.

Credit Risk Management Forum

- Monitors the wholesale and retail credit risk profile against plan and agrees required actions;
- Reviews and approves legal entity mandate and scale limits and, where relevant, provides recommendations for limits managed by the Board Risk Committee;
- Reviews wholesale and retail credit risk issues;
- Reviews credit risk policies and framework; and
- Monitors risk appetite consumption – key credit portfolio (mandate and scale) limits.

Roles and responsibilities

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

For wholesale portfolios, credit risk approval is undertaken by experienced credit risk professionals operating within a clearly defined delegated authority framework, with only the most senior credit officers assigned the higher levels of delegated authority. Notable transactions require notification to BBI CEO and BBI CRO, where Principal Risk Gross Distribution amount exceeds €2bn for Investment Grade and €1bn for Non-Investment Grade credits.

Management of credit risk (continued)

In the wholesale portfolios, credit risk managers are organised in sanctioning teams by geography, industry and/or product.

The role of the Central Risk function in the Bank is to provide bank-wide direction, oversight and challenge of credit risk taking. Group Credit Risk sets the Credit Risk Control Framework, which provides the structure within which credit risk is managed, together with supporting credit risk policies and standards. The Group Framework, Policies and Standards are reviewed and recommended for adoption by the Bank's principal risk accountable executive.

Reporting

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

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

Measuring exposures and concentrations

Loans and advances to customers provide the principal source of credit risk to BBI although it is also exposed to other forms of credit risk. Risk management policies and processes are designed to identify and analyse risk, to set appropriate risk appetite, limits and controls, and to monitor the risks and adherence to limits by means of reliable and timely data.

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

Mandate and scale limits are used to maintain concentrations at appropriate levels, which are aligned with the businesses' stated risk appetite. Limits are typically based on the nature of the lending and the amount of the portfolio meeting certain standards of underwriting criteria. Diversification, to reduce concentration risk, is achieved through setting maximum exposure limits to individual counterparties' exposures. Excesses are reported to the BRC.

Monitoring performance and asset quality

Trends in the quality of BBI's loan portfolio are monitored in a number of ways, including tracking loan loss rates and coverage ratios.

The loan loss rate (LLR) provides a way of consistently monitoring trends in loan portfolio quality at the Bank, business and product levels. The LLR represents the annualised impairment charges on loans and advances to customers and other credit provisions as a percentage of the total period-end loans and advances to customers, gross of impairment allowances.

Coverage ratio, or Expected Credit Loss (ECL) as a percentage of exposure, is one of the key credit risk management tools used by the Bank to assess its level of impairment. Further details on ECL coverage, and the five scenarios used in the course of ECL assessment are set out in the BBI PLC Annual Report 2023 on pages 85 to 91.

Total coverage ratios will vary according to the type of product. Overall, coverage ratios would therefore be expected to remain fairly steady over a defined period of time but in principle, a number of factors may affect the Bank's overall coverage ratios, including:

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

Monitoring weaknesses in portfolios

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

Wholesale portfolios

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

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

Management of credit risk (continued)

Examples of unlikelihood to pay include:

- the Bank puts the credit obligation on a non-accrued status;
- the Bank makes a charge-off or account specific identified impairment resulting from a significant perceived decline in credit quality;
- the Bank sells the credit obligation at a material credit-related economic loss;
- the Bank triggers a petition for obligor's bankruptcy or similar order;
- the Bank becomes aware of the obligor having sought or having been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the Bank;
- the Bank becomes aware of an acceleration of an obligation by a firm;
- where the obligor is a bank – revocation of authorisation; and
- where the obligor is a sovereign – trigger of default definition of an approved External Credit Assessment Institution (ECAI) such as a rating agency.

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

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

These lists are updated monthly and circulated to the relevant risk control points. Once an account has been placed on WL, the exposure is monitored and, where appropriate, exposure reductions are effected. While all counterparties, regardless of financial health, are subject to a full review of all facilities on at least an annual basis, more frequent interim reviews may be undertaken should circumstances dictate.

Specialist recovery functions deal with counterparties in higher levels of WL, default, collection or insolvency. Their mandate is working intensively with the counterparty to help them to return to financial health or, in the cases of insolvency, obtain the orderly and timely recovery of impaired debts in order to maximise shareholder value. Where a counterparty's financial health gives grounds for concern, it is immediately placed into the appropriate category.

Retail portfolios

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

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

For mortgage assets, charge-off occurs at 12+ contractual payments in arrears. Once charged-off the mortgage moves through the foreclosure process.

Returning assets to a performing status

Wholesale portfolios

In Wholesale portfolios, an account may only be returned to a performing status when it ceases to have any actual or perceived financial stress and no longer meets any of the WL criteria, or once facilities have been fully repaid or cancelled. Unless a facility is fully repaid or cancelled, the decision to return an account to performing status can be taken by the Credit Risk team.

Retail portfolios

A retail asset, pre-point of charge-off, may only be returned to a performing status in the following circumstances:

- an up-to-date (i.e. not in arrears in relation to the agreed Forbearance programme) Non- Performing Forbearance (NPF) may be reclassified as Performing Forbearance (PF) upon receipt (on-time) of all due payments (at current agreed repayment amount), over a 12-month period
- an up-to-date (i.e. not in arrears in relation to the agreed Forbearance programme) PF may be reclassified to the 'in order' book when the customer completes a minimum probation period of 24 months from the point of entering PF, even if they are no longer on a Forbearance programme. They must also meet the following criteria:
 - 12 consecutive on-time payments have been made during the probation period at the agreed repayment amount (i.e. the forbearance amount while forbearance is continuing or the contractual monthly payment (CMP) once forbearance has concluded)
 - arrears must not have been >30 days past due during the probation period
 - account is not past due at the point of exit.
 - If a performing forbore contract under probation is granted additional forbearance measures or becomes more than 30 days past-due, it is classified as non-performing.

For Italian residential mortgages, accounts may also be considered for rehabilitation post charge-off, where customer circumstances have changed. The customer must clear all unpaid capital and interest, and confirm their ability to meet full payments going forward.

Management of credit risk (continued)

Recovery units

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

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

For mortgage assets charge-off occurs at 12+ contractual payments in arrears. Once charged-off, the mortgage moves through the foreclosure process.

Foreclosures in process and properties in possession

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

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

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

Writing off assets

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

The timing and extent of write-offs may involve some element of subjective judgement. Nevertheless, a write-off will often be prompted by a specific event, such as the inception of insolvency proceedings or other formal recovery action, which makes it possible to establish that some or the entire advance is beyond realistic prospect of recovery. The position of impaired loans is also reviewed at least quarterly to make sure that irrecoverable advances are being written off in a prompt and orderly manner and in compliance with any local regulations.

For Retail portfolios, the timings of the write-off points are established based on the type of loan. For unsecured loans, assets in the recoveries book will be written-off if the required qualifying repayments are not made within a rolling twelve-month period. For secured loans, the shortfall after the receipt of the proceeds from the disposal of the collateral is written off within three months of that date if no repayment schedule has been agreed with the borrower. Such assets are only written off once all the necessary procedures have been completed and the amount of the loss has been determined.

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

Assessment of impairment under IFRS9

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

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

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

• Stage 1: Performing risk assets

In scope items classified as stage 1 exposure for IFRS9 purposes are those assets performing in line with expectations in place at the point of origination/acquisition. This includes new originations or purchased assets (from the point of initial origination), but excludes exposures deemed credit impaired at point of origination.

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

• Stage 2: Significantly deteriorated risk assets

Assets classified as stage 2 exposures for IFRS9 purposes are those where credit risk has significantly increased compared with expectations at point of origination/acquisition, but which are not yet considered 'Credit Impaired'.

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

Management of credit risk (continued)

– Quantitative Test

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

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

– Qualitative Test

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

– Backstop Criteria

For Retail portfolios, adverse changes in payment status must be considered within the assessment, and accounts 1 or more contractual payment in arrears at reporting date classified under stage 2, except where:

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

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

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

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

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

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

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

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

• Stage 3: Credit impaired risk assets

Assets classified as stage 3 exposures for IFRS9 purposes are those where credit risk has increased to a point where they are now considered 'Credit Impaired'. For retail portfolios, this incorporates all accounts in forbearance, regardless of whether classified as performing or non-performing for EBA reporting purposes. For wholesale portfolios cases of forbearance not captured by stage 3 (i.e. those not meeting the regulatory definition of default - EBA classification of non-performing) must be classified as stage 2 until such time as the relevant forbearance probation period has been completed.

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

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

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

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

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

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

Management of credit risk (continued)

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

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

Governance and oversight of impairment under IFRS 9

BBI leverages the Barclays Group wide processes in overseeing the estimation of ECL, including: i) setting requirements in policy, including key assumptions and the application of key judgements; ii) the design and execution of models; and iii) review of ECL results.

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

Models must also assess ECL across a range of future economic conditions. These economic scenarios are generated via an independent model and ultimately set by the Senior Scenario Review Committee and oversight conducted within the Bank. Economic scenarios are regenerated at a minimum twice annually, to align with the Bank's medium term planning exercise, but also if the external consensus of the relevant economies materially worsen. Each model used in the estimation of ECL, including key inputs, are governed by a series of internal controls, which include the validation of completeness and accuracy of data in golden source systems, documented data transformations and documented lineage of data transfers between systems.

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

Forbearance and other concession programmes

Forbearance programmes

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

Forbearance programmes for wholesale portfolios

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

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

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

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

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

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

Management of credit risk (continued)

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

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

- There is a pending maturity event anticipated at the onset of lending i.e. the loan was never structured to amortise to zero.
- A maturity extension or a temporary covenant waiver (e.g. short term standstill) is granted to support a period of negotiation, subject to BBI being satisfied that:
 - the debtor is actively pursuing refinancing or the sale of an asset enabling full repayment at expiry of the extended term;
 - no loss is anticipated;
 - payments of interest and capital continues as originally scheduled;
 - there is a high probability of a successful outcome within a 'reasonable' time scale (6 months for bilateral facilities, 9 months for multi-lender).

Forbearance is considered evidence of a Significant Increase in Credit Risk and all forbore debtors are impaired as IFRS9 stage 2 (Lifetime Expected Credit Loss) regardless of Watch List category as a minimum for the lifetime of the forbearance. Those forbearance cases in regulatory default will attract stage 3 impairment treatment.

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

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

Non-Performing debtors are defined as:

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

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

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

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

Forbearance programmes for retail portfolios

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

When an account is placed into a programme of forbearance, the asset will be classified as such until a defined cure period has been successfully completed, incorporating a successful track record of payment in line with the revised terms, upon which it will be returned to the up-to-date book. When BBI agrees a forbearance programme with a customer, impairment allowances recognise the impact on cash flows of the agreement to receive less than the original contractual payments. The Retail Impairment Policy prescribes the methodology for the impairment of forbearance assets, in line with the IFRS9 methodology adopted in January 2018. Forborne exposures are classified as stage 3 (credit impaired) assets under IFRS9, until such time as the prescribed stage 3 cure criteria have been met, resulting in higher impairment than for fully performing assets, reflecting the additional credit risk attached to loans subject to forbearance.

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

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

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

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

Management of credit risk (continued)

circumstances where a customer has requested a term extension, interest rate reduction or further advance and there is evidence of financial difficulty is the loan classified as forborne and included in the disclosures on forbearance on page 163 of the BBI PLC Annual Report 2023.

Other programmes

Retail re-aging activity

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

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

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

Re-aged assets are included in portfolios High Risk population, and are classified as stage 2 assets (i.e. as having significantly increased credit risk) for IFRS9 impairment purposes. This results in an appropriately higher impairment allowance being recognised on the assets.

Retail small arrears capitalisation

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

Refinancing risk

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

From a large corporates perspective, refinancing risk will typically be associated with loans that have an element of bullet repayment incorporated into the repayment profile. Refinancing risk is taken into account on a case by case basis as part of the credit review and approval process for each individual loan. The review will consider factors such as the strength of the business model and sustainability of the cash flows; and for bridge loans, the certainty of the sources of repayment and any associated market risk.

Commercial real estate loans will frequently incorporate a bullet repayment element at maturity. Where this is the case, deals are sized and structured to enable BBI to term out the loan if the client were unable to refinance the loan at expiry. Credit review will incorporate an examination of various factors that are central to this consideration, such as tenant quality, tenancy agreement (including break clauses), property quality and interest rate sensitivity.

Environmental risk

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

The approach to environmental credit risk management addresses risk under two categories, namely Direct risk and Indirect risk, which are covered below.

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

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

More information on our approach to managing risks associated with climate change can be found on page 51 of the BBI PLC Annual Report 2023.

Management of credit risk (continued)

Management of credit risk mitigation techniques and counterparty credit risk

Counterparty credit risk arises from derivatives and similar contracts. This section details the specific aspects of the risk framework related to this type of credit risk. As credit risk mitigation is one of the principal uses of derivative contracts by banks, this is also discussed in this section.

- On page 126 a high level description of the types of counterparty credit exposures incurred in the course of the Bank's activity supplements the analytical tables on pages 49 to 53.
- Mitigation techniques specific to counterparty credit risk are also discussed.
- A more general discussion of credit risk mitigation (covering traditional credit risks) is also included from page 125.

Credit risk mitigation

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

- netting and set-off;
- collateral; and
- risk transfer.

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

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

Netting and set-off

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

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

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

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

Collateral

BBI has the ability to call on collateral in the event of default of the counterparty, comprising any or a combination of the following:

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

Risk transfer

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

- if the risk is transferred to a counterparty which is more creditworthy than the original counterparty, then overall credit risk is reduced;
- where recourse to the first counterparty remains, both counterparties must default before a loss materialises. This is less likely than the default of either counterparty individually so credit risk is reduced;
- first loss exposures across pools of credit risk can be hedged via synthetic securitisation structures, typically via credit lending notes (CLN) issuance. As these are fully funded upfront they provide for a direct reduction in credit risk exposure on referenced pools.

Management of credit risk (continued)

Detailed policies are in place to appropriately recognise and record credit risk mitigation.

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

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

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

Off-balance sheet risk mitigation

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

Recognition of credit risk mitigation in capital calculations

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

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

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

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

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

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

Managing concentrations within credit risk mitigation

Credit risk mitigation taken by BBI to reduce credit risk may result in credit or market risk concentrations.

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

Commercial real estate lending is another potential source of concentration risk arising from the use of credit risk mitigation. The portfolio is regularly reviewed to assess whether a concentration risk in a particular region, industry or property exists, and portfolio limits are in place to control the level of exposure.

Counterparty credit risk

Counterparty credit exposures for derivatives and securities financing transactions

BBI enters into financial instruments that are traded or cleared on an exchange, including interest rate swaps, futures and options on futures. Holders of exchange traded instruments provide daily margins with cash or other securities at the exchange, to which the holders look for ultimate settlement.

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

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

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

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

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

'Wrong-way risk' in a derivative or SFT exposure arises when there is significant correlation between the underlying asset and the counterparty, which in the event of default would lead to a significant MTM loss to the counterparty. Specific wrong-way risk trades, which are self-referencing or reference to other entities within the same counterparty group, require approval by a senior credit officer.

Management of credit risk (continued)

The exposure to the counterparty will reflect the additional risk generated by these transactions (the exposure will be consistent with jump-to-default of the reference asset assuming zero recovery).

Derivative CCR (credit value adjustments)

As BBI participates in derivative transactions it is exposed to CCR, which is the risk that a counterparty will fail to make the future payments agreed in the derivative contract. This is considered as a separate risk to the volatility of the MTM payment flows. Modelling this counterparty risk is an important part of managing credit risk on derivative transactions.

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

CVAs for derivative positions are calculated as a function of the expected exposure, which is the average of future hypothetical exposure values for a single transaction or group of transactions with the same counterparty, the credit spread for a given horizon and the LGD.

The expected exposure is calculated using Monte Carlo simulations of risk factors that may affect the valuation of the derivative transactions in order to simulate the exposure to the counterparty through time. These simulated exposures include the effect of credit mitigants such as netting, collateral and mandatory break clauses. Counterparties with appropriate credit mitigants will generate a lower expected exposure profile compared to counterparties without credit mitigants in place for the same derivative transactions.

Netting and collateral arrangements for derivatives and SFTs

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

Collateral may be obtained against derivative and SFTs, depending on the creditworthiness of the counterparty and/or nature of the transaction. Any non-cash collateral taken in respect of OTC trading exposures will be subject to a 'haircut', which is negotiated at the time of signing the collateral agreement. A haircut is the valuation percentage applicable to each type of collateral and will be largely based on liquidity and price volatility of the underlying security, as well as the counterparty's creditworthiness. The collateral obtained for derivatives is predominantly either cash, direct debt obligation government (G14+) bonds denominated in the domestic currency of the issuing country, debt issued by supranationals or letters of credit issued by an institution with a long-term unsecured debt rating of A+/A3 or better. Where BBI has ISDA master agreements, the collateral document will be the ISDA CSA. The collateral document must give Barclays the power to realise any collateral placed with it in the event of the failure of the counterparty.

Management of market risk

This section describes the governance structure specific to the management of market risks, as well as a discussion of measurement techniques.

- **Market risks are varied, and a range of techniques must be used to manage them. From page 129 we provide an overview of the market risks we incur across BBI**
- **The governance structure specific to market risks is discussed on page 129**
- **Market risk, the risk of loss arising from potential adverse changes in the value of the Bank'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, is covered on pages 129 to 135. Measurement techniques such as VaR, are discussed, as well as techniques applied when statistical techniques are not appropriate.**

Management of market risk

Market risk

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

Overview

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

Organisation and structure

Barclays Bank Ireland PLC Board Risk Committee

- Reviews and recommends the Bank's risk appetite for market risk to the Board
- Reviews material events impacting market risk

Barclays Bank Ireland PLC Risk Committee

- Monitors the risk profile with respect to financial risk appetite;
- Debates and agrees actions on the financial risk profile and risk strategy across the Bank; and
- Considers issues escalated by risk type heads and business risk directors.

Barclays Bank Ireland PLC Market Risk Sub Committee

- Oversees the management of the Bank's market risk profile; and
- Reviews arising market or regulatory issues.

Market risk resides primarily in the Markets and Treasury businesses. These businesses have the mandate to assume market risk. Market risk oversight and challenge is provided by business committees and BBI committees, including the Market Risk Sub Committee. The front office and Treasury trading desks are responsible for managing market risk on a day-to-day basis, where they are required to understand and adhere to all limits applicable to their businesses. The Market Risk team oversee the trading desks with the day-to-day limit management of market risk exposures through governance processes which are outlined in supporting market risk policies and standards.

Roles and responsibilities

The objectives of market risk management are to:

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


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

The Board approves market risk appetite. The CRO is responsible for the market risk control processes and agrees with the business a limit framework within the context of the approved market risk appetite.

The BBI Market Risk Sub Committee reviews and makes recommendations concerning the BBI market risk profile. This includes reviewing market dynamics, regulatory issues, and limit utilisation levels. The committee is chaired by the Head of Market Risk and attendees include business aligned market risk managers and the Heads of the Markets business.

Risk management in the setting of strategy

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

 See page 95 for more detail on the role of risk management in the setting of strategy.

Market risk culture

Market risk managers are independent from the businesses they cover, and their line management reports into the CRO. This embeds a risk culture with strong adherence to limits that support the BBI risk appetite constraint.

 See page 90 for more detail on risk culture.

Management of market risk (continued)

Management of market risk, mitigation and hedging policies

The risk management governance structure informs the risk identification process and governs the management and measurement for market risk. Market risk is generated primarily as a result of client facilitation in wholesale markets, involving market making activities, risk management solutions and execution of syndications. Treasury supports the businesses in managing their non-traded market risk. Positions will contribute both to market risk limits and regulatory capital if relevant.

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

Market risk measurement – management view

Market risk measures

A range of complementary approaches to measure market risk are used which aim to capture the level of losses that BBI is exposed to due to unfavourable changes in asset prices. The primary tools to control the exposures are:

Measure	Description
Management Value at Risk (VaR)	An estimate of the potential loss arising from unfavourable market movements, if the current positions were to be held unchanged for one business day.
Primary stress tests	An estimate of the potential losses that might arise due to liquid risk factors from extreme market moves or scenarios.
Secondary stress tests	An estimate of the potential losses that might arise due to illiquid risk factors from extreme market moves or scenarios.
Business scenario stresses	Multi-asset scenario analysis of severe, but plausible events that may simultaneously impact market risk exposures across all primary and secondary stresses.

The use of Management VaR for market risk is broader than the application of VaR for regulatory capital, and captures standardised, advanced and certain banking books where market risks are deemed to exist. The wider scope of Management VaR includes positions whose accounting treatment is Fair Value through Profit or Loss (FVTPL) in the banking book as defined in the Market Risk Framework. The scope used in Regulatory VaR is narrower as it applies only to trading book and FX and Commodity risk on banking book positions as defined by CRR and the ECB.

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

Management VaR

- estimates the potential loss arising from unfavourable market movements, over one day for a given confidence level;
- differs from the Regulatory VaR used for capital purposes in scope and confidence level.

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

Risk factor	Description
Interest rate	Risk arises from changes in the level or shape of interest rate curves and volatilities can impact the price of interest rate sensitive assets, such as bonds and derivatives instruments. For example, the price of an interest rate swap will vary due to changes in the absolute level of interest rates and/or in the shape of the yield curve.
Foreign exchange	Risk arises from changes in foreign exchange rates and volatilities.
Equity	Risk due to changes in equity prices, volatilities and dividend yields, for example as part of market making activities, syndication or underwriting of initial public offerings.
Commodity	Risk arises from providing clients and investors with access to a range of commodity products on both a derivative and physical basis.
Traded credit	Risk arises from changes in credit quality impacting the prices of assets, for example positions such as corporate bonds, securitised products and credit based derivative instruments, including credit default swaps. Similar to interest rate risk, the price of these assets will change as the credit quality of the asset (or its pricing index in the case of credit based derivative instruments) changes.
Securitised products	Risk arises from structured cash flow positions predominantly of an asset-backed nature, and their derivatives. The market value of these positions is influenced by the interplay of the cash-flow structure with changes in credit quality and value of assets backing the positions, as well as changes in the level and shape of interest rate curves.

The Management VaR model in some instances may not appropriately measure some market risk exposures, especially for market moves that are not directly observable via prices, especially for risks that are not suitable for capture within VaR, such as correlation risk. Market risk managers are required to identify risks which are not adequately captured in VaR ('Risks Not In Model Engines' or 'RNIMES', discussed below).

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

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

Management of market risk (continued)

- VaR does not indicate the potential loss beyond the VaR confidence level.

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

Primary stress tests

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

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

- interest rates: shock to the level and structure of interest rates and inflation across currencies;
- credit: impact on traded corporate credit exposures and securities structures, including across rating grades, geography, sectors and products;
- foreign exchange: impact of unfavourable moves in currency prices and volatility;
- equity: shocks to share prices including exposures to specific markets and sectors; and
- commodities: adverse commodity price changes across both physical and derivative markets.

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

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

Secondary stress tests

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

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

For each asset class, secondary stresses are aggregated to a single stress loss which allows the business to manage its liquid and illiquid risk factors.

Stresses are specific to the exposure held and are calibrated on both observed extreme moves and some forward-looking elements as appropriate.

Business scenario stresses

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

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

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

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

- the impact of a large financial institution collapse; or
- a disorderly exit of quantitative easing programmes, including unexpected rapid and continuous interest rate rises as a result.

Market risk measurement – regulatory view

Regulatory view of traded positions

For regulatory purposes, the trading book is defined as one that consists of all positions in CRD financial instruments and commodities held either with trading intent, or in order to hedge other elements of trading, and which are either free of any restrictive covenants on their tradability, or able to be hedged. A CRD financial instrument is defined as a contract that gives rise to both a financial asset of one party and a financial liability or equity instrument of another party.

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

Inclusion of exposures in the regulatory trading book

The Barclays Group maintains a Trading Book Policy which BBI adopts, which defines the minimum requirements a business must meet to run trading positions and the process by which positions are allocated to trading or banking books. Trading intent is a key element in deciding whether a position should be treated as a trading or banking book exposure.

Management of market risk (continued)

Positions in the trading book are subject to market risk capital, computed using models where regulatory approval has been granted, otherwise the market risk capital requirement is calculated using standard rules as defined in the Capital Requirement Regulation (CRR), part of the CRD IV package. If any of the criteria specified in the policy are not met for a position, then that position must be allocated to the banking book.

Most of BBI's market risk regulatory models are assigned the highest model materiality rating. Consequently, the Regulatory VaR model is subject to annual re-approval by the Independent Validation Unit. The Independent Validation Unit makes an assessment of model assumptions and considers evidence of model suitability provided by the model owner. The following table summarises the models used for market risk regulatory purposes and the applicable regulatory thresholds.

Valuation standards

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

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

Regulatory measures for Market risk

There are a number of regulatory measures which the Group has permission to use in calculating regulatory capital (internal models approval):

Measure	Definition
Regulatory Value at Risk (VaR)	An estimate of the potential loss arising from unfavourable market movements calibrated to 99% confidence interval and ten-day holding period.
Stressed Value at Risk (SVaR)	An estimate of the potential loss arising from a twelve-month period of significant financial stress calibrated to 99% confidence interval and ten-day holding period.
Incremental Risk Charge (IRC)	An estimate of the incremental risk arising from rating migrations and defaults, beyond what is already captured in specific market risk VaR for the non-correlation trading portfolio. Uses a 99.9% confidence level and a one-year horizon.

Regulatory VaR

- Estimates the potential loss arising from unfavourable market movements.
- Regulatory VaR differs from the management approach in the following respects:

VaR Variable	Regulatory	Management
Confidence interval	99%	95%
Scope	As approved by the regulator	Management view of market risk exposures. Includes trading books and banking books exposed to price risk
Look-back period	1 year	1 year
Liquidity Horizon (holding period)	10 days	1 day

Regulatory VaR allows oversight of the total potential losses, at a given confidence level, of those trading books which received approval from the regulator to be covered via an internal model. BBI uses a Regulatory VaR model that diversifies general and specific market risk for regulatory capital. Market risks are captured in the Regulatory VaR model using either full revaluation or an approximate revaluation approach depending on the type of product. When simulating potential movements in risk factors, returns are modelled using a combination of absolute changes, proportional changes or a blended mix of these two approaches.

Management VaR allows BBI to supervise the total market risk across BBI, including all trading books and some banking books.

Regulatory VaR is calculated using a historical simulation method similar to Management VaR (see page 130), with the key differences listed above.

Stressed Value at Risk (SVaR)

- Estimates the potential loss arising from unfavourable market movements in a stressed environment.
- Identical in scope to Regulatory VaR, but calibrated over a one-year stressed period.
- For regulatory capital calculation purposes BBI computes a market risk capital requirement based on a one-day scaled to ten-day, 99% VaR metric calibrated to a period of significant financial stress. This SVaR capital requirement is added to the market risk capital requirement arising from regulatory VaR and the Incremental Risk Charge on an undiversified basis.

The SVaR model is similar to the VaR model used by BBI, with the exception that the SVaR model must be calibrated to a one-year period of significant financial stress for the entity ('the SVaR period'). BBI selects the SVaR period to be a one-year period that maximises Regulatory VaR for positions in scope of regulatory approval. The SVaR period is reviewed on a monthly basis or when required by material changes in market conditions or the trading portfolio.

SVaR cannot be meaningfully back-tested as it is not sensitive to current market conditions. Many market risk factors with complete historical data over a one-year period may not have complete data covering the SVaR period and consequently, more proxies may be required for SVaR than for VaR. The SVaR metric itself has the same strengths and weaknesses as BBI's VaR model.

Management of market risk (continued)

Incremental Risk Charge (IRC)

- Captures risk arising from rating migrations and defaults for traded debt instruments incremental to that already captured by Regulatory VaR and SVaR.

IRC captures the risk arising from ratings migrations or defaults in the traded portfolio. IRC measures this risk at a 99.9% confidence level with a one-year holding period and applies to all positions in scope for specific risk including sovereign exposure.

BBI's IRC model simulates default and ratings transition events for individual names. The behaviour of names is correlated with one another to simulate a systemic factor to model the possibility of multiple downgrades or defaults. The correlations between non-sovereign names are based on the Basel-defined correlations stipulated in the IRB approach to measuring credit risk capital, with a fixed correlation between sovereign names.

BBI's IRC model simulates the impact of a ratings transition by estimating the improvement or deterioration in credit spreads resulting from the transition and assumes that the historically observed average change in credit spreads (measured in relative terms) resulting from ratings transitions provides an accurate estimate of likely widening or tightening of credit spreads in future transitions. For each position, the model computes the impact of spread moves up or down at pre-specified relative movements, and the actual impact is obtained by interpolating or extrapolating the actual spread move from these pre-computed values.

BBI's IRC model assumes that ratings transitions, defaults and any spread increases occur on an instantaneous basis.

Table 58: Market risk models selected features

Component modelled	Number of significant models and sizes of associated portfolio (RWEAs)	Model description and methodology	Applicable regulatory thresholds
As at 31 December 2023			
Regulatory VaR	1 model; €750m	Equally-weighted historical simulation of potential daily P&L arising from market moves	Regulatory VaR is computed with ten-day holding period and 99% confidence level
SVaR	1 model; €1,828m	Same methodology as used for VaR model, but using a different time series	Regulatory SVaR is computed with ten-day holding period and 99% confidence level
IRC	1 model; €1,192m	Monte Carlo simulation of P&L arising from ratings migrations and defaults	IRC is computed with one-year holding period and 99.9% confidence level
RNIV	1 model; €1,462m	N/A	Commensurate with stress testing liquidity horizons

Regulatory back-testing

Back-testing is the method by which BBI checks and affirms that its procedures for estimating VaR are reasonable and serve its purpose of estimating the potential loss arising from unfavourable market movements. The back-testing process is a regulatory requirement and seeks to estimate the performance of the regulatory VaR model.

Performance is measured by the number of exceptions to the model i.e. actual or hypothetical P&L loss in one trading day is greater than the estimated VaR for the same trading day.

BBI procedures could be underestimating VaR if exceptions occur more frequently than expected (a 99% confidence interval indicates that one exception will occur in 100 days). Back-testing is performed at a legal entity level using BBI's regulatory VaR model.

Regulatory back-testing compares Regulatory VaR at 99% confidence level (one-day holding period equivalent) to actual and hypothetical¹ changes in portfolio value as defined in CRR Article 366.

A back-testing exception is generated when a loss is greater than the daily VaR for any given day. As defined in the CRR, a green status is consistent with a good working VaR model and is achieved for models that have four or fewer back-testing exceptions in a 250-day period. Back-testing counts the number of days when a loss exceeds the corresponding VaR estimate, measured at the 99% regulatory confidence level.

The table below shows BBI's VaR back-testing exceptions as at 31 December 2023. Model performance determines regulatory capital. Disclosure is also relevant from a management perspective as the VaR model and model performance are key metrics.

BBI's regulatory VaR model was in green status for the year to 31 December 2023.

Legal Entity	Actual P&L		Hypo P&L	
	Total Exceptions	Status ^a	Total Exceptions	Status ^a
BBI	0	Green	0	Green

Note:

a. Status as at year end.

Note:

1. Hypothetical (Hypo) changes in portfolio value are the change in the value of the portfolio held at the end of the previous day using market data at the end of the current day.

Management of market risk (continued)

The chart below shows VaR for BBI.

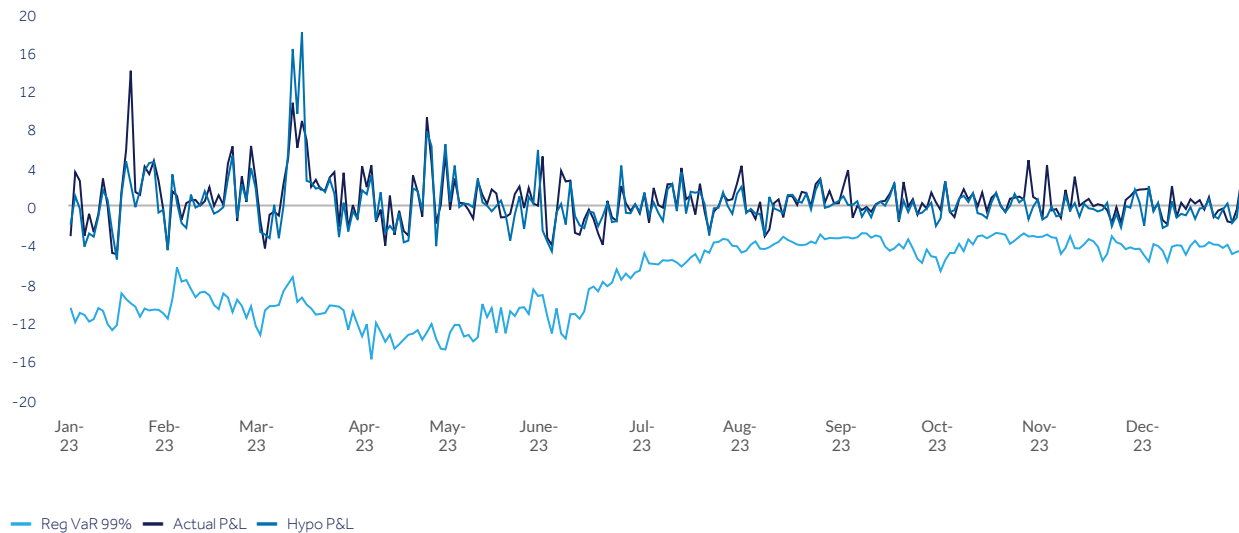
In addition to being driven by market moves in excess of the 99% confidence level, back testing exceptions can be caused by risks that impact P&L not captured directly in the VaR itself but separately captured as non VaR-type, namely Risks Not in Model Engine (RNIMEs).

Exceptions are reported to internal management and regulators on a regular basis and investigated to evaluate the model performs as expected.

MR4-Comparison of VaR estimates with gains/losses

BBI

(€m)



Management of risks not fully captured in models, including Risks Not in Model Engine (RNIMEs)

BBI's risk identification process captures risks that either have been observed to, or have the capacity to, produce material losses in normal and stressed market conditions. To maintain risk coverage, the range of core risks is continually assessed for completeness using either market convention, regulatory guidance, or portfolio monitoring; and for new products or changes to existing products, is considered as part of the New and Amended Product Approval (NAPA) process.

In some instances, the Management and Regulatory VaR model may not appropriately measure some market risks, especially where market moves are not directly observable via prices. Barclays Group has policies (which BBI adopts) to apply add-ons where risks are not captured by the model. RNIMEs refer to those core risks that are not captured, or not adequately captured, in VaR and SVaR. RNIMEs can include:

- risks not fully captured elsewhere and/or illiquid risk factors such as cross-risks;
- basis risks;
- higher-order risks;
- calibration parameters, for instance to model parameter uncertainty; and
- potential losses in excess of fair valuation adjustments taken in line with the Valuation Control Framework. Please see Note 15 in the BBI PLC Annual Report 2023 'Fair value of assets and liabilities' for more details of fair value adjustments.

The treatment of RNIMEs follows whether the risks are considered VaR type or non-VaR type, which depends on, and can change with, the evolving state of financial markets:

- VaR-type RNIMEs: Typically represent risks that are not well captured in VaR, mainly because of infrastructure limitations or methodology limitations. In this instance two metrics are calculated, a VaR RNIME and a SVaR RNIME, using the same confidence level, capital horizon and observation period as VaR and SVaR respectively and are capitalised using the same multipliers as VaR and SVaR
- Non VaR-type RNIMEs: Typically represent risks which would not be well captured by any VaR model either because it represents an event not historically observed in the VaR time series (e.g., currency peg break) or a market risk factor which is not seen to move frequently (e.g. correlation). These are typically estimated using stress scenarios. The stress methodology is calibrated equivalently to at least 99% confidence level and a capital horizon of at least 10 days over an appropriate observation period, depending on the liquidity of the risk. For the purpose of regulatory capital, the capital charge is equal to the loss arising from the stress test except when these risks are already adequately captured elsewhere e.g. via the IRC model, which is intended to capture certain risks not adequately covered by VaR.

For regulatory capital these RNIMEs are aggregated without any offsetting or diversification benefit.

Management of market risk (continued)

Market risk control

The metrics that are used to measure market risk are controlled through the implementation of appropriate limit frameworks. Limits are set at the total BBI level, asset class level e.g. interest rate risk, and at business level e.g. rates trading. Stress limits and portfolio sensitivity limits are also used to control risk appetite.

BBI limits are reported to the BBI BRC and are set at the BBI level for total management VaR, primary stresses, secondary stresses and scenario stress. Lower level limits by business are set by risk managers to monitor and control overall risk appetite utilisation.

Each limit is set after consideration is given to revenue generation opportunities and overall risk appetite approved by the Board. Compliance with limits is monitored by the independent control functions in the trading businesses with oversight provided by BBI Market Risk.

Throughout 2023, BBI Market Risk continued its ongoing programme of control testing and conformance testing on the trading businesses' market risk management practices. These reviews are intended to verify the business's conformance with the Market Risk Control Framework and best practices.

Market risk reporting

Trading businesses market risk managers produce a number of detailed and summary market risk reports daily, weekly, fortnightly and monthly for business and risk managers. Summaries are presented at Market Risk Sub Committee and the trading businesses' various market risk committees. The overall market risk profile is also presented to BRC on a regular basis.

Management of securitisation exposures

Securitisations give rise to credit, market and other risks. This section discusses the types of business activities and exposures that we incur in the course of activities related to securitisations.

- **The objectives pursued in securitisation activities and the types of activities undertaken are discussed on page 137**
- **A description of the risks incurred in the course of securitisation activities, and how we manage them, is contained on pages 137 to 139**

Management of securitisation exposures

This section discloses information about BBI's securitisation activities, distinguishing between the various functions performed in supporting its customers and managing its risks.

For the purposes of the Pillar 3 disclosures on pages 58 to 63, a securitisation is defined as a transaction or scheme where the payments are dependent upon the performance of a single exposure or pool of exposures and where the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme. Such transactions are ordinarily undertaken to transfer risk for BBI or on behalf of a client.

Certain transactions undertaken by BBI are not disclosed in the quantitative section (pages 58 to 63) as they do not fall under the regulatory securitisation framework (the new securitisation Regulation (EU) 2017/2402 (the Securitisation Regulation) and Regulation (EU) 2017/2401 (amendments to Capital Requirements Regulation or CRR)). These include funding transactions for the purposes of generating term liquidity, and certain government guaranteed transactions.

Objectives of securitisation activities

In the course of its business, BBI has undertaken securitisations of third party assets via special purpose vehicles.

BBI participates in primary securitisations and distributes bonds to the market to facilitate term liquidity for its clients.

BBI also purchases asset backed loans and securities for the purpose of supporting its client franchise. BBI makes a secondary market on behalf of Barclays International (BI) for its European clients for a range of securitised products formally under the Day One markets booking model¹. This may include securitisations that would meet the relevant STS criteria.

The role and involvement of Barclays Bank Ireland in securitisations in 2023

BBI adopts the following roles in the securitisation processes in which it is involved:

Originator of assets prior to securitisation

BBI does not originate assets specifically for the purpose of securitising them. BBI will, from time to time, purchase assets and originate securitisations.

Providing warehousing facilities collateralised by third party assets prior to securitisation or exit via whole-loan sale

BBI provides warehouse financing to third party loan originators and aggregators.

Executor of securitisation trades including bond marketing and syndication

BBI executes across the following products Residential Mortgage Back Securities (RMBS), Asset Back Securities (ABS), Collateralized Loan Obligation (CLO) and Commercial Mortgage Back Securities (CMBS) with institutional investors and other broker-dealers on behalf of BI reflecting the Day One booking model. In certain instances, BBI also holds a portion of securitisations or securitised exposures, which is required for risk retention purposes.

Funding transactions to generate term liquidity

No funding securitisations were arranged in 2023².

Risk transfer transactions

BBI has not entered into synthetic or cash securitisations of corporate or commercial loans (originated in the ordinary course of business) for the purposes of the transfer of credit risk to third party investors. Where transactions are entered into whereby BBI purchases assets for the purpose of securitising them, it will seek to claim risk transfer in line with SRT and commensurate risk processes. These are notified to the Joint Supervisory Team (JST) as appropriate.

BBI does however employ a financial guarantee structure to transfer corporate loan credit risk from BBI to BBPLC in respect of loans held by BBI and which have been hedged under BBPLC's Colonnade risk transfer programme.

Securitisation risks, monitoring and hedging policies

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

Credit risks

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

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

The principal committee responsible for the monitoring of the credit risk arising from securitisations is Wholesale Credit Risk Management Committee (WCRMC) at Group level and BE CRMF at BBI level.

The provision of implicit support to any securitisation vehicle is strictly prohibited under CRR and under Barclays' internal policies and standards.

Notes:

¹ Day One markets booking model follows a back to back model, where market risk is transferred to a Barclays affiliate (BBPLC, BCSL and/or BCI) or a Third party on a one to one, trade by trade basis.

² Alstertal is a retained securitisation with no immediate funding benefit. It will however be used for the purposes of generating contingent liquidity.

Management of securitisation exposures (continued)

Market and liquidity risks

Market risk for securitised products is measured, controlled and limited through a suite of VaR, non-VAR and stress metrics in accordance with BBI's and Group Market Risk Policies and Procedures. The key risks of securitisation structures are interest rate, credit, spread, prepayment and liquidity risk. Interest rate and spread risk are hedged with standard liquid interest rate instruments including interest rate swaps, Government bonds and futures). The universe of hedging instruments for credit and prepayment risk is limited and relatively illiquid, resulting in basis risks because, in practice, credit spread risk is typically macro-hedged via liquid credit index hedges. In providing warehouse financing, BBI is exposed to mark to market (if counterparty defaults on related margin call).

Hedging

Securitisation and re-securitisation exposures benefit from the relative seniority of the exposure in the capital structure. Due to lack of availability in the credit default swap market for individual asset backed securities, there are no material CDS hedge counterparties relating to the securitisation and re-securitisation population.

Operational risks

Operational risks are incurred in all of BBI's operations. In particular, all securitised (and re-securitised) assets are subject to a degree of risk associated with documentation and the collection of cash flows.

The BBI Risk Committee oversees the management of operational risks for the entire range of BBI's activities.

Rating methodologies, ECAIs and RWEA calculations

RWEAs reported for securitised and re-securitised banking book and trading book assets at 31 December 2023 are calculated in line with CRR rules and guidance. Securitisation positions therefore attract RWEAs under either the standardised approach (Sec-SA) or external-ratings-based approach (Sec-ERBA). With BBI no longer using an IRB model, it cannot use the internal-ratings-based approach (Sec-IRBA). Where the exposures meet the STS criteria, the methodology for risk weighting will not change, but the resulting risk weight may change, in line with CRR.

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

As required by CRR, BBI uses credit ratings issued by these ECAIs consistently for all exposures within the securitisation exposure class. For that reason, there is no systematic assignment of particular agencies to types of transactions within the securitisation exposure class.

Summary of the accounting policies for securitisation activities

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

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

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

Any financial support or contractual arrangements provided to unconsolidated entities, over securitised assets, would be recognised as a liability on balance sheet if it meets the relevant IFRS criteria, or gives rise to a provision under IAS 37, and have to be disclosed (see Note 32 in the BBI PLC Annual Report 2023). Note, however, that BBI has a Significant Risk Transfer policy that does not allow for any support to be provided to any transactions that fall under the Significant Risk Transfer framework.

Assets may be transferred to a third party through a legal sale or an arrangement that meets the 'pass-through' criteria where the substance of the arrangement is principally that BBI is acting solely as a cash collection agent on behalf of the eventual recipients.

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

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

Management of securitisation exposures (continued)

Any retained interests, which will consist of loans and/or securities depending on the nature of the transaction, are valued in accordance with BBI's Accounting Policies, as set out in the BBI PLC Annual Report 2023. To the extent that these interests are measured at fair value, they will be included within the fair value disclosures in the financial statements in the Annual Report. As outlined in these disclosures, key valuation assumptions for retained interests of this nature will include spreads to discount rates, default and recovery rates and prepayment rates that may be observable or unobservable.

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

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

Securitisation Special Purpose (SSPE) which acquire exposures originated by the institution:

Name of entity	Role of institution	Securitisation type
DELPHI SECURITIES NO 1 DAC	Originator	Traditional transactions
GLENBEIGH 1 ISSUER 2021-1 DESIGNATED ACTIVITY COMPANY	Originator	Traditional transactions
JAMESTOWN RESIDENTIAL 2021-1	Originator	Traditional transactions
KINSALE SECURITIES RMBS DAC	Originator	Traditional transactions
LAST MILE LOGISTICS PAN EURO FINANCE DAC	Originator	Traditional transactions
MONAGHAN SECURITIES RMBS DESIGNATED ACTIVITY COMPANY	Originator	Traditional transactions
ROSSBEIGH 1 WAREHOUSE DAC	Originator	Traditional transactions
SUMMERHILL RESIDENTIAL 2021-1	Originator	Traditional transactions

Management of treasury and capital risk

This section provides an overview of the management of liquidity risk, capital risk and interest rate risk in the banking book.

- **Liquidity risk, with a focus on how it is managed so that high quality liquid assets are adequate to meet all its contractual and monetary obligations at all times, is discussed on pages 141 to 143.**
- **Capital risk, including how the risks of insufficient capital and leverage ratios and pension risk are managed, is discussed on pages 143 to 145.**
- **The management of Interest rate risk in the banking book is discussed on pages 145 to 146.**

Management of treasury and capital risk

Treasury and capital risk

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

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

Interest rate risk in the banking book: The risk that the Bank is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities. In addition, methodologies to measure and risk manage credit spread risk in the banking book are under review.

Overview

BBI Treasury manages treasury and capital risk exposure on a day-to-day basis, with the Asset and Liability Committee (ALCO) acting as the principal management body. To enforce effective oversight and segregation of duties and in line with the ERMF, the Treasury and Capital Risk function is responsible for oversight of key capital, liquidity, interest rate risk in the banking book (IRRBB) and pension risk management activities. The following describes the structure and governance associated with the risk types within the Treasury and Capital Risk function.

Organisation and structure

Barclays Bank Ireland PLC Board Risk Committee

- Reviews and recommends the Bank's risk appetite for treasury and capital risk to the Board
- Reviews material issues impacting treasury and capital risk
- Recommends the approval of Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP') to the Board

BBI Risk Committee

- Reviews and recommends risk appetite to the Board Risk Committee
- Escalates material issues impacting treasury and capital risk to the Board Risk Committee
- Reviews and recommends the ICAAP and ILAAP to the Board Risk Committee for approval

Liquidity risk management

Overview

The efficient management of liquidity is essential to the Bank in retaining the confidence of the financial markets and maintaining the sustainability of the business. Treasury and Capital Risk has a control framework in place for managing liquidity risk and this is designed to maintain liquidity resources that are sufficient in amount, quality and funding tenor profile to remain within the liquidity risk appetite as expressed by the Bank's Board based on internal and regulatory liquidity metrics.

This is achieved via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

BBI maintains a range of management actions for use in a liquidity stress, these are documented in the Contingency Funding Plan. Since the precise nature of any stress event cannot be known in advance, management actions are designed to be flexible to the nature and severity of the stress event and provide a menu of options that can be drawn upon as required.

Roles and responsibilities

The Treasury and Capital Risk function is responsible for the management and governance of the liquidity risk mandate defined by the Board. Treasury has the primary responsibility for managing liquidity risk within the set risk appetite and for the production of the ILAAP.

The control framework incorporates a range of ongoing business management tools to monitor, limit and stress test the Bank's balance sheet and contingent liabilities and the Recovery Plan. Limit setting and transfer pricing are tools that are designed to control the level of liquidity risk taken and drive the appropriate mix of funds. Together, these tools reduce the likelihood that a liquidity stress event could lead to an inability to meet the Bank's obligations as they fall due. The control framework is subject to internal conformance testing and internal audit review.

The Board approves the Bank's funding plan, internal stress tests and results of regulatory stress tests, Contingency Funding Plan and the Bank's Recovery Plan. The Bank's ALCO is responsible for monitoring and managing liquidity risk in line with the Bank's funding management objectives, funding plan and risk frameworks. The Bank's Risk Committee monitors and reviews the liquidity risk profile, the control environment, and limit utilization of liquidity risk appetite. The Bank's Board Risk Committee reviews the risk profile, and annually reviews risk appetite and the impact of stress scenarios on the Bank's funding plan/forecast in order to agree its projected funding abilities.

Management of treasury and capital risk (continued)

The Bank's Recovery Plan contains more severe recovery options to generate additional liquidity in order to facilitate recovery in a severe stress. Any stress event would be regularly monitored and reviewed using key management information by Treasury, Risk and business representatives.

Ongoing management business	Early signs / mild stress	Severe stress	Recovery
<ul style="list-style-type: none"> Stress testing and planning Liquidity limits Early warning indicators 	<ul style="list-style-type: none"> Monitoring and review Management actions requiring minimal business rationalisation 	<ul style="list-style-type: none"> Monitoring and review Management actions with limited impact on franchise 	<ul style="list-style-type: none"> Activate appropriate recovery options to restore the capital and/or liquidity position of the entity

Risk Appetite and planning

The Bank has established an internal liquidity stress test (ILST) to quantify the level of liquidity risk it is exposed to in pursuit of its business objectives and in ensuring compliance with its regulatory obligations. The ILST forms part of the Liquidity Risk Appetite (LRA).

The key expression of the liquidity risk is through both external (Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR)) and internal stress tests. Internal stress tests comprise of three short term scenarios and one long term scenario. The internal scenarios are measured with reference to the liquidity pool compared to anticipated net stressed outflows under each respective stress.

The LRA for internal liquidity stress tests is approved by the Board. The ILST is reviewed on a continuous basis and is subject to formal review at least annually as part of the ILAAP.

Statement of LRA: For 2023, the Board had approved that the Bank expresses its liquidity risk appetite based on the constraints set by its internal and regulatory-prescribed stress tests, to ensure that it maintains sufficient liquidity resources and stable sources of funding under normal and stressed conditions.

- 30 days in a Barclays specific stress
- 30 days in a combined stress
- 90 days in a market wide stress
- 12-months stress: All financial institutions are impacted by a market-wide stress triggered by a global pandemic exacerbated by a further tail-end risk in month 7.
- LCR 30 days minimum ratio 100%
- NSFR minimum ratio 100%

The stress outflows are used to determine the size of the Bank's Liquidity Pool, which represents those resources immediately available to meet outflows in a stress. In addition to the liquidity pool, the control framework and policy provides for other management actions, including generating liquidity from other liquid assets on BBI's balance sheet in order to meet additional stress outflows, or to preserve or restore the Liquidity Pool in the event of a liquidity stress.

Liquidity limits

The Bank manages limits on a variety of on and off-balance sheet exposures. These limits serve to control the overall extent and composition of liquidity risk taken by managing exposure to the cash outflows.

Early warning indicators

Treasury monitors a range of market indicators for early signs of liquidity risk either in the market or specific to the Bank, a sample of which are shown in the table below. These are designed to immediately identify the emergence of increased liquidity risk to maximise the time available to execute appropriate mitigating actions. Early Warning Indicators (EWIs) are used as part of the assessment of whether to invoke the Bank's Contingency Funding Plan, which provides a framework for how the liquidity stress would be managed.

Examples of early warning indicators		
Reduction in 'sticky' deposits	Deterioration in stress test surplus	Rising funding costs
Widening CDS Spreads	Change in maturity profile	Stress in financial markets

Management of treasury and capital risk (continued)

Recovery and resolution planning

The Bank maintains a Recovery Plan which provides a framework to effectively manage a severe financial stress. The Recovery Plan is revised and tested annually to ensure it remains relevant and proportionate to the nature, scale and complexity of the business. The Recovery Plan includes all relevant detail to ensure effectiveness as a resource to support the Bank's Exco and Board in management of a financial crisis, including details on how the plan integrates with:

- a. BAU monitoring of capital and liquidity EWIs to detect signs of financial stress;
- b. Existing processes with Treasury and Risk to respond to mild/moderate stress (i.e. prior to invocation of the Recovery Plan); and
- c. Governance process for execution of the Recovery Plan.

The Recovery Plan contains a wide range of options to ensure feasible options are available for use in a range of crisis situations. The annual testing for the plan assesses the applicability of the recovery options to four modelled stress scenarios, devised to create a range of situational factors. The recovery capacity is assessed for each of these scenarios on a standalone basis for Bank, excluding reliance on parental organisation support.

The Bank's financial crisis governance structure includes the Bank's ExCo as the crisis leadership and decision-making body, supported by the Bank's ALCO as the advising body on capital and liquidity. These two bodies, along with the Bank's Board, would also interact with the equivalent fora in the Group crisis governance structure to coordinate Group-wide responses, and to ensure the Bank's leadership is integrated within overall decision-making during the crisis response.

Execution of the Recovery Plan is guided by a Recovery Plan crisis playbook, defining key actions, roles and procedures.

Liquidity risk governance

Treasury and Capital Risk have created a framework for liquidity risk under which the Treasury function operates. The control framework describes liquidity risk management processes, associated policies and controls that Barclays Group and BBI have implemented to manage liquidity risk within the LRA and is subject to annual review. Internal architecture is in place to record and measure our Group-wide liquidity metrics reporting.

The Board sets the LRA based on the internal liquidity stress test and external regulatory requirements, namely LCR and NSFR. The LRA is represented as the level of liquidity risk the Bank is prepared to accept in pursuit of its business objectives and in meeting its regulatory obligations. The approved LRA is implemented in line with the control framework and policy for liquidity risk.

Capital risk management

Overview

Capital risk is managed through ongoing monitoring and management of the capital and leverage position, regular stress testing and a robust capital governance framework. The Bank aims to prudently manage its overall leverage position (including risk of excessive leverage) by utilising plausible stress scenarios, reviewing and deploying management actions in response to deteriorating economic and commercial positions. In order to manage contingent leverage risk, the Bank considers the context from which the business consumption arises, the impact of client utilisation on leverage and the available actions to manage.

Roles and responsibilities

The management of capital risk is integral to the Bank's approach to financial stability and sustainability management, and is embedded in the way businesses and legal entities operate.

Capital risk management is underpinned by a control framework and policy. The capital management strategy, outlined in BBI capital plans, is developed in alignment with the control framework and policy for capital risk, and is implemented consistently in order to deliver on BBI's objectives.

The Board approves the Bank's capital plan, internal stress tests and results of regulatory stress tests, and the Bank's recovery plan. The ALCO is responsible for monitoring and managing capital risk in line with the Bank's capital management objectives, capital plan and risk frameworks. The Risk Committee monitors and reviews the capital risk profile and control environment, providing second line oversight of the management of capital risk. The Board Risk Committee reviews the risk profile, and annually reviews risk appetite and the impact of stress scenarios on the Bank's capital plan/forecast in order to agree BBI's projected capital adequacy.

Local management assures compliance with an entity's minimum regulatory capital requirements by reporting to the local Asset and Liability Committees with oversight also from the Risk Committee.

Treasury has the primary responsibility for managing and monitoring capital adequacy. The Treasury and Capital Risk function provides oversight of capital risk. Production of the Bank's ICAAP is the responsibility of BBI Treasury.

In 2023, the Bank complied with all regulatory minimum capital requirements. Contingent leverage risk is managed by: i) setting comprehensive leverage (and RWEA) targets for each business as part of the Treasury capital management process, taking into account adherence to early warning indicators and maintain a healthy leverage ratio, and; ii) Monitoring execution of actions taken to course-correct as necessary.

Capital risk management strategy

The Bank's capital management strategy is driven by its strategic aims and the risk appetite set by the Board. BBI's objectives are achieved through well embedded capital management practices.

Capital planning and allocation

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

Management of treasury and capital risk (continued)

The ECB determines the regulatory capital requirements for BBI. Under these regulatory frameworks, capital requirements are set in consideration of the level of risk that BBI is exposed to and the factors described above, and are measured through both risk-based Risk Weighted Assets (RWEAs) and leverage-based metrics.

The Bank expects to meet the minimum requirements for capital and leverage at all times and also holds an internal buffer sized according to its assessment of capital risk.

Through the capital planning process, capital limits allocations are approved by the Executive Committee, taking into consideration the risk appetite and strategic aims of the Bank.

Internal capital adequacy assessment process (ICAAP)

The purpose of the ICAAP is to review the Bank's business strategy as reflected in its medium term plan, against the risks the Bank faces and the performance constraints set by the Board. It assesses whether the Bank is adequately capitalised under a variety of scenarios.

Capital adequacy is assessed by verifying the following conditions:

- Regulatory and supervisory capital requirements are met through the assessment of a credible baseline scenario and an adverse scenario / internal stress test;
- The internal stress test passes the risk appetite constraints set by the Board; and
- The Bank holds sufficient loss absorbing capital to cover economic risks. To assess this, capital supply, based on an internal definition approved by the Board, is compared to total economic capital demand for all risks, Pillar 1 and Pillar2, to which the Bank is exposed.

Monitoring and reporting

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

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

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

Stress testing and risk mitigation

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

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

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

Transferability of capital

Where capital is surplus to internal capital ratio targets, the Board may consider if a repatriation to the immediate parent is appropriate. This repatriation would be in the form of dividends and/or capital repatriation. All dividends and capital repatriations would require both Board and regulatory approval. This approach provides optimal flexibility on the re-deployment of capital across legal entities. At Barclays Group, capital is managed as a whole as well as for its operating subsidiaries to allow fungibility and redeployment of capital while meeting relevant internal and regulatory targets at entity levels.

Foreign exchange risk

The Bank has capital resources solely in euro. Its risk weighted assets are mainly denominated in euro currency. Changes in foreign exchange rates result in changes in the euro equivalent value of foreign currency denominated RWEAs. Due to the composition of the balance sheet being largely euro, BBI's CET1 ratio is not materially sensitive to foreign currency movements.

Pension risk

The Bank maintains a number of defined benefit pension schemes for past and current employees. The ability of the pension fund to meet pension payments is maintained through investments and contributions.

Pension risk arises because the market value of the pension fund assets might decline; investment returns might reduce; or the value of the pension liabilities might increase. BBI monitors the pension risks arising from its defined benefit pension schemes and works with the relevant pension fund's trustees to address shortfalls. In these circumstances, BBI could be required, or might choose to make extra contributions to the pension fund. BBI's main defined benefit scheme was closed to future accrual in 2013, a plan in Hamburg was transferred to a multi-employer scheme during 2020, while another small plan in Portugal is closed to new members but still accruing benefits for a small number of employees.

Management of pension risk

Due to the legal structure of the Bank's defined benefits pension funds and the role of the Trustees, risk appetite cannot be determined or enforced with regard to pension risk. However, whilst risk appetite cannot be controlled for individual schemes, Barclays must ensure that the Risk Appetite at Group and entity levels is calibrated to accommodate exposure to pension risk.

Management of treasury and capital risk (continued)

Pension Forums

The Pension Executive Board (PEB) has accountability for the effective operation of pensions across Barclays Group and Barclays Bank Ireland. It is the most senior executive body for pensions in Barclays.

The PEB is not created or mandated under the ERMF. However, this forum provides Risk the opportunity to discuss and comment on pension risk in a wider context with other relevant stakeholders from HR, Legal, Treasury and Finance.

Key Pension Risk controls and governance include:

- Annual review, challenge and proposal of the IAS19 financial assumptions used for the calculation of the pension scheme liabilities used in Barclays Bank Ireland disclosures.
- Representation and input at key pension forums.
- Input into Barclays Bank Ireland's ICAAP for pension risk.
- Input into Barclays Bank Ireland's strategic planning and stress test exercises.
- Provision of independent oversight of the pension risk profiles from Barclays Bank Ireland's perspective.
- Coordination of response to regulatory initiatives, developments and proposals on pensions, which may include inputs from material overseas schemes.

Interest rate risk in the banking book management

Definition

Interest rate risk in the banking book (IRRBB) is defined as the risk that the firm is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.

Overview

IRRBB is driven by customer deposit taking and lending activities, investments in the liquid asset portfolio and funding activities. Hedging strategies are executed to manage IRRBB in line with the IRRBB policy and the Bank's defined risk appetite. Interest rate risk arises from a number of sources:

- **Gap Risk:** the risk of adverse impact from a change in interest rates, resulting from the differences in the timing of interest rate changes between assets and liabilities.
- **Option Risk:** the risk of adverse impact from the discretion that customers and counterparties may have in respect of being able to vary their contractual obligations with the Bank (behavioural option risk). This also includes the explicit risk of embedded terms being triggered at various interest rate levels (automatic option risk).
- **Basis Risk:** the risk that arises when floating rate products are linked to different interest rate indices, which are imperfectly correlated, especially under stressed market conditions.

Roles and responsibilities

The Bank's ALCO is responsible for monitoring and managing IRRBB risk in line with the Bank's management objectives and risk frameworks. The Bank's Risk Committee and Group Treasury and Capital Risk Committee monitors and reviews the IRRBB risk profile and control environment, providing second line oversight of the management of IRRBB. The Bank's Board Risk Committee reviews the interest rate risk profile, including annual review of the risk appetite and the impact of stress scenarios on the Bank's IRRBB position.

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

Management of IRRBB

IRRBB management begins with the identification of risk across the balance sheet, where it is modelled and measured to reflect any behavioural assumptions such as customer optionality and duration. IRRBB management also forms part of new product approval processes and/or product design, the terms of which may be formally revised in response to a changing interest rate environment (e.g. to allow for negative rate charging). Hedging strategies are designed and implemented to manage the IRRBB within the business and entity risk appetite. External hedges may be entered into to manage within the risk appetite and the accounting treatment of these hedges will be aligned to the accounting treatment of the assets and liabilities being hedged to best manage any accounting volatility.

Summary of measures for non-traded market risk

IRRBB is measured monthly using the following risk metrics:

Measure	Definition
Net Interest Income (NII)	A measure of the potential change in Net Interest Income (NII) due to an adverse interest rate movement over a specified time horizon.
Economic Value of Equity (EVE)	A measure of the potential change in the present value of expected future cash flows due to an adverse interest rate movement, based on the existing balance sheet expected run-off profile.
Behavioural Stress Loss	A measure of the potential loss from an adverse shock to market variables, combined with changes in customer behaviour and mismatches between product and hedge profiles (residual risk).

Management of treasury and capital risk (continued)

Net Interest Income (NII)

NII measures the sensitivity of net interest income over a specified time horizon, typically one-year, although multi-year projections are also run. It is calculated as the difference between the estimated income using the expected rate forecast and the lowest estimated income following a parallel increase or decrease in interest rates. This metric provides a measure of how interest rate risk may impact the Bank's earnings, providing a simple comparison between risk and returns.

The main model assumptions are:

- The balance sheet is kept at the current level, i.e. no growth is assumed, and run-off balances are reinvested to maintain a constant balance sheet. Contractual positions are adjusted for an assumed behavioural profile, to align with the expected product life-cycle.
- Forecast net interest income accounts for expected pricing changes to managed rate products, both in the base and shocked scenarios, including the impact of either implied or explicit product rate floors, in line with product terms and conditions.
- Market rates are floored in line with the EBA guidance for the prescribed shocks. Further management actions in response to interest rate shocks are excluded.
- For supervisory outlier tests, a 50% weighting to currency-aggregated gains for NII shocks has been implemented in line with EBA/RTS/2022/10

NII sensitivity is measured against a range of instantaneous parallel shocks (both up and down) on a monthly basis, in all yield curves. Limits are set against some of these shocks for the purposes of risk appetite and limit monitoring.

As NII provides a view on the earnings impacts of interest rate risk over a defined time horizon, Economic Value of Equity metrics are also monitored to complement the view, as this captures the IRRBB impact of risk exposures over the full expected behavioural life.

Economic Value of Equity (EVE)

EVE calculates the change in the present value of the Bank's expected future cash-flows across the six prescribed scenarios as defined by EBA guidelines. The EVE calculation measures sensitivity in terms of present value, while NII measures income sensitivity, and as such are complementary.

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

The main model assumptions are:

- All cash flows are included within EVE scenarios, with commercial margins excluded and discounted at the relevant risk-free interest rate. Market rates are floored in line with EBA guidance for the six prescribed shocks.
- CET1 instruments and other perpetual own funds without a call date are excluded from the calculation. Deposits which have no defined maturity date have been profiled according to their relevant behavioural maturity which aligns to the Bank's hedging strategy. The profile of non-maturing deposits is constant between the base and shock scenarios as the baseline profile is prudently managed to mitigate changing customer behaviour in shocked scenarios.
- Fixed-rate customer balances, where customers have the option to adjust repayments, include expected customer behaviours, with the baseline Conditional Prepayment Rate adjusted by 20% in shocked scenarios.
- EVE is calculated by currency and aggregated with positive changes weighted by 50%.

Limits are set against an appropriate range of shocks for the purposes of risk appetite and limit monitoring. EVE scenarios are run which include and exclude commercial margins, so that this impact can be isolated. Risk appetite and limit framework is reviewed annually.

Management of operational risk

The sources of operational risks, and how those risks are managed, are detailed in this section.

- The types of risks that are classified as operational risks are described on page 148.
- Governance, management and measurement techniques are covered on pages 148 to 150.

Management of operational risk

Operational risk

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

Overview

The management of operational risk has three key objectives:

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

The Bank has regulatory approval to use the Standardised Approach (TSA) for operational risk regulatory capital purposes. The Barclays Group operates within a strong system of internal controls which enables business to be transacted and risk taken without exposing the Bank to unacceptable potential losses or reputational damages. The Barclays Group has an overarching 'ERMF' that sets out the approach to internal governance, and which is adopted by the Bank.

Organisation and structure

Barclays Bank Ireland PLC Business Risk & Control Fora

- Manage and oversee the risk and control environments at BBI business unit / function / country level
- Escalate to Barclays Bank Ireland PLC Risk and Control Committees

Barclays Bank Ireland PLC Board Risk Committee

- Approves the operational risk framework
- Oversees operational risk capital
- Recommends and monitors operational risk appetite and the residual risk position, supported by feedback from the Barclays Bank Ireland PLC Board Audit Committee

Barclays Bank Ireland PLC Board Audit Committee

- Oversees the operating effectiveness of the control environment
- Oversees remediation of control issues
- Gives feedback to the Barclays Bank Ireland PLC Board Risk Committee where concerns exist over the impact on residual risk through either the design or operating effectiveness of the control environment

Barclays Bank Ireland PLC Risk Committee

- Reviews and recommends risk appetite across operational risk to the Barclays Bank Ireland PLC Board
- Monitors the BBI risk profile and the utilisation of risk appetite
- Reviews deep dives of specific risks as requested
- Reviews remediation plan and actions taken, and agrees any further action required
- Escalates to the Barclays Bank Ireland PLC Board level

Barclays Bank Ireland PLC Controls Committee

- Oversees the effectiveness of the control environment
- Reviews and recommends the control framework
- Oversees control remediation activities
- Oversees the execution of the Operational Risk Management Framework consistently across BBI
- Oversees risk and internal control matters including significant issues
- Escalates to Barclays Bank Ireland PLC Board level

The Bank adopts the Barclays Group Operational Risk Framework, leveraging the Barclays Group-wide and implementing the Bank – specific processes as appropriate: Operational risk comprises a number of specific risk categories defined as follow:

- **Data Management & Information Risk:** The risk that the Barclays Group data and records are not defined, captured, stored or managed in accordance with their value and legal and regulatory requirements.
- **Financial Reporting Risk:** The risk of a material misstatement or omission within the Barclays Group external financial reporting, regulatory reporting or internal financial management reporting.
- **Fraud Risk:** The risk of financial loss when an internal or external party acts dishonestly with the intent to obtain an undue benefit, cause a loss to, or to expose either the Barclays Group or its customers and clients to a risk of loss.
- **Information Security Risk:** The risk that the Barclays Group information is not protected against potential unauthorised access, use, modification, disruption or destruction.
- **Operational Recovery Planning Risk:** The risk that the Barclays Group does not understand the impact of operational disruption on its business services, is unable to recover business services within agreed timeframes, or does not have the ability to effectively respond to a crisis.
- **Payments Process Risk:** The risk of payments being processed inaccurately, with delays, without appropriate authentication and authorisation. It also covers the risk associated with ineffective management associated with payment/card scheme membership.
- **People Risk:** The set of risks associated with employing and managing people, appropriate resourcing for requirements, recruitment and development risks.

Management of operational risk (continued)

- **Premises Risk:** The risk of business detriment or harm to people due to premises and infrastructure issues.
- **Physical Security Risk:** The risk of business detriment, financial loss or harm to people as a result of any physical security incident impacting the Barclays Group or a Barclays Group's employee - relating to harm to people, unauthorised access, intentional damage to premises or theft or intentional damage to moveable assets.
- **Change Delivery Management Risk:** The risk of failing to deliver and implement the agreed change initiatives and business outcomes required to deliver the Barclays Group and Business Unit Strategy within agreed timelines. This risk exists whenever there is change in flight (delivery risk) and, or, fails to recognise incremental risk to the business that the change may introduce once it is delivered (delivered risk).
- **Supplier Risk:** The risk that is introduced to the firm or entity as a consequence of obtaining services or goods from another legal entity or entities whether external or internal as a result of inappropriate and/or inadequate selection, management, or exit management.
- **Tax Risk:** The risk of unexpected tax cost in relation to any tax for which Barclays is liable, or of reputational damage on tax matters with key stakeholders such as tax authorities, regulators, shareholders or the public. Tax cost includes tax, interest or penalties levied by a taxing authority.
- **Technology Risk:** The risk to the Barclays Group that comes about through its dependency on technological solutions.
- **Transaction Operations Risk:** The risk of an unintentional error in the execution of a customer transaction resulting in delayed or inaccurate processing.

The Operational Risk Taxonomy also includes risks associated with other principal Risks, including Compliance, Legal, Climate, Model, Reputation Risk and the Financial Risks (Credit, Market, Treasury and Capital).

These risks may result in financial and/or non-financial impacts including legal/regulatory breaches or reputational damage.

Connected Risks

The Barclays Group also recognises that there are certain threats/risk drivers which are interconnected and have the potential to impact the Group's strategic objectives. These are referred to as Connected risks and require an overarching and integrated risk management and / or reporting approach, including:

- **Data:** The risks associated with the management, quality and control of data, its protection and confidentiality and its correct usage.
- **Resilience:** The risk of the organisation's ability to anticipate, prevent, adapt, respond to, recover and learn from internal or external disruption, continuing to provide important business services to customers and clients, and minimise any impact on the wider financial system.
- **Third-Party Service Management:** The risk associated with Third-Party Service Providers - defined as all entities that have entered into an arrangement with the Barclays Group in order to provide business functions, activities, goods, and/or services.

Roles and Responsibilities

The prime responsibility for the management of operational risk and the compliance with control requirements rests with the legal entities, business and functional units where the risk arises. The operational risk profile and control environment is reviewed by business management through specific meetings which cover these items. Operational risk issues escalated from these meetings are considered through the second line of defence review meetings. Depending on their nature, the outputs of these meetings are presented to the Operational Risk Committee, BBI Risk Committee, the BBI Board Risk Committee or the BBI Board Audit Committee.

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

The Barclays Group Head of Operational Risk is responsible for establishing, owning and maintaining an appropriate Barclays Group-wide Operational Risk Management Framework and for overseeing the portfolio of operational risk across the Barclays Group. The Bank Head of Operational Risk is responsible for recommending the Bank's adoption of the Operational Risk Framework, ensuring the Bank-specific requirements are recognised through the Bank Addenda where appropriate, and is responsible for monitoring the portfolio of operational risk across the Bank.

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

Specific reports are prepared by Operational Risk on a regular basis for the BBI Risk Committee, and the BBI Board Risk Committee.

Operational Risk Framework

The Operational Risk Framework comprises a number of elements which allow the Bank to manage and measure its operational risk profile and to calculate the amount of operational risk capital that the Bank needs to hold to absorb potential losses. The minimum, mandatory requirements for each of these elements are set out in the Operational Risk Framework and supporting policies. This framework is implemented across the Barclays Group with all businesses and functions required to implement and operate an Operational Risk Framework that meets, as a minimum, the requirements detailed in the operational risk policies.

The Operational Risk Framework is a key component of the ERMF and has been designed to improve risk management and meet a number of external governance requirements including the Basel Capital Accord, the Capital Requirements Directive and Turnbull guidance as an evaluation framework for the purposes of Section 404(a) of the Sarbanes-Oxley Act. It also supports the Sarbanes-Oxley requirements.

Management of operational risk (continued)

The Operational Risk Framework includes the following elements:

Risk and Control Self-Assessments

Risk and control self-assessments (RCSAs) are the way in which the Bank identifies and assesses the risks which are inherent in the material processes operated by the Bank. Managers in the business use the RCSA approach to evaluate the key controls in place to mitigate those risks and assess the residual risk exposure to the Bank. The businesses / functions are then able to make decisions on what action, if any, is required to reduce the level of residual risk to the Bank. These risk assessments are monitored on a regular basis to maintain that each business understands the risks it faces.

Risk Events

An operational risk event is any circumstance where, through the lack or failure of a control, The Bank has actually, or could have, made a loss. The definition includes situations in which the Bank could have made a loss, but in fact made a gain, as well as incidents resulting in reputational damage or regulatory impact only.

A standard threshold is used across the Barclays Group for reporting risk events and part of the analysis includes the identification of improvements to processes or controls, to reduce the recurrence and/or magnitude of risk events. For significant events, both financial and non-financial, this analysis includes the completion of a formal lessons learnt report.

The Bank also maintains a record of external risk events which are publicly available and is a member of the Operational Risk data eXchange (ORX), a not-for-profit association of international banks formed to share anonymous loss data information. This external loss information is used to support and inform risk identification, assessment and measurement.

Operational Risk Appetite

The Barclays Bank Ireland PLC Board approves an Operational Risk Appetite Statement on an annual basis, establishing the level of operational risk that is acceptable in pursuit of the the Bank's strategic objectives.

Operational risks are assessed and monitored against the Board approved Operational Risk Appetite statement, with Risk Reduction Plans established for any risks that are above the acceptable level.

The Operational Risk Profile is monitored through BBI Risk Committee in the context of Operational Risk Appetite.

Key Indicators

Key indicators (KIs) are metrics which allow the Operational Risk Profile to be measured and monitored against Management's Risk Tolerance. KIs include defined thresholds and performance is reported regularly to Management to drive action when risk exceeds acceptable limits.

Risk Scenarios

Risk scenarios are a summary of the extreme potential risk exposures for the Bank covering the complete range of risks. The scenarios include an assessment of the key drivers for the exposure, occurrence and impact of the scenario allowing a review of the corresponding control environment if required. The risk scenario assessments are a key input to the calculation and benchmarking of economic capital requirements (see following section on operational risk measurement). The assessment considers analysis of the current and emerging risk profile, internal and external loss experience, KI's, RCSA's and other relevant information. The businesses and functions analyse potential extreme scenarios, considering the:

- circumstances and contributing factors that could lead to an extreme event;
- potential financial impacts;
- likelihood of an extreme event occurring

Management then determines whether the potential risk exposure is acceptable or whether changes in risk management control or business strategy are required.

The risk scenarios are regularly re-assessed, taking into account trends in risk factors.

Reporting

The ongoing monitoring and reporting of operational risk is a key component of the Operational Risk Framework. Reports and management information are used by the Operational Risk function and by legal entity and business management to understand, monitor, manage and control operational risks and losses.

The operational risk profile is reviewed by senior management at the BBI Risk Committee meetings as well as the Operational Risk Committee and the relevant Barclays Bank Ireland PLC Board Risk Committees.

Operational Risk Measurement

The Bank assesses its Operational Risk Capital requirements using the Standardised Approach (TSA).

Management of model risk

The types of model risk, and how they are managed, are detailed in this section.

- **Model risk is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.**

Management of model risk

Model risk

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

Overview

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

Since models are imperfect and incomplete representations of reality, they may be subject to uncertainty, errors and inappropriate use affecting the accuracy of their output. This can result in inappropriate business decisions being made, financial loss, regulatory risk, reputational risk and/or inadequate capital reporting. Models may also be misused, for instance applied to products that they were not intended for, or not adjusted, where fundamental changes to their environment would justify re-evaluating their core assumptions.

Robust model risk management is crucial to assessing and managing model risk. Strong model risk culture, appropriate technological environment, and adequate focus on understanding and resolving model limitations are crucial components.

Organisation and structure

Barclays allocates substantial resources to identify and record models and their usage, document and monitor the performance of models, validate models and adequately address model limitations. Barclays manages model risk as an enterprise level risk similar to other Principal Risks.

The Barclays Group has a dedicated Model Risk Management (MRM) function that consists of six teams: (i) Independent Validation Unit (IVU), responsible for model validation and approval; (ii) Group Model Risk Governance, responsible for model risk governance, controls and reporting, as well as providing oversight for compliance of the Model Owner community with the Model Risk Framework (MRF); (iii) Framework team, responsible for the Model Risk Policy and associated standards; (iv) Infrastructure Delivery and Oversight, responsible for the delivery of model inventory including associated data quality & reporting and oversight of Quantitative Processes; (v) COO, responsible for strategy, communications and business management; and (vi) Model Risk Measurement and Quantification (MRMQ), responsible for the design of the framework and methodology to measure and, where possible, quantify model risk. It is also responsible for the strategic Validation Centre of Excellence (VCoE), which is an independent quality assurance function within MRM with the mandate to review and challenge validation outcomes. VCoE is aligned to the Group Model Risk Governance team.

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

The Bank's Board has designated a subcommittee of the executive Risk Committee to provide executive oversight of model issues and to assist the Chief Risk Officer to review and challenge the management of model risk by the MRM function within the Bank. This subcommittee escalates issues to the Bank's Executive Risk or Control Committees as appropriate, and regular updates are provided to the Bank's Board.

The MRF is defined and implemented through Model Risk Policy and Standards that prescribe the Barclays Group-wide, end-to-end requirements for the identification, measurement and management of model risk, covering model documentation, development, testing, monitoring, annual review, independent validation and approval, change and reporting processes.

Roles and responsibilities

The key model risk management activities include:

- Correctly identifying models across all relevant areas of the Barclays Group, and recording models in the Barclays Group Models Database (GMD), the Barclays Group-wide model inventory. The heads of the relevant model ownership areas (typically, the business Chief Risk Officers, business Chief Executive Officers, Group Finance Director, Treasurer, etc.) annually attest to the completeness and accuracy of the model inventory.
- Enforcing that every model has a model owner who is accountable for the model. The model owner must sign off models prior to submission to IVU for validation. The model owner works with the relevant technical teams (model developers, implementation, monitoring, data services, and regulatory) to maintain that the model presented to IVU is and remains fit for purpose.
- Overseeing that every model is subject to validation and approval by IVU, prior to being used and on a continual basis. While all models are reviewed and re-approved for continued use each year, the validation frequency and the level of review and challenge applied by IVU is tailored to the materiality and complexity of each model. Validation includes a review of the model assumptions, conceptual soundness, data, design, performance testing, compliance with external requirements if applicable, as well as any limitations, proposed remediation and overlays with supporting rationale. Material model changes are subject to prioritised validation and approval.
- Maintaining specific standards that cover model risk management activities relating to stress testing challenger models, model overlays and vendor models.

Management of compliance risk

This section provides an overview of the management of compliance risk

- **Compliance risk is the risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Bank's products and services and the risk to Barclays, its customers, clients or markets from a failure to comply with the laws, rules and regulations applicable to the Bank.**

Management of Compliance risk

Compliance risk

The risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Bank's products and services (i.e. Conduct risk) and the risk to Barclays, its customers, clients or markets from a failure to comply with the laws, rules and regulations (LRR) applicable to the Bank.

Overview

The Bank defines, manages and mitigates Compliance risk with the objective of providing good customer and client outcomes and protecting market integrity.

Compliance Risk incorporates market integrity, customer protection, financial crime, product design and review, and the newly created LRR risks.

Organisation and structure

The governance of Compliance risk within the Bank is fulfilled through management committees and forums operated by the first and second lines of defence with clear escalation and reporting lines to the Board.

The BBI Risk Committee is the primary second line governance committee for the oversight of the Compliance risk profile. The Risk Committee's responsibilities include the identification and discussion of any emerging Compliance risk exposures in the Bank.

The Board Risk Committee reviews, on behalf of the Board, the management of Compliance risk and the Compliance risk profile for the entity. The Committee also safeguards the independence of, and oversees the performance of, the BBI Compliance Function.

Roles and responsibilities

The Compliance Risk Management Framework (CRMF) outlines how the Bank manages and measures its Compliance risk profile. The Group Chief Compliance Officer is accountable for developing, maintaining and overseeing a Group-wide CRMF. This includes defining and owning the relevant Compliance risk policies which detail the control objectives, principles and other core requirements for the activities of the Group. The Bank's Chief Compliance Officer oversees the performance of these responsibilities for BBI. This includes monitoring and reporting on the consistent application and effectiveness of the implementation of controls to manage Compliance risk. It is the responsibility of the first line of defence to establish controls to manage its performance and assess conformance to these policies and controls as well as the CRMF. The responsibility for LRR risk management sits across various functions and business units, including Legal, Chief Controls Office, Risk and Compliance.

Senior managers are accountable within their areas of responsibility for owning and managing Compliance Risk in accordance with the CRMF.

Compliance as an independent second line function oversees that Compliance risks are effectively identified, managed, monitored and escalated, and has a key role in helping the Bank achieve the right conduct outcomes and evolve a Compliance-risk focused culture.

Management of reputation risk

This section provides an overview of the management of reputation risk

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

Management of reputation risk

Reputation risk

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

Overview

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

Organisation and structure

The Board is the most senior body responsible for reviewing and monitoring the effectiveness of the Bank's management of reputation risk.

Roles and responsibilities

The Group Chief Compliance Officer is accountable for developing a Reputation Risk Management Framework, and Public Policy and Corporate Responsibility is responsible for the publication of appropriate Reputation Risk Policies, Standards and Control requirements and overseeing adherence, as well as providing Reputation Risk management advice and guidance and acting as subject matter experts on Reputation Risk matters. Reputation risk is by nature pervasive and can be difficult to quantify, requiring more subjective judgement than many other risks. The RRMF sets out what is required to manage reputation risk across the Bank.

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

The BBI Chief Compliance Officer is responsible for providing independent second line oversight of BBI Business' adherence to the RRMF.

BBI is required to operate within established reputation risk appetite, and the component businesses of BBI prepare regular updates highlighting their most significant current and potential reputation risks and issues and how they are being managed. These updates are a key internal source of information for the quarterly reputation risk reports which are prepared for the Bank's ExCo and reviewed by the BBI Board.

Management of legal risk

This section provides an overview of the management of legal risk

- **Legal risk is the risk of loss or imposition of penalties, damages, or fines from the failure of the Group to meet applicable laws, rules, regulations or contractual requirements or to assert or defend its intellectual property rights**

Management of legal risk

Legal risk

The risk of loss or imposition of penalties, damages or fines from the failure of the Bank to meet applicable laws, rules, regulations or contractual requirements or to assert or defend its intellectual property rights.

Overview

The multitude of laws and regulations across the globe are highly dynamic and their application to particular circumstances is often unclear. This results in a high level of inherent legal risk which the Bank seeks to mitigate through the operation of a Barclays Group-wide legal risk management framework. This seeks to mitigate legal risk, including through the implementation of Group-wide legal risk policies, requiring engagement of legal professionals in situations that have the potential for legal risk, identification and management of legal risks by those legal professionals, and escalation of legal risk as necessary. Legal risk is also mitigated by the complementary requirements of the compliance risk management framework, including the responsibility of legal professionals to proactively identify, communicate and provide legal advice on applicable laws, rules and regulations. Notwithstanding these mitigating actions, the Bank operates with a level of residual legal risk, for which the Bank has limited tolerance.

Organisation, roles and responsibilities

The Bank's businesses and functions have responsibility for identifying and escalating to the Legal Function legal risk in their areas, as well as responsibility for adherence to control requirements.

The Legal Function organisation and coverage model aligns legal expertise to businesses, functions, products, activities and geographic locations so that the Bank receives legal advice and support from appropriate legal professionals, working in partnership proactively to identify, manage and escalate legal risks as necessary. The Bank is supported specifically by the BBI General Counsel, who draws on the support of the wider Barclays Legal Function as appropriate.

The senior management of the Legal Function oversees, challenges and monitors the legal risk profile and effectiveness of the legal risk control environment across the Barclays Group. The Legal Function provides support to all areas of the Barclays Group and is not formally part of any of the three lines of defence. Except in relation to the legal advice it provides or procures, the Legal Function is subject to oversight from the second line of defence with respect to its own operational and compliance risks, as well as with respect to the legal risk to which the Bank is exposed.

The Barclays Group General Counsel is responsible for developing and maintaining a Barclays Group-wide legal risk management framework. This includes defining the relevant legal risk policies, producing the Barclays Group-wide risk appetite statement for legal risk and oversight of the implementation of controls to manage and escalate legal risk.

The legal risk profile and control environment is reviewed by management through business risk committees and control committees. The BBI Risk Committee is the most senior executive body responsible for reviewing and monitoring the effectiveness of risk management across the Bank. Escalation paths from this committee exist to the Barclays Group Risk Committee and BBI Board Risk Committee.

Organisation and structure

Barclays Bank Ireland PLC Board Risk Committee

- Considers and recommends to the Barclays Bank Ireland PLC Board legal risk appetite and tolerances for the bank
- Reviews the legal risk profile and the management of legal risk for the bank
- Commissions, receives and considers reports on key legal risk issues for the bank

Barclays Group Risk Committee

- Reviews and monitors the legal risk profile with respect to legal risk appetite and tolerances
- Reviews and recommends to the Barclays PLC Board Risk Committee legal risk appetite and tolerances
- Escalates and reports to Barclays Group Board level

Barclays Group Controls Committee

- Oversees the effectiveness of the Barclays Group legal risk control environment with respect to legal risk appetite and tolerances
- Escalates to Group Risk Committee and reports to Barclays Group Board level

Barclays Bank Ireland PLC Risk Committee

- Oversees the legal risk profile for their business with respect to its legal risk appetite and tolerances
- Escalate to Barclays Bank Ireland PLC Board level and Group Risk Committee

Legal Controls Committee

- Oversees, reviews and challenges, as appropriate, the legal risk profile and effectiveness of the legal risk control environment across the Barclays Group with respect to legal risk appetite and tolerances
- Escalates and reports to Barclays Group Risk and Controls Committees as appropriate

Barclays Bank Ireland PLC Controls Committee

- Oversee the effectiveness of the legal risk control environment for their business with respect to its legal risk appetite and tolerances
- Escalates to Barclays Bank Ireland PLC Board level and Barclays Group Controls Committee

Appendices

Appendix A – Countercyclical Capital Buffer

Table 59: CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

The below table shows the geographical distribution of credit exposures relevant to the calculation of the countercyclical buffer in line with CRR Article 440.

Note that exposures in the below table are prepared in accordance with CRD, Article 140 and hence exclude exposures to central governments/banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions, and as such the exposure values differ to those found in the Analysis of credit risk section.

As at 31 December 2023	a	b	c		d	e	f	g			h	i	j	k	l	m
	General Credit Exposures		Relevant credit exposures – Market risk			Securitisations exposure value for non-trading book	Total exposure value	Own Funds requirements			Total	RWA	Own Funds Requirements weights	Counter-cyclical capital buffer rate		
	Exposure Value for SA	Exposure Value for IRB	Sum of long and short positions for trading book exposures for SA	Value of trading book exposures for internal models	Of which: Relevant credit risk exposures - Credit risk			Of which: Relevant credit exposures – Market risk	Of which: Relevant credit exposures – Securitisation positions in the non-trading book	€m					€m	€m
10 Breakdown by Country	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	%	%
Norway	544	-	-	12	-	555	28	2	-	29	364	1.5 %	2.5 %			
Denmark	189	-	-	35	-	224	15	1	-	16	203	0.9 %	2.5 %			
United Kingdom	1,030	-	-	95	45	1,169	74	2	1	77	962	4.0 %	2.0 %			
Sweden	393	-	-	25	111	528	27	-	1	29	362	1.5 %	2.0 %			
Czech Republic	5	-	-	7	-	12	-	1	-	2	21	0.1 %	2.0 %			
Iceland	-	-	-	5	-	5	-	-	-	-	3	-	2.0 %			
Estonia	7	-	-	-	-	7	1	-	-	1	8	-	1.5 %			
Slovakia	-	-	-	-	-	-	-	-	-	-	-	-	1.5 %			
Netherlands	1,910	-	-	105	-	2,014	142	4	-	146	1,828	7.7 %	1.0 %			
Ireland	1,392	-	-	21	1	1,413	103	1	-	104	1,297	5.5 %	1.0 %			
Australia	23	-	21	66	-	109	1	1	-	2	25	0.1 %	1.0 %			
Hong Kong	3	-	-	8	-	11	-	-	-	1	7	-	1.0 %			
Romania	-	-	-	4	-	4	-	-	-	-	1	-	1.0 %			
Croatia	-	-	-	-	-	-	-	-	-	-	-	-	1.0 %			
Germany	7,513	-	-	81	-	7,594	496	4	-	500	6,253	26.3 %	0.8 %			
France	3,719	-	-	234	160	4,113	243	15	2	259	3,242	13.6 %	0.5 %			
Luxembourg	2,553	-	-	11	-	2,564	198	1	-	198	2,477	10.4 %	0.5 %			
Cyprus	8	-	-	1	-	9	1	-	-	1	8	-	0.5 %			
Total (countries with existing CCyB rate)	19,288	-	21	709	316	20,333	1,328	33	4	1,365	17,062	71.8 %				
Italy	5,497	-	9	122	-	5,628	234	9	-	243	3,041	12.8 %	n/a			
Spain	1,376	-	-	38	54	1,468	109	2	1	112	1,400	5.9 %	n/a			
United States	1,115	-	2	181	-	1,297	76	10	-	86	1,074	4.5 %	n/a			
Total (countries with own funds requirements weights 1% or above)	7,988	-	11	341	54	8,393	419	22	1	441	5,515	23.2 %				
Total (rest of the world less than 1% requirement)	1,152	-	11	489	-	1,652	80	14	-	94	1,180	5.0 %	n/a			
20 Total	28,428	-	43	1,539	370	30,379	1,827	69	5	1,901	23,757	100.0 %				

Appendix A – Countercyclical Capital Buffer (continued)

Table 59: CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (continued)

As at 31 December 2022	a	b	c		d	e	f	g			h	i	j	k	l	m
	General Credit Exposures		Relevant credit exposures – Market risk		Value of trading book exposures for internal models	Securitisations exposure value for non-trading book	Total exposure value	Own Funds requirements			Total	RWA	Own Funds Requirements weights	Counter-cyclical capital buffer rate		
	Exposure Value for SA	Exposure Value for IRB	Sum of long and short positions for trading book exposures for SA	Of which: Relevant credit risk exposures - Credit risk				Of which: Relevant credit exposures – Market risk	Of which: Relevant credit exposures – Securitisation positions in the non-trading book							
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	%	%		
10 Breakdown by Country																
Norway	584	-	-	23	-	607	31	-	-	31	384	1.7 %	2.0 %			
Denmark	190	-	-	2	-	192	15	-	-	15	191	0.9 %	2.0 %			
Iceland	-	-	-	7	-	7	-	1	-	1	7	-	2.0 %			
Czech Republic	4	-	-	10	-	14	-	2	-	2	23	0.1 %	1.5 %			
United Kingdom	818	-	-	15	55	888	57	1	1	59	736	3.3 %	1.0 %			
Sweden	569	-	-	6	71	647	33	1	1	34	430	1.9 %	1.0 %			
Estonia	7	-	-	-	-	7	1	-	-	1	7	-	1.0 %			
Hong Kong	3	-	-	-	-	3	-	-	-	-	3	-	1.0 %			
Slovakia	-	-	-	-	-	-	-	-	-	-	-	-	1.0 %			
Bulgaria	-	-	-	-	-	-	-	-	-	-	-	-	1.0 %			
Luxembourg	2,344	-	-	15	-	2,359	188	-	-	188	2,350	10.6 %	0.5 %			
Romania	-	-	-	-	-	-	-	-	-	-	-	-	0.5 %			
Total (countries with existing CCyB rate)	4,519	-	-	79	126	4,725	324	5	2	330	4,131	18.6 %				
Germany	7,362	-	-	223	-	7,585	484	4	-	488	6,093	27.4 %	n/a			
France	4,449	-	1	212	148	4,809	276	2	1	280	3,496	15.7 %	n/a			
Italy	5,807	-	9	22	-	5,838	228	2	-	229	2,868	12.9 %	n/a			
Netherlands	1,599	-	9	171	-	1,779	118	2	-	120	1,500	6.8 %	n/a			
Ireland	1,357	-	-	2	2	1,361	99	1	-	100	1,252	5.6 %	n/a			
Spain	947	-	-	88	9	1,044	75	-	-	76	947	4.3 %	n/a			
United States	1,131	-	-	29	-	1,160	69	1	-	70	875	3.9 %	n/a			
Finland	281	-	-	2	-	282	22	-	-	22	276	1.2 %	n/a			
Total (countries with own funds requirements weights 1% or above)	22,932	-	19	748	159	23,858	1,371	12	1	1,385	17,305	77.8 %				
Total (rest of the world less than 1% requirement)	861	-	24	177	-	1,062	56	7	-	64	796	3.6 %	n/a			
20 Total	28,312	-	43	1,004	285	29,645	1,751	24	3	1,779	22,232	100.0 %				

Appendix A – Countercyclical Capital Buffer (continued)

Table 60: CCyB2 - Amount of institution-specific countercyclical capital buffer

This table shows an overview of institution specific countercyclical exposure and buffer requirements.

	a	
	As at 31 December 2023	As at 31 December 2022
1 Total risk exposure amount (€m)	36,876	35,216
2 Institution specific countercyclical buffer rate (%)	0.6 %	0.2 %
3 Institution specific countercyclical buffer requirement (€m)	230	56

Appendix B – Disclosure on asset encumbrance

Asset encumbrance arises from collateral pledged against secured funding and other collateralised obligations. BBI funds a portion of trading portfolio assets and other securities via repurchase agreements and other similar borrowing, and pledges a portion of customer loans and advances as collateral for secured funding arrangements with central banks or in securitisations. BBI monitors the mix of secured and unsecured funding sources within the BBI funding plan and seeks to efficiently utilise available collateral to raise secured funding and meet other collateral requirements.

Assets are considered encumbered when they have been pledged or used to secure, collateralise or credit enhance a transaction which impacts their transferability and free use. This includes repurchase or other similar agreements predominately with market counterparties, and to a lesser extent with other entities of the Barclays group and through the issuance of securitisations. Assets may also be encumbered under secured funding arrangements with central banks. In advance of such encumbrance, assets are often positioned with central banks to facilitate efficient future draw down.

There may be occasions where agreements are in place to over-collateralise funding structures such as securitisations. This is on an individual transaction basis and will typically result in higher levels of encumbrance. Encumbered assets comprise a range of different currencies primarily EUR with minor encumbered assets comprising of GBP and USD.

The Bank has €4.4bn (2022 : €5.1bn) of securitised assets, of which €0.7bn (2022 : €2.0bn) of assets are encumbered and €3.7bn (2022 : €3.1bn) are unencumbered. In total, BBI has €1.4bn (2022 : €1.0bn) of retained securitisations.

The below tables (AE1, AE2 and AE3) are prepared on the regulatory scope of consolidation basis consistent with the regulatory scope of consolidation used to prepare other liquidity reporting. Each of the reported values are derived from the median of values of the quarterly submissions reported to the regulator via supervisory returns over the period 1 January 2023 to 31 December 2023 and will not agree to those disclosed in the BBI PLC Annual Report (on page 206) which are prepared on an IFRS scope of consolidation and reflects the 31 December 2023 position.

Table 61: AE1 – Encumbered and unencumbered assets

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
	010	of which notionally eligible EHQLA and HQLA	040	of which notionally eligible EHQLA and HQLA	060	of which EHQLA and HQLA	090	of which EHQLA and HQLA
		030		050		080		100
As at 31 December 2023	€m	€m	€m	€m	€m	€m	€m	€m
010 Assets of the institution	23,803	21,648			129,404	34,423		
030 Equity instruments	286	34	286	34	156	76	156	76
040 Debt securities	10,252	9,397	10,252	9,397	4,815	4,221	4,815	4,221
050 of which: covered bonds	747	716	747	716	165	156	165	156
060 of which: securitisations	1	–	1	–	79	24	79	24
070 of which: issued by general governments	7,768	7,767	7,768	7,767	3,211	3,211	3,211	3,211
080 of which: issued by financial corporations	1,934	1,189	1,934	1,189	1,328	685	1,328	685
090 of which: issued by non-financial corporations	616	537	616	537	285	188	285	188
120 Other assets	13,266	12,421			125,326	30,408		
As at 31 December 2022								
010 Assets of the institution	20,603	18,189			127,667	28,777		
030 Equity instruments	–	–	–	–	138	78	138	78
040 Debt securities	6,528	5,918	6,528	5,918	2,671	2,065	2,671	2,065
050 of which: covered bonds	597	532	597	532	376	359	376	359
060 of which: securitisations	–	–	–	–	65	27	65	27
070 of which: issued by general governments	5,042	4,948	5,042	4,948	1,206	1,194	1,206	1,194
080 of which: issued by financial corporations	597	296	597	296	612	224	612	224
090 of which: issued by non-financial corporations	201	139	201	139	231	175	231	175
120 Other assets	13,673	11,668			124,723	26,634		

Carrying amount of encumbered other assets of €13.3bn (2022 : €13.7bn) predominantly contains cash collateral posted for derivative margin requirements and loans and advances pledged as collateral in secured funding arrangements with central banks.

Carrying amount of unencumbered assets of €129.4bn (2022 : €127.7bn) contains:

- €4.8bn (2022 : €2.7bn) of debt securities that may be monetised to generate liquidity through use as collateral for secured funding or through outright sale.
- €30.4bn (2022 : €26.6bn) of balances at central banks.
- €14.5bn (2022 : €14.4bn) of loans and advances which would be suitable for use in secured funding, some of which are already in a form such that they can be used to raise funding without further management actions.

Appendix B – Disclosure on asset encumbrance (continued)

- €79.7bn (2022 : €84.0bn) of balances that are not readily available for encumbrance in the normal course of business that represents derivative assets, reverse repos, settlement balances, financial asset at fair value through the income statement, intangibles and deferred tax assets.

The carrying amount of assets encumbered increased by €3.2bn to €23.8bn (31 December 2022: €20.6bn) primarily driven by higher balances of repurchase agreements and stock lending arrangements incurred as a result of funding trading portfolio assets.

Table 62: AE2 - Collateral received and own debt securities issued

	Fair value of encumbered collateral received or own debt securities issued ^a		Unencumbered	
	010	030	Fair value of collateral received or own debt securities issued available for encumbrance	
			040	060
	€m	€m	€m	€m
As at 31 December 2023				
130 Collateral received by the institution	60,403	54,260	6,778	6,030
140 Loans on demand	–	–	–	–
150 Equity instruments	3,963	1,975	492	309
160 Debt securities	56,359	52,181	6,323	5,661
170 of which: covered bonds	7,946	7,179	1,112	925
180 of which: securitisations	963	500	26	1
190 of which: issued by general governments	39,842	39,384	4,585	4,569
200 of which: issued by financial corporations	11,484	8,915	1,591	1,142
210 of which: issued by non-financial corporations	2,261	1,306	194	126
220 Loans and advances other than loans on demand	–	–	–	–
230 Other collateral received	–	–	–	–
240 Own debt securities issued other than own covered bonds or securitisations	–	–	–	–
241 Own covered bonds and asset-backed securities issued and not yet pledged	–	–	1,360	–
250 Total assets, collateral received and own debt securities issued	84,292	76,040		
As at 31 December 2022				
130 Collateral received by the institution	42,741	37,785	5,132	3,721
140 Loans on demand	–	–	–	–
150 Equity instruments	2,414	912	419	202
160 Debt securities	40,121	36,561	4,797	3,548
170 of which: covered bonds	1,372	420	978	436
180 of which: securitisations	–	–	1	–
190 of which: issued by general governments	34,563	34,151	2,789	2,639
200 of which: issued by financial corporations	1,963	845	519	205
210 of which: issued by non-financial corporations	1,792	1,003	497	237
220 Loans and advances other than loans on demand	–	–	–	–
230 Other collateral received	–	–	–	–
240 Own debt securities issued other than own covered bonds or securitisations	–	–	–	–
241 Own covered bonds and asset-backed securities issued and not yet pledged	–	–	1,275	–
250 Total assets, collateral received and own debt securities issued	64,632	57,056		

Note

a. Collaterals received and pledged do not include collaterals sourced through securities financing transaction which are sold short. FY2022 numbers have been re-presented.

The amount of collaterals encumbered increased by €17.7bn to €60.4bn (31 December 2022: €42.7bn) primarily to facilitate client funding requirements and stock lending arrangements.

Table 63: AE3 - Sources of encumbrance

	Matching liabilities, contingent liabilities or securities lent ^a		Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered ^a	
	010	€m	030	
			€m	€m
As at 31 December 2023				
010 Carrying amount of selected financial liabilities		38,061		64,662
120 Other sources of encumbrance		17,902		17,902
170 Total source of encumbrance		57,662		84,292
As at 31 December 2022				
010 Carrying amount of selected financial liabilities		38,297		57,196
120 Other sources of encumbrance		7,291		7,291
170 Total source of encumbrance		44,797		64,632

Note

a. Collaterals received and pledged do not include collaterals sourced through securities financing transaction which are sold short. FY2022 numbers have been re-presented.

Appendix B – Disclosure on asset encumbrance (continued)

Carrying amount of selected financial liabilities of €38.1bn (2022 : €38.3bn) primarily relates to repurchase agreements and cash collateral posted for derivatives margin requirements. €17.9bn (2022 : €7.3bn) of other sources of encumbrance primarily represents stock lending agreements.

Total assets encumbered increased by €19.7bn to €84.3bn (31 December 2022 : €64.6bn) primarily driven by higher balances of repurchase agreements and stock lending arrangements incurred as a result of funding trading portfolio assets, also collaterals encumbered increased to facilitate client funding requirements and stock lending arrangements.

Appendix C – Disclosures on remuneration

Barclays Bank Ireland PLC remuneration

The following disclosures are made in accordance with the EBA Implementing Technical Standards on public disclosures by institutions (2020).

Remuneration governance

The mandate and responsibilities of Barclays Bank Ireland PLC (BBIPLC) Board Remuneration Committee (the 'Committee') are included in the Directors' Report in the BBI PLC Annual Report 2023. Willis Towers Watson provided the Committee in 2023 with market data on compensation when considering incentive levels and remuneration packages. In the course of its deliberations, the Committee considers the views of the BBIPLC Chief Executive Officer, the BBIPLC Human Resources Director and the BBIPLC Reward Partner. The BBIPLC Chief Finance Officer and BBIPLC Chief Risk Officer also provide regular updates on the entity's financial performance and risk profile respectively.

The Committee held four meetings during 2023 and all members were present at each meeting:

Member	Meetings attended
Eoin O'Driscoll (Chair) (until 12 December 2023)	4/4
Jennifer Allerton (Chair from 12 December 2023)	4/4
Tom Huertas (until 23 May 2023)	1/1
Joanna Nader (interim from 31 May 2023 and permanent from 21 September 2023)	3/3

The Committee has adopted the overarching principles and parameters of the remuneration policy set by the Barclays PLC Remuneration Committee, as disclosed in the Remuneration report within the Barclays PLC Annual Report 2023 (the 'Remuneration report').

The Committee reviewed the remuneration philosophy in 2023 without change. For 2023 there were no substantive changes to the all-employee remuneration policy.

Performance management and remuneration

Barclays' remuneration philosophy (set out below) links remuneration to achieving sustainable performance. In this context, sustainable performance means making a positive and enduring difference to investors, customers and communities, taking pride in leaving things better than we found them and playing a valuable role in society. Our remuneration philosophy applies to all employees of Barclays PLC globally (including those individuals identified as MRTs) and aims to reinforce our belief that effective performance management is critical to enabling the delivery of our business strategy in line with our Values. Employees who adhere to Barclays' Values and contribute to Barclays' success are rewarded accordingly.

This is achieved by basing performance assessments on clear standards of delivery and behaviour. This starts with employees aligning their personal objectives each year ('what' they will deliver) to business and team goals, to support the delivery of the business strategy and good client/customer outcomes, to a consistently excellent standard. Behavioural expectations ('how' people will achieve their objectives) are set in the context of our Values and Mindset.

Performance is assessed against both financial and non-financial criteria. Other factors are also taken into consideration within the overall performance assessment, including core job responsibilities, behaviours towards risk and control, colleague and stakeholder feedback, as well as input from the control functions and Chief Controls Office, where appropriate. Details of Barclays' financial and non-financial performance, and how they relate to the bonus pool can be found as part the Barclays PLC Remuneration Committee Chair's statement in the Remuneration report. Similar considerations were made by the BBIPLC Committee in respect of the BBIPLC incentive pool.

Through our approach to performance management, the equal importance of both what an individual has delivered and how the individual has achieved this is emphasised, encouraging balanced consideration of each dimension. These elements are assessed and rated independently of each other; there is no overall rating. This allows for more robust and reflective conversations between managers and team members on the individual components of performance.

Barclays' remuneration philosophy

The remuneration philosophy below sets out the basis upon which Barclays made remuneration decisions and set remuneration policies during 2023. Barclays' remuneration philosophy applies to all employees globally.

Attract and retain talent needed to deliver Barclays' strategy	Long-term success depends on the talent of our employees. This means attracting and retaining an appropriate range of talent to deliver against our strategy, and paying the right amount for that talent
Align pay with investor and other stakeholder interests	Remuneration should be designed with appropriate consideration of the views, rights and interests of stakeholders. This means listening to our shareholders, other investors, regulators, government, customers and employees and ensuring their views are appropriately represented in remuneration decision-making
Reward sustainable performance	Sustainable performance means making a positive and enduring difference to investors, customers and communities, taking pride in leaving things better than we found them, and playing a valuable role in society
Support Barclays' Values and culture	Results must be achieved in a manner consistent with our Values. Our Values, culture and Mindset should drive the way that business is conducted

Appendix C – Disclosures on remuneration (continued)

Align with risk appetite, risk exposure and conduct expectations	Designed to reward employees for achieving results in line with the Group's risk appetite and conduct expectations
Be fair, transparent and as simple as possible	We are committed to ensuring pay is fair, simple and transparent for all our stakeholders. All employees and stakeholders should understand how we reward our employees and fairness should be a lens through which we make remuneration decisions

The Barclays Group remuneration policy is reviewed annually by the Barclays PLC Remuneration Committee. The Committee is asked to review and adopt any changes to the policy, where appropriate.

Risk adjustment and remuneration

Another key feature of our remuneration philosophy is the alignment of remuneration with our risk appetite and with the conduct expectations of Barclays, our regulators and other stakeholders. The Committee takes risk and conduct events very seriously and ensures that there are appropriate adjustments to individual remuneration and, where necessary, the incentive pool.

The Remuneration Review Panel (the 'Panel'), which reports to the Committee, supports the Committee in this process. The Panel is chaired by the Group HR Director and includes the Group Heads of Risk, Compliance, Legal and Internal Audit as well as the CEO of Barclays Bank UK PLC and the President of Barclays Bank PLC. It applies our policies and processes for assessing compensation adjustments for risk and conduct events.

We have robust processes for considering risk and conduct as part of individual performance management, with outcomes reflected in individual remuneration decisions. Line managers have primary accountability for ensuring that risk and conduct issues are considered when assessing performance and making remuneration decisions. In addition, there is a secondary review by the control functions, for individuals involved in significant failures of risk management, conduct issues, regulatory actions or other major incidents that impact either the Group or a business area, to ensure these issues are properly considered. When considering individual responsibility, a variety of factors are taken into account, such as whether an individual was directly responsible, or whether the individual could be deemed indirectly responsible by virtue of seniority, including staff who drive BBIPLC's culture and set its strategy.

Actions that may be taken where risk management and conduct falls below required standards include:

Individual Adjustments	Current year annual bonuses may be adjusted downwards where individuals are found to be involved (either directly or indirectly) in a risk or misconduct event.
Collective adjustments	In addition to reductions to individuals' bonuses, the Committee considers and makes collective adjustments to the incentive pool for specific risk and conduct events. The Committee also adjusts the incentive pool to take account of an assessment of future risks, including conduct, non-financial factors that can support the delivery of a strong risk management, control and conduct culture, and other factors including reputation, and impact on customers, markets and other stakeholders. The Committee is supported in its consideration of this adjustment by the BBIPLC Board Risk Committee.
Malus	Unvested deferred bonuses from prior years are subject to malus provisions, which enable the Committee to reduce the vesting level of deferred bonuses (including to nil) at its discretion. Events that may lead the Committee to do this include, but are not limited to, employee misconduct or a material failure of risk management.
Clawback	Clawback applies to any variable remuneration awarded to a MRT on or after 1 January 2015 in respect of years for which they were a MRT. Barclays may apply clawback if, at any time during the seven-year period from the date on which variable remuneration is awarded to a MRT: (i) there is reasonable evidence of employee misbehaviour or material error, and/or (ii) the firm or the business unit suffers a material failure of risk management, taking account of the individual's proximity to and responsibility for that incident.

Remuneration structure

Employees receive salary, pension and other benefits and are eligible to be considered for an annual bonus. Some employees, including some MRTs, also receive Role Based Pay (RBP). Remuneration of all MRTs is subject to the 2:1 maximum ratio of variable to fixed remuneration.

The remuneration of employees engaged in control functions is determined independently from the business they support and within the parameters of the incentive pool allocated to them by the Committee. Remuneration for control function employees is less weighted towards variable remuneration compared to front-office employees, with the ratio of variable remuneration typically limited to one times fixed remuneration.

Fixed remuneration

Salary	Salaries reflect individuals' skills and experience and are reviewed annually. They are increased where justified by role change, increased responsibility, to reflect a change in the market rate or maintain appropriate competitive positioning. Salaries may also be increased in line with local statutory requirements and union and works council commitments.
Role Based Pay	Some MRTs receive a class of fixed pay called RBP to recognise the seniority, scale and complexity of their role. RBP may be adjusted where justified by a role or responsibility change or a change in the appropriate market rate.
Pension and benefits	The provision of a competitive package of benefits is important to attracting and retaining the talented staff needed to deliver Barclays' strategy. Employees have access to a range of country-specific company-funded benefits, including pension schemes, healthcare, life assurance and Barclays' share plans, as well as other voluntary employee-funded benefits. The cost of providing these benefits is defined and controlled.

Appendix C – Disclosures on remuneration (continued)

Variable remuneration

Annual bonus	<p>Annual bonuses incentivise and reward the achievement of Group, business and individual objectives, and reward employees for demonstrating individual behaviours in line with Barclays' Values and Mindset.</p> <p>The ability to recognise performance through variable remuneration enables the Group and BBIPLC to control its cost base flexibly and to react to events and market circumstances. Bonuses remain a key feature of remuneration practice in the highly competitive market for talent in the financial services sector.</p> <p>Annual bonuses may be delivered in both 'up-front' and deferred components. For MRTs (excluding 'de minimis' MRTs), both the up-front and deferred components have cash and share portions, in the case of the share portions subject to retention periods of either six or twelve months.</p>																				
Bonus deferral	<p>The Committee is careful to control the proportion of variable to fixed remuneration paid to individuals and to ensure an appropriate amount is deferred to future years. The typical deferral structures are:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2" style="text-align: left; border-bottom: 1px solid black;">For MRTs:</th> <th colspan="2" style="text-align: left; border-bottom: 1px solid black;">For de minimis MRTs/non-MRTs</th> </tr> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Incentive award</th> <th style="text-align: left; border-bottom: 1px solid black;">Amount deferred</th> <th style="text-align: left; border-bottom: 1px solid black;">Incentive award</th> <th style="text-align: left; border-bottom: 1px solid black;">Amount deferred</th> </tr> </thead> <tbody> <tr> <td style="border-bottom: 1px solid black;">< €500,000</td> <td style="border-bottom: 1px solid black;">40% of total award</td> <td style="border-bottom: 1px solid black;">Up to €65,000</td> <td style="border-bottom: 1px solid black;">0%</td> </tr> <tr> <td style="border-bottom: 1px solid black;">€500,000 to €1,000,000</td> <td style="border-bottom: 1px solid black;">60% of total award</td> <td style="border-bottom: 1px solid black;">> €65,000</td> <td style="border-bottom: 1px solid black;">Graduated level of deferral</td> </tr> <tr> <td style="border-bottom: 1px solid black;">> €1,000,000</td> <td style="border-bottom: 1px solid black;">60% up to €1,000,000 100% above €1,000,000</td> <td></td> <td></td> </tr> </tbody> </table> <p>Deferred bonuses are generally delivered in equal portions as deferred cash and deferred shares subject to the rules of the deferred cash and share plans (as amended from time to time) and to continued service. Deferred bonuses are subject to either a 3, 4, 5 or 7-year deferral period in line with regulatory requirements.</p> <p>Where dividend equivalents cannot be delivered on deferred bonus shares, the number of deferred bonus shares awarded will be calculated using a share price discounted to reflect the absence of dividends or equivalent during the vesting period.</p>	For MRTs:		For de minimis MRTs/non-MRTs		Incentive award	Amount deferred	Incentive award	Amount deferred	< €500,000	40% of total award	Up to €65,000	0%	€500,000 to €1,000,000	60% of total award	> €65,000	Graduated level of deferral	> €1,000,000	60% up to €1,000,000 100% above €1,000,000		
For MRTs:		For de minimis MRTs/non-MRTs																			
Incentive award	Amount deferred	Incentive award	Amount deferred																		
< €500,000	40% of total award	Up to €65,000	0%																		
€500,000 to €1,000,000	60% of total award	> €65,000	Graduated level of deferral																		
> €1,000,000	60% up to €1,000,000 100% above €1,000,000																				

Shareholding

Share plans	Alignment of MRTs with shareholders is achieved through deferral of incentive pay. Additional employee shareholding is encouraged by operating voluntary all-employee share plans.
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Awards of guaranteed variable remuneration are only made in exceptional circumstances in the context of hiring and typically only when a new hire starts in the last quarter of the year. When determining a termination payment, Barclays considers any applicable: (a) contractual requirements; (b) policies; (c) local legal and regulatory requirements; and (d) legal and reputational risk.

Key remuneration policies are reviewed annually, and were reviewed in 2023, to ensure that they are neutral in respect of gender and other protected characteristics.

Remuneration of MRTs in respect of the financial year

MRTs are BBIPLC employees whose professional activities could have a material impact on BBIPLC's risk profile, which includes (among others) members of the BBIPLC Board. A total of 133 individuals were MRTs in 2023 (2022: 135).

The following tables set out remuneration disclosures for individuals identified as MRTs for BBIPLC. In the tables, the terms below mean:

- 'MB' means BBIPLC's management body (i.e. the BBIPLC Board);
- 'MB Supervisory function' means those individuals who were Non-Executive Directors of BBIPLC during 2023;
- 'MB Management function' means those individuals who were Executive Directors of BBIPLC during 2023;
- 'Other senior management' means those individuals (excluding the Executive Directors of BBIPLC) who were members of the BBIPLC Executive Committee during 2023 in accordance with Article 3(1)(9) of CRDIV; and
- 'Other identified staff' means MRTs excluding MRTs included in MB Supervisory function, MB Management function and Other senior management.

37 MRTs in 2023 benefited from the derogation in point (b) of Article 94(3) of the Capital Requirements Directive in respect of the remuneration requirements in points (l) and (m) of Article 94(1). The aggregate fixed remuneration for these MRTs was €5.8m and the aggregate variable remuneration was €0.8m.

Appendix C – Disclosures on remuneration (continued)

Table 64: EU REM1: Remuneration awarded for the financial year (all figures are in €m except for 'Number of identified staff')

		a	b	c	d
		MB Supervisory function	MB Management function ^b	Other senior management	Other identified staff
1	Number of identified staff	6	-	15.0	111.6
2	Total fixed remuneration	1.1	-	9.5	41.9
3	Of which: cash-based	1.1	-	9.0	38.9
EU-4a	Of which: shares or equivalent ownership interests	-	-	-	-
Fixed remuneration					
5	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x	Of which: other instruments	-	-	-	-
7	Of which: other forms ^a	-	-	0.5	3.0
9	Number of identified staff	-	-	12.0	101.8
10	Total variable remuneration	-	-	6.2	23.1
11	Of which: cash-based	-	-	3.2	12.1
12	Of which: deferred	-	-	1.9	5.3
EU-13 a	Of which: shares or equivalent ownership interests	-	-	3.0	11.0
EU-14	Of which: deferred	-	-	1.9	5.3
Variable remuneration					
EU-13 b	Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14	Of which: deferred	-	-	-	-
EU-14	Of which: other instruments	-	-	-	-
EU-14	Of which: deferred	-	-	-	-
15	Of which: other forms	-	-	-	-
16	Of which: deferred	-	-	-	-
17	Total remuneration (row 2+ row10)	1.1	-	15.7	65.0

Note

a. 'Other forms' of fixed remuneration represents an estimate for pensions and benefits during the year

b. Remuneration awarded for the financial year to 'MB Management Function' is included in the figures in the 'Other senior management' column for confidentiality purposes (to prevent disclosure of identifiable individual remuneration outcomes) and for reasons of maintaining competitiveness of business.

Appendix C – Disclosures on remuneration (continued)

Table 65: EU REM2: Special payments to staff whose professional activities have a material impact on institution's risk profile (identified staff)

	a		b		c		d	
	MB Supervisory function	MB Management function			Other senior management	Other identified staff		
Guaranteed variable remuneration awards								
1	Guaranteed variable remuneration awards - Number of identified staff	-	-	-	-	-	-	-
2	Guaranteed variable remuneration awards - Total amount	-	-	-	-	-	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year								
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-	-	-	-
Severance payments awarded during the financial year								
6	Severance payments awarded during the financial year - Number of identified staff	-	-	-	-	-	-	-
7	Severance payments awarded during the financial year - Total amount	-	-	-	-	-	-	-
8	Of which paid during the financial year	-	-	-	-	-	-	-
9	Of which deferred	-	-	-	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	-	-	-	-	-	-

Appendix C – Disclosures on remuneration (continued)

Table 66: EU REM3: Deferred remuneration (all figures are in €m)

	a	b	c	d	e	f	EU - g	EU - h
Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1 MB Supervisory function	-	-	-	-	-	-	-	-
2 Cash-based	-	-	-	-	-	-	-	-
3 Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4 Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5 Other instruments	-	-	-	-	-	-	-	-
6 Other forms	-	-	-	-	-	-	-	-
7 MB Management function	4.1	1.0	3.1	-	-	-	1.0	0.2
8 Cash-based	1.8	0.4	1.4	-	-	-	0.4	-
9 Shares or equivalent ownership interests	2.3	0.6	1.7	-	-	-	0.6	0.2
10 Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11 Other instruments	-	-	-	-	-	-	-	-
12 Other forms	-	-	-	-	-	-	-	-
13 Other senior management	14.2	3.0	11.2	-	-	0.1	3.1	0.3
14 Cash-based	6.0	1.2	4.8	-	-	-	1.3	-
15 Shares or equivalent ownership interests	8.2	1.8	6.4	-	-	0.1	1.8	0.3
16 Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17 Other instruments	-	-	-	-	-	-	-	-
18 Other forms	-	-	-	-	-	-	-	-
19 Other identified staff	38.0	11.1	26.9	-	-	0.3	11.5	3.4
20 Cash-based	15.2	4.3	10.9	-	-	-	4.3	-
21 Shares or equivalent ownership interests	22.8	6.8	16.0	-	-	0.3	7.2	3.4
22 Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23 Other instruments	-	-	-	-	-	-	-	-
24 Other forms	-	-	-	-	-	-	-	-
25 Total amount	56.3	15.1	41.2	-	-	0.4	15.6	3.9

Appendix C – Disclosures on remuneration (continued)

Table 67: EU REM4: Remuneration of €1 million or more per year

€		a
		Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	22
2	1 500 000 to below 2 000 000	3
3	2 000 000 to below 2 500 000	2
4	2 500 000 to below 3 000 000	1
5	3 000 000 to below 3 500 000	1

Table 68: EU REM 5: Information on remuneration of staff whose professional activities have a material impact on institution's risk profile (identified staff) (all figures are in €m except for 'Total number of identified staff')

	a			b							j
	Management body remuneration			Business areas ^a							
	MB Supervisory function	MB Management function ^b	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other		
1	Total number of identified staff										132.6
2	Of which: members of the MB										
3	Of which: other senior management										
4	Of which: other identified staff										
5	Total remuneration of identified staff										
6	Of which: variable remuneration										
7	Of which: fixed remuneration										

Note

- a. 'Investment banking' covers traditional Investment banking including 'Global Markets', 'Investment Banking' and 'Research'. The other non-IB areas ('Corporate', 'Cards' and 'Private Banking') are combined within 'Retail Banking'.
- b. Remuneration for 'MB Management Function' is included in the figures in the relevant 'Business Areas' columns for confidentiality purposes (to prevent disclosure of identifiable individual remuneration outcomes) and for reasons of maintaining competitiveness of business.

Appendix D – Compliance to Pillar 3 requirements

CRR ref.	High-level summary	Compliance reference
Disclosure requirements and policies		
431 (1)	Requirement to publish Pillar 3 disclosures	BBI publishes Pillar 3 disclosures
431 (2)	Firms with permission to use specific modelled risk methodologies	Refer page 12 - Scope of permission for calculation approaches and BBI's approach to managing risks section for granular information.
431 (3)	Institution must have a formal policy to verify the comprehensiveness and overall appropriateness of the disclosures	BBI has a framework of disclosure controls and procedures in place to support the approval of the Bank's Pillar 3 disclosure.
431 (4)	Institutions to ensure that quantitative disclosures are accompanied by a qualitative narrative and any other supplementary information where deemed appropriate.	Quantitative disclosures are accompanied by a narrative to explain significant changes compared to previous disclosures.
431 (5)	Explanation of ratings decision upon request	BBI provides explanations of rating decisions to SMEs whose loan applications were declined in writing, and suggests alternative sources of finance. In the case of larger corporates, written explanations are not usually requested as direct discussions with relationship managers take place.
Non-material, proprietary or confidential information		
432 (1)	Institutions may omit information that is not material if certain conditions are respected.	Compliance with this provision is covered by BBI's framework.
432 (2)	Institutions may omit information that is proprietary or confidential if certain conditions are respected.	Compliance with this provision is covered by BBI's framework.
432 (3)	Where 432 (1) and (2) apply this must be stated in the disclosures, and more general information must be disclosed.	This table specifies where disclosures are omitted.
Frequency of disclosure		
433	Institutions are required to publish their disclosures in accordance with 433a, 433b or 433c, in conjunction with Article 4 (145), (146), (147) and (148).	Compliance with this provision is covered by BBI's framework. See under 'Basis of preparation' (page 7).
433a	Specifies the information to be disclosed by Large Institutions together with the frequency.	
433b	Specifies the information to be disclosed by Small and Non-Complex Institutions together with the frequency.	Does not apply to BBI.
433c	Specifies the information to be disclosed by Other Institutions and the frequency.	Does not apply to BBI.
Means of disclosures		
434 (1)	To include disclosures in one appropriate medium, or provide clear cross-references.	Most disclosures are contained within this document. Signposting directs the reader to other publications where appropriate.
434 (2)	Institutions shall make available on their website an archive of the information required to be disclosed.	Required information is available in the website https://home.barclays/investor-relations/reports-and-events/latest-financial-results/
Uniform disclosure formats		
434a	EBA have developed uniform disclosure formats for use in publications	Compliance with this provision is covered by BBI's framework.
Risk management objectives and policies		
435 (1) (a)	Disclose information on strategies and processes; organisational structure, reporting systems and risk mitigation/hedging.	<p>Page 12 / Table 2: Summary of the scope of application of regulatory methodologies for CVA, market and operational risk</p> <p>Risk management strategy: page 86</p> <p>Climate Risk: page 96</p> <p>Credit Risk: page 116</p> <p>Market Risk: page 128</p> <p>Securitisation Risk: page 136</p> <p>Treasury and Capital Risk - Capital: page 143</p> <p>Treasury and Capital Risk - Liquidity: page 141</p> <p>Operational Risk: page 147</p>
435 (1) (b)		Model Risk: page 151
435 (1) (c)		Compliance Risk: page 153
435 (1) (d)		Reputation Risk: page 155
435 (1) (e)	Inclusion of a declaration approved by the Board on adequacy of risk management arrangements.	Legal Risk: page 157
		See page 86. This statement covers all Principal Risks.

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference																								
435 (1) (f)	a concise risk statement approved by the management body succinctly describing the relevant institution's overall risk profile associated with the business strategy.	Please see page 5 and pages 86 to 94. This statement covers all Principal Risks.																								
435 (2)	Information on governance arrangements, including information on Board composition and recruitment, and risk committees.	See pages 88 and 89 for a description of the risk committees. Page 13 and 14 of the BBI PLC Annual Report 2023 contains information on Board composition, experience and recruitment.																								
435 (2) (a)	Number of directorships held by directors.	<table border="1"> <thead> <tr> <th>Director</th> <th>Number of Directorships Effectively held as at 31 December 2023</th> <th>Number of Directorships held for purposes of Article 91 (3) and (4) of Directive (EU) 2013/36 (CRD) as at 31 December 2023</th> </tr> </thead> <tbody> <tr> <td>Tim Breedon</td> <td>7</td> <td>3</td> </tr> <tr> <td>Etienne Boris</td> <td>4</td> <td>4</td> </tr> <tr> <td>Jennifer Allerton</td> <td>3</td> <td>3</td> </tr> <tr> <td>Joanna Nader</td> <td>2</td> <td>1</td> </tr> <tr> <td>Eoin O'Driscoll</td> <td>2</td> <td>1</td> </tr> <tr> <td>Francesco Ceccato</td> <td>2</td> <td>1</td> </tr> <tr> <td>Jasper Hanebuth</td> <td>2</td> <td>1</td> </tr> </tbody> </table>	Director	Number of Directorships Effectively held as at 31 December 2023	Number of Directorships held for purposes of Article 91 (3) and (4) of Directive (EU) 2013/36 (CRD) as at 31 December 2023	Tim Breedon	7	3	Etienne Boris	4	4	Jennifer Allerton	3	3	Joanna Nader	2	1	Eoin O'Driscoll	2	1	Francesco Ceccato	2	1	Jasper Hanebuth	2	1
Director	Number of Directorships Effectively held as at 31 December 2023	Number of Directorships held for purposes of Article 91 (3) and (4) of Directive (EU) 2013/36 (CRD) as at 31 December 2023																								
Tim Breedon	7	3																								
Etienne Boris	4	4																								
Jennifer Allerton	3	3																								
Joanna Nader	2	1																								
Eoin O'Driscoll	2	1																								
Francesco Ceccato	2	1																								
Jasper Hanebuth	2	1																								
435 (2) (b)	Recruitment policy of Board members, their experience and expertise.	Please see page 14 of the BBI PLC Annual Report 2023. The skills, experience and expertise held across the Board includes, but is not limited to, regulatory experience, Financial Services – including Relevant Banking Experience, Risk Management, Accounting & Auditing, Operations & Technology, Multinational Corporations, Financial Institutions, Transformation, Strategy Development & Implementation, Outsourcing & Supplier Management, Business/Financial performance, Capital and Liquidity Management.																								
435 (2) (c)	Policy on diversity of Board membership and results against targets.	Please see pages 16 to 21 of the BBI PLC Annual Report 2023.																								
435 (2) (d)	Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year.	Please see page 14 of the BBI PLC Annual Report 2023. The Board Risk Committee met seven times during 2023																								
435 (2) (e)	Description of information flow on risk to Board.	Figure on page 89 in the risk management strategy section illustrates the reporting structure to Board committees.																								
Scope of application																										
436 (a)	Name of institution	See under 'Foreword' page 3.																								
436 (b)	Difference in basis of consolidation for accounting and prudential purposes.	The Bank owns three nominee companies, each with a fully paid up share capital of €2. These companies are not included in the accounting or prudential consolidation of the Bank. BBI also controls a structured entity Alstertal Consumer Finance 2021-1 DAC, which are consolidated in BBI's regulatory returns. Please see page 207 of the BBI PLC Annual Report 2023																								
436 (c)	Disclosure of the breakdown of assets and liabilities of the financial statements prepared in accordance with requirements on regulatory consolidation.	Page 13 / Table 3: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1).																								
436 (d)	Disclosure of the reconciliation of the carrying value amounts in the financial statements under regulatory scope of consolidation and the exposure amount used for regulatory purposes.	Page 14 / Table 4: Main sources of differences between regulatory exposure amounts and carrying values in financial statements (LI2) / Explanations of differences between accounting and regulatory exposure amounts (LIA).																								
436 (e)	Disclosure of the breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment.	Page 34 / Table 21: Prudential valuation adjustments (PV1).																								
436 (f)	Disclosure of any current or expected material practice or legal impediment to the prompt transfer of own funds or repayment of liabilities between parent and subsidiaries.	None noted																								

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
436 (g)	Disclosure of the aggregated amount by which the actual own funds are less than required in all subsidiaries.	Does not apply to BBI.
436 (h)	Application of the derogation referred to in Article 7 of the CRR or the individual consolidation method laid down in Article 9 of the CRR.	Does not apply to BBI.
Own funds		
437		
437 (a)		
437 (d) (i)		
437 (d) (ii)		
437 (d) (iii)	Disclosure of requirements regarding capital resources table	Pages 17 - 18 / Table 6: Own funds disclosure template (CC1) / Table 7: Reconciliation of regulatory own funds to balance sheet in the audited financial statements (CC2).
437 (e)		
437 (f)		
437 (b)		Standalone document: Summary of terms and conditions of own funds and eligible liabilities
437 (c)		
Disclosure of own funds and eligible liabilities		
437a		
437a (a)		
437a (b)	Disclosure of requirements regarding MREL / TLAC tables	Pages 26 - 27 / Table 16: Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-Slls (iLAC) / Table 17: Creditor ranking - Entity that is not a resolution entity (TLAC2).
437a (c)		
437a (d)		
Own funds requirements and risk-weighted exposure amounts		
438 (a)	Summary of Bank's approach to assessing the adequacy of capital levels	Page 144 / ICAAP information.
438 (b)	Disclosure of additional own funds requirements based on supervisory review (SREP) and its capital related composition.	Page 16 / Table 5 : Key Metrics (KM1)
438 (c)	Result of the Bank's internal capital adequacy assessment process (ICAAP) on demand from authorities.	BBI has not received this request from its regulator. Page 144 / ICAAP information.
438 (d)	Disclosure of total risk-weighted exposure amount and the corresponding total own funds requirements by different risk categories	Page 20 / Table 10: Overview of risk-weighted exposure amount (OV1) Various other tables contain capital requirements throughout the report.
438 (e)	Disclosure of on and off-balance sheet exposures, risk weighted exposure amounts and associated expected losses for each category of specialised lending / equity exposures	Does not apply to BBI.
438 (f)	Disclosure of the exposure value and risk-weighted exposure amount of own funds instruments held in relation to insurance activities that institutions do not deduct from own funds.	Does not apply to BBI.
438 (g)	Disclosure of the supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate.	Does not apply to BBI.
438 (h)	The variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations.	Pages 21 - 22 / Table 11 & 12: RWEA flow statements of CCR exposure under the IMM (CCR7) and RWEA flow statements of market risk exposure under the IMA (MR2B)
Exposure to counterparty credit risk (CCR)		
439 (a)	Description of process to assign internal capital and credit limits to CCR exposures, including the methods to assign those limits to exposures to central counterparties	
439 (b)	Discussion of process to secure collateral and establishing reserves.	Pages 126 - 127
439 (c)	Discussion of management of wrong-way exposures.	
439 (d)	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade.	
439 (e)	Disclosure of the composition of collateral between segregated and unsegregated received and posted.	Page 52 / Table 36: Composition of collateral for CCR exposures (CCR5)

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
439 (f)	Disclosure of the derivation of net derivative credit exposure.	Page 50 / Table 34: Analysis of CCR exposure by approach (CCR1)
439 (g)	Disclosure of the derivation of net securities financing transactions exposure.	
439 (h)	Disclosure of own funds requirements relating to credit valuation adjustment	Page 53 / Table 39: Transactions subject to own funds requirements for CVA risk (CCR2)
439 (i)	Disclosure of exposures to central counterparties	Page 53 / Table 38: Exposures to CCPs (CCR8)
439 (j)	Disclosure of credit derivative exposures	Page 53 / Table 37: Credit derivative exposures (CCR6)
439 (k)	Estimate of alpha, if applicable.	The alpha used by BBI is 1.55. Page 50 / Table 34: Analysis of CCR exposure by approach (CCR1)
439 (l)	Disclosure of counterparty credit risk exposures by portfolio and PD range under standardised and internal ratings based (IRB) approaches.	Page 51 / Table 35: Standardised approach - CCR exposures by regulatory exposure class and risk weights (CCR3); From 1st July 2022, the Bank measures all of its credit risk exposures under the standardised approach following the removal of the temporary tolerance to use the advanced IRB approach.
439 (m)	Disclosure of the size of the on and off-balance sheet derivative business.	This covers disclosure on simplified SA-CCR and OEM which is not applicable to BBI.
Countercyclical capital buffers		
440 (a)	Disclosure of geographical distribution of relevant credit exposures.	BBI's countercyclical buffer is currently set at 0.63%. See pages 160 to 162 / Table 59: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer (CCYB1) / Table 60: Amount of institution-specific countercyclical capital buffer (CCYB2)
440 (b)	Disclosure of amount of the institution specific countercyclical capital buffer.	
Indicators of global systemic importance		
441	Disclosure of the indicators of global systemic importance	BBI is not a Globally Systemic Important Institution, although it was designated an Other Systemically Important Institution by the CBI in 2019.
Credit risk adjustments		
442 (a)	Disclosure of bank's definitions of past due and impaired and differences, if any, between the definitions for accounting and regulatory purposes	Pages 117 to 127 provide a complete description of credit quality measures. See also Note 8 'Definition of default, credit impaired assets, write-offs, and interest income recognition' on page 161 of the BBI PLC 2023 Annual Report.
442 (b)	Approaches for calculating credit risk adjustments.	Pages 117 to 122
442 (c)	Disclosure on the amount and quality of performing, non-performing and forborne exposures	Pages 40 to 48 / Tables 26 to 33 / Performing and non-performing exposures and related provisions (CR1) / Changes in the stock of non-performing loans and advances (CR2) / Credit quality of forborne exposures (CQ1) / Credit quality of performing and non-performing exposures by past due days (CQ3) / Quality of non-performing exposures by geography (CQ4) / Credit quality of loans and advances by industry (CQ5)
442 (d)	Disclosure of past due exposures by ageing profile	
442 (e)	Disclosure of breakdown of impaired, past due, specific and general credit adjustments, accumulated write-offs by geographical area and industry type	The Bank's Non-performing loans and advances' ratio stands below 5%, hence additional NPL disclosure required in point (c) and (f) of Article 442 in templates CR2A and CQ6 are not published. Templates CQ2, CQ7 and CQ8 are also excluded from the report as the Bank had no reportable forborne exposures and no collateral obtained by taking possession and execution processes.
442 (f)	Disclosure of reconciliation of changes to the gross amount of defaulted and non-defaulted exposures stock within the period.	
442 (g)	Breakdown of loans and debt securities by residual maturity.	Page 42 / Table 27 / Maturity of exposures (CR1-A)
Encumbered and unencumbered assets		
443	Disclosures on encumbered and unencumbered assets	See pages 163 to 165: Disclosures on asset encumbrance
Use of Standardised Approach		
444 (a)	Names of the ECAIs used in the calculation of standardised approach RWAs, and reasons for any changes	Page 39: Qualitative disclosure requirements related to standardised model (CRD): Table 24: Relationship of long-term external credit ratings to credit quality steps under the standardised approach for non-securitised exposures / Table 25: Credit quality steps and risk weights under the standardised approach Issue and Issuer credit assessment are used to determine ratings in accordance with Article 139 of CRR.
444 (b)	Exposure classes associated with each ECAI	
444 (c)	Explanation of the process used to transfer the issuer and issue credit ratings onto items not included in the trading book.	
444 (d)	Mapping of external rating to credit quality steps	

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference	
444 (e)	Disclosure of exposure value pre- and post-credit risk mitigation, by credit quality step.	Page 36 / Table 22: Standardised approach - Credit risk exposure and CRM effects (CR4) ; Page 37 / Table 23: Analysis of exposures by asset classes and risk weight under the standardised approach (CR5) ; Page 51/ Table 35: Standardised approach - CCR exposures by regulatory exposure class and risk weights (CCR3)	
Exposure to market risk			
445	Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk.	Page 56 / Table 42: Market risk under the standardised approach (MR1)	
Operational risk			
446 (a)	Disclosure of the scope of approaches used to calculate operational risk, discussion of advanced methodology and external factors considered.	Pages 64 to 66 / Table 49: Operational risk own funds requirements and risk-weighted exposure amounts (OR1) / Qualitative information on operational risk (ORA) Pages 147 to 150 : Management of operational risk	
446 (b)	Discussion on the advanced measurement approach where considered together with relevant internal / external factors.		
446 (c)	Discussion on the scope and coverage of the different methodologies used in case of partial use.		
Key Metrics			
447	Disclosure of Key Metrics		
447 (a)	Disclosure of the composition of own funds and own funds requirements.		
447 (b)	Disclosure of the total risk exposure amount.		
447 (c)	Disclosure of the composition of additional own funds required as part of the Supervisory Review (SREP) process.		
447 (d)	Disclosure of the combined buffer requirement.	Page 16 / Table 5: Key Metrics (KM1)	
447 (e)	Disclosure of the leverage ratio and total exposure measure.		
447 (f)(i-iii)	Disclosure of the composition of the liquidity coverage ratio.		
447 (g)(i-iii)	Disclosure of the composition of the net stable funding requirement.		
447 (h)	Disclosure of the own funds and eligible liabilities ratios in relation to each resolution group.		
Exposure to interest rate risk on positions not held in the trading book			
448	Disclosure of quantitative and qualitative information of the risks arising from potential changes in interest rates.		
448 (1)(a)	Disclosure of the changes in the economic value of equity.		
448 (1)(b)	Disclosure of the changes in the net interest income.		
448 (1)(c)	Description of key modelling and parametric assumptions		
448 (1)(d)	Explanation of the significance of the risk measures in relation to the economic value of equity / net interest income including variations since previous disclosure date.	Page 33 / Table 20: Quantitative information on IRRBB (IRRBB1) Page 145 / IRRBB risk management objectives and policies.	
448 (1)(e)(i-v)	Description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities.		
448 (1)(f)	Description of overall risk management in relation to interest rate risk.		
448 (1)(g)	Average and longest repricing maturity assigned to non-maturity deposits.		

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
448 (2)	Derogation of the requirements under 448(1) in relation to institutions applying standardised methodology or simplified standardised methodology.	This does not apply to BBl.
Exposure to securitisation positions		
449	Exposure to securitisations positions.	
449 (a)	Description of securitisation and re-securitisation activities	
449 (b)	The type of risk the Bank is exposed to in its securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions, providing a distinction between STS and non-STS positions	
449 (b) (i)	Risk retained in own-originated transactions;	
449 (b) (ii)	Risk incurred in relation to transactions originated by third parties.	
449 (c)	Approaches to calculating the risk-weighted exposure amounts that the Bank applies to securitisation activities.	
449 (d)	List of SSPE and types of exposures to those SSPEs, including derivatives contracts:	
449 (d) (i)	SSPEs which acquire exposures originated by the Bank;	Pages 136 to 139: Qualitative disclosure requirements related to securitisations exposures (SECA).
449 (d) (ii)	SSPEs sponsored by the Bank;	
449 (d) (iii)	SSPEs and other legal entities for which the Bank provides securitisation-related services, such as advisory, asset servicing or management services;	
449 (d) (iv)	SSPEs included in the Bank's regulatory scope of consolidation;	
449 (e)	List of any legal entities in relation to which the Bank have disclosed that it has provided support in accordance with Chapter 5 of Title II of Part Three.	
449 (f)	List of legal entities affiliated with the Bank and that invest in securitisations originated by the Bank or in securitisation positions issued by SSPEs sponsored by the Bank.	
449 (g)	Summary of accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions.	
449 (h)	Names of the ECAs used for securitisations and the types of exposure for which each agency is used.	
449 (i)	Description of the Internal Assessment Approach	
449 (j)	Disclosure of the carrying amount of securitisation exposures, shown separately for the trading book and the non-trading book.	Pages 59 to 60/ Table 44: Securitisation exposures in the non-trading book (SEC1)/Table 45: Securitisation exposures in the trading book (SEC2).
449 (k)(i)	Disclosure of the aggregate amount of securitisation positions where institutions act as originator or sponsor and the associated risk-weighted assets and capital requirements.	Page 61 / Table 46: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (SEC3)
449 (k)(ii)	Disclosure of the aggregate amount of securitisation positions where institutions act as investor and the associated risk-weighted assets and capital requirements.	Page 62 / Table 47: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (SEC4).
449 (l)	Disclosure of exposures in default relating to exposures securitised by the institution.	Page 63 / Table 48: Exposures securitised by the institution - Exposures in default and specific credit risk adjustments (SEC5).

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
Environmental, social and governance risks (ESG risks)		
449a	Prudential disclosures of environmental, social and governance (ESG) risks	Pages 67-85 : Quantitative information on ESG risks. Pages 99 to 115 : Qualitative information on ESG risks.
Remuneration disclosures		
450	Remuneration	Appendix C - pages 166 to 172: Remuneration disclosures. See also Note 37 on Director's remunerations on page 207 of BBI PLC Annual Report 2023.
Leverage		
451 (1) (a)	Leverage ratio, and breakdown of total exposure measure, including reconciliation to financial statements, and derecognised fiduciary items	Pages 23 to 25 / Tables 13 to 15: LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (LR1) / LRCom: Leverage ratio common disclosure (LR2) / LRSpl: Split-up on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (LR3).
451 (1) (b)		
451 (1) (c)		
451 (1) (d)	Description of the risk management approach to mitigate excessive leverage, and factors that impacted the leverage ratio during the year.	See pages 143 to 145 : Capital risk management (LRA).
451 (1) (e)		
451 (2)	Disclosures for public development credit institutions	
451 (3)	Disclosures for large institutions to be based on averages calculated in accordance with the implementing act referred to in Article 430(7).	Page 24 / Table 14: LRCom: Leverage ratio common disclosure (LR2)
Disclosure of liquidity requirements		
451a		
451a (1)		
451a (2)		Pages 29 to 32 / Table 18: Quantitative and Qualitative information on LCR (LIQ1) and (LIQB)
451a (2)(a)		
451a (2)(b)		
451a (2)(c)	Disclosures on the liquidity coverage ratio, net stable funding ratio and liquidity risk management.	
451a (3)		
451a (3)(a)		Page 31 / Table 19: Net Stable Funding Ratio (LIQ2)
451a (3)(b)		
451a (3)(c)		
451a (4)		See pages 141 - 143 Liquidity risk management (LIQA)

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
Use of the IRB approach to credit risk		
452	Disclosure of the use of the IRB Approach to credit risk	
452 (a)	Permission for use of the IRB approach from authority	
452 (b)	Disclosure on the scope of Internal Ratings Based and Standardised approaches	
452 (c)		
452 (c)(i)		
452 (c)(ii)	Description of the control around rating systems.	
452 (c)(iii)		
452 (c)(iv)		
452 (d)	Description of institution's process relating to the development and approval of credit risk models.	
452 (e)	Description of reporting relating to credit risk models.	
452 (f)		
452 (f)(i)	Description of the internal ratings process by exposure class.	From 1st July 2022, the Bank measures all of its credit risk exposures under the standardised approach following the removal of the temporary tolerance to use the advanced IRB approach, therefore this section is not applicable to BBI.
452 (f)(ii)		
452 (f)(iii)		
452 (g)(i)		
452 (g)(ii)		
452 (g)(iii)	Disclosure of exposure values by internal ratings based (IRB) exposure class.	
452 (g)(iv)		
452 (g)(v)		
452 (h)	Disclosure of back-testing of probability of default (PDs) by exposure class.	
Use of credit risk mitigation techniques		
453 (a)	Policies and processes for on- and off-balance sheet netting	
453 (b)	Policies and processes for eligible collateral evaluation and management	
453 (c)	Description of types of collateral used	Pages 125 to 126: Qualitative disclosure requirements related to CRM techniques (CRC)
453 (d)	Types of guarantor and credit derivative counterparty, and their creditworthiness	
453 (e)	Disclosure of market or credit risk concentrations within risk mitigation exposures	
453 (f)	CRM techniques overview	Page 42 / Table 29: CRM techniques overview (CR3)
453 (g)	Disclose corresponding conversion factor and credit risk mitigation techniques with and without substitution effect	
453 (h)	Exposures before and after the application of conversion factors and any associated credit risk mitigation	Page 36 / Table 22: Standardised approach - Credit risk exposure and CRM effects (CR4)
453 (i)	Under standardised approach, for each asset class, disclose the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure	
453 (j)	Under IRB approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives. Disclosure to me made for each exposure class subject to permission to use own LGDs and conversion factors	From 1st July 2022, the Bank measures all of its credit risk exposures under the standardised approach following the removal of the temporary tolerance to use the advanced IRB approach, therefore this section is not applicable to BBI.

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
Disclosures of operational risk		
454	Description of the Bank's operational risk profile	Page 65 / Table 49: OR1 – Operational risk own funds requirements and risk-weighted exposure amounts / Page 147 to 150 - Qualitative information on operational risk (ORA)
Use of internal market risk models		
455 (a) (i)	Disclosure of the characteristics of the market risk models.	
455 (a) (ii)	Disclosure of the methodology and description of all-price risk measure and incremental risk charge.	
455 (a)(iii)	Description of stress testing applied to sub-portfolios.	Page 128 - 135 : Qualitative disclosure requirements for institutions using the IMA (MRB) / Table 58: Market risk models selected features
455 (a)(iv)	Description of approaches used for back-testing.	Page 12 / Table 2: Summary of the scope of application of regulatory methodologies for CVA, market and operational risk
455 (b)	Scope of permission for use of the models.	
455 (c)	Policies and processes to determine which exposures are to be included in the trading book, and to comply with prudential valuation requirements.	
455 (d)		
455 (d) (i)	High/Low/Mean values over the year of VaR, sVaR, all-price risk measure and incremental risk charge.	Page 55 / Table 40: IMA values for trading portfolios (MR3).
455 (d) (ii)		
455 (d) (iii)		
455 (e)	The elements of the own fund calculation.	Page 57 / Table 43: Market risk under the IMA (MR2A).
455 (f)	Weighted average liquidity horizons of portfolios covered by models.	Page 128 - 135 : Qualitative disclosure requirements for institutions using the IMA (MRB) / Table 58: Market risk models selected features
455 (g)	Comparison of end-of-day VaR measures compared with one-day changes in portfolio's value.	Page 134 : Comparison of VaR estimates with gains/losses (MR4).

Location of risk disclosures

BBI's Risk disclosures are located across the Annual Report and Pillar 3 Report

		Annual Report	Pillar 3 Report
Risk management strategy			
Overview of BBI's approach to risk management. A detailed overview together with more specific information on policies that the Bank determines to be of particular significance in the current operating environment can be found in the BBI PLC Annual Report 2023 or at barclays.com	Enterprise Risk Management Framework (ERMF)	36	87
	Segregation of duties – the 'Three Lines of Defence' model	36	87
	Principal risks	36	87
	Risk appetite for the principal risks	36	88
	Risk committees	37	89
	Frameworks, policies and standards	n/a	89
	Assurance	n/a	90
	Effectiveness of risk management arrangements	n/a	90
	Learning from our mistakes	n/a	90
	Barclays' risk culture	37	90
	Group-wide risk management tools	n/a	91
	Risk management in the setting of strategy	n/a	95
Material existing and emerging risks			
Insight into the level of risk across our business and portfolios, the material existing and emerging risks and uncertainties we face and the key areas of management focus.	Material existing and emerging risks potentially impacting more than one principal risk	38	n/a
	Climate risk	42	n/a
	Credit risk	43	n/a
	Market risk	44	n/a
	Treasury and capital risk	44	n/a
	Operational risk	45	n/a
	Model risk	47	n/a
	Compliance risk	48	n/a
	Reputation risk	49	n/a
	Legal risk and legal, competition and regulatory matters	49	n/a
Principal risk management			
BBI's approach to risk management for each principal risk with focus on organisation and structure and roles and responsibilities.	Climate risk management	51	96
	Disclosure on ESG risks	n/a	99
	Credit risk management	57	116
	Management of credit risk mitigation techniques and counterparty credit risk	n/a	125
	Market risk management	58	128
	Management of securitisation exposures	n/a	136
	Treasury and capital risk management	58	140
	Operational risk management	60	147
	Model risk management	61	151
	Compliance risk management	62	153
	Reputation risk management	62	155
	Legal risk management	63	157

Location of risk disclosures (continued)

		Annual Report	Pillar 3 Report
Risk performance			
Climate risk: The risk of loss arising from Climate changes that potentially may affect the safety of the Bank through physical risks, such as extreme weather events, as well as transition risks, such as uncertainties relating to the shift towards a low-carbon economy.	Climate risk performance	64	n/a
	Credit risk overview and summary of performance	68	n/a
Credit risk: The risk of loss to the Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the Group, including the whole and timely payment of principal, interest, collateral and other receivables.	Maximum exposure and effects of netting, collateral and risk transfer	69	n/a
	Expected Credit Losses	72	n/a
	Movements in gross exposure and impairment allowance including provisions for loan commitments and financial guarantees	75	n/a
	Management adjustments to models for impairment	83	n/a
	Measurement uncertainty and sensitivity analysis	86	n/a
	Analysis of the concentration of credit risk	100	n/a
	The BBI's approach to management and representation of credit quality	101	n/a
	Analysis of specific portfolios and asset types	109	n/a
Market risk: The risk of a loss arising from potential adverse changes in the value of the BBI'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.	Market Risk overview and summary of performance	114	54
	Review of management measures	114	56
	Review of regulatory measures	n/a	55
Treasury and capital risk – Liquidity: The risk that BBI is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.	Liquidity risk overview and summary of performance	117	139
	Liquidity risk stress testing	117	139
	Liquidity pool	117	29
	Funding structure and funding relationships	117	31
	Contractual maturity of financial assets and liabilities	118	31
	Asset encumbrance	n/a	163
Treasury and capital risk – Capital: The risk that BBI has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes).	Capital risk overview and summary of performance	122	141
	Regulatory minimum capital and leverage requirements	122	n/a
	Analysis of capital resources	122	17
	Analysis of risk weighted assets	122	20
	Analysis of leverage ratio and exposures	122	23
	Minimum requirement for own funds and eligible liabilities	n/a	26
Treasury and capital risk – Interest rate risk in the banking book: The risk that the Bank is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.	Interest rate risk in the banking book overview and summary of performance	n/a	33
	Net interest income sensitivity	n/a	145

Location of risk disclosures (continued)

		Annual Report	Pillar 3 Report
Operational risk: The risk of loss to the Bank from inadequate or failed processes or systems, human factors or due to external events (for example, fraud) where the root cause is not due to credit or market risks.	Operational risk overview and summary of performance	123	64
	Operational risk profile	123	66
Model risk: The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.	Model risk overview and summary of performance	126	151
	Compliance risk overview and summary of performance	126	153
Reputation risk: The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in BBI's integrity and/or competence.	Reputation risk overview and summary of performance	126	155
Legal risk: The risk of loss or imposition of penalties, damages or fines from the failure of the Bank to meet its legal obligations including regulatory or contractual requirements.	Legal risk overview and summary of performance	127	157
Supervision and regulation			
The Bank's operations, including its overseas offices, subsidiaries and associates, are subject to a significant body of rules and regulations.	Supervision of BBI	128	n/a
	Global regulatory developments	128	n/a
	Financial regulatory framework	128	n/a
Pillar 3 Report			
Contains extensive information on risk as well as capital management.	Summary of risk and capital profile	n/a	6
	Notes on basis of preparation	n/a	7
	Scope of application of Basel framework	n/a	9
Risk and capital position review: Provides a detailed breakdown of BBI's regulatory capital adequacy and how this relates to the Bank's risk management.	Capital resources, requirements, leverage and liquidity	n/a	15
	Analysis of credit risk	n/a	35
	Analysis of counterparty credit risk	n/a	49
	Analysis of market risk	n/a	54
	Analysis of securitisation exposures	n/a	58
	Analysis of operational risk	n/a	64

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Non-applicable disclosures

Disclosures that are not included in this report

Frequency	Template/Table	Name of template/table	Rationale for exclusion
Quarterly	EU KM2	Key metrics - MREL and, where applicable, G-SII requirement for own funds and eligible liabilities	BBI is not a G-SII.
Semi annual	EU TLAC1	Composition - MREL and, where applicable, the G-SII requirement for own funds and eligible liabilities	BBI is not a G-SII.
Semi annual	EU TLAC3	Creditor ranking - resolution entity	BBI is not a resolution entity.
Annual	CR6-A	Scope of the use of IRB and SA approaches (IRB)	BBI has no permission to use IRB models.
Semi annual	CR6-B	Credit risk exposures by exposure class and PD range (IRB)	BBI has no permission to use IRB models.
Semi annual	CR7	Effect on RWEA of credit derivatives used as CRM techniques (IRB)	BBI has no permission to use IRB models.
Semi annual	CR7-A	Disclosure of the extent of the use of CRM techniques (IRB)	BBI has no permission to use IRB models.
Quarterly	CR8	RWEA flow statement of credit risk exposures under the IRB approach	BBI has no permission to use IRB models.
Annual	CR9/CR9.1	Back-testing of PD per exposure class (fixed PD scale) (IRB)	BBI has no permission to use IRB models.
Semi annual	CR10	Specialised lending and equity exposures under the simple risk-weighted approach	BBI has no permission to use IRB models.
Semi annual	CR2-A	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	This table is not required as BBI has not breached the 5% NPL ratio.
Semi annual	CQ2	Quality of forbearance	There are no such reportable forborne exposures.
Semi annual	CQ6	Collateral valuation - loans and advances	This table is not required as BBI has not breached the 5% NPL ratio.
Semi annual	CQ7	Collateral obtained by taking possession and execution processes	There was no collateral obtained by taking possession and execution processes.
Semi annual	CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	There was no collateral obtained by taking possession and execution processes for the vintage breakdown.
Semi annual	CCR4	Counterparty credit risk exposures by portfolio and PD range	BBI has no permission to use IRB models.
Semi annual	Template 3 (ESG)	Banking book - Climate change transition risk: Alignment metrics	This table is not required as BBI does not yet estimate its sectoral alignment.

Abbreviations used

ABS	Asset Backed Securities	CMP	Contractual Monthly Payment
AIRB	Advanced Internal Ratings Based	CoC	Code of Conduct
ALCO	Asset and Liability Committee	CRC	Climate Risk Committee
ASA	Alternative Standardised Approach	CRCF	Climate Risk Control Forum
ASF	Available Stable Funding	CRD	Capital Requirements Directive
AT1	Additional Tier 1	CRF	Climate Risk Framework
AVA	Additional Valuation Adjustments	CRM	Credit Risk Mitigation
B PLC	Barclays PLC	CRMF	Compliance Risk Management Framework
BAC	Board Audit Committee	CRO	Chief Risk Officer
BAU	Business as Usual	CRR	Capital Requirements Regulation
BB PLC	Barclays Bank PLC	CRST	Climate Risk Stress Test
BBI	Barclays Bank Ireland PLC	CSA	Credit Support Annex
BBI RC	BBI Risk Committee	CSO	Civil society organisations
BCBS	Basel Committee on Banking Supervision	CSRD	Corporate Sustainability Reporting Directive
BERC	Barclays Europe Risk Committee	CToB	Clearing Terms of Business
BI	Barclays International	CTRC	Climate Transaction Review Committee
BIA	Basic Indicator Approach	CVA	Credit Valuation Adjustment
BNG	Biodiversity Net Gain	DBO	Defined Benefit Obligations
BoE	Bank of England	EAD	Exposure at Default
BRC	Board Risk Committee	EBA	European Banking Authority
BSC	Board Sustainability Committee	EC	European Commission
C&E	Climate and Environmental	ECAI	External Credit Assessment Institution
CBE	Consumer Bank Europe	ECB	European Central Bank
CBES	Climate Biennial Exploratory Scenario	ECL	Expected Credit Losses
CBI	Central Bank Of Ireland	EDD	Enhanced Due Diligence
CC&P	Consumer, Cards and Payments	EEA	European Economic Area
CCB	Capital Conservation Buffer	EEPE	Effective Expected Positive Exposure
CCF	Credit Conversion Factor	EPC	Energy Performance Certificate
CCFOR	Climate Change Financial Risk and Operational Risk	ERMF	Enterprise Risk Management Framework
CCM	Climate Change Mitigation	ESG	Environmental, Social and Governance
CCP	Central Counterparty	ESI	Environmental and Social Impact
CCR	Counterparty Credit Risk	EU	European Union
CCyB	Countercyclical Capital Buffer	EVE	Economic Value of Equity
CDP	Carbon Disclosure Projects	EWI	Early Warning Indicators
CDR	Climate Data Repository	FCA	Financial Conduct Authority
CDS	Credit Default Swap	FCCM	Financial Collateral Comprehensive Method
CEO	Chief Executive Officer	FINREP	Financial Reporting
CET1	Common Equity Tier 1	FPIC	Free Prior Informed Consent
CFO	Chief Financial Officer	FSB	Financial Stability Board
CIB	Corporate and Investment Bank	FSC	Forest Stewardship Council
CLCMT	Capital and Liquidity Crisis Management Team	FVTPL	Fair Value through Profit or Loss
Climate-IST	Climate Internal Stress Test	FX	Foreign Exchange
CLN	Credit Lending Note	GAR	Green Asset Ratio
CLO	Collateralized Loan Obligation	GDP	Gross Domestic Product
CMBS	Commercial Mortgage Back Securities	GHG	Greenhouse Gas

Abbreviations used (continued)

GMD	Group Models Database	MSR	Mortgage Servicing Right
GRC	Group Risk Committee	MTM	Mark to Market
GRI	Global Reporting Initiative	MTP	Medium Term Planning
GRP	Group Recovery Plan	NACE	Nomenclature of Economic Activities
GRRC	Group Reputation Risk Committee	NAPA	New and Amended Product Approval
GSC	Group Sustainability Committee	NFRD	Non-Financial Reporting Directive
G-SIB	Global Systemically Important Banks	NGFS	Network for Greening the Financial System
G-SII	Global Systemically Important Institution	NII	Net Interest Income
GTRC	Group Transaction Review Committee	NPF	Non-Performing Forbearance
HQLA	High Quality Liquid Assets	NSFR	Net Stable Funding Ratio
HRAM	High Risk Account Management	NTI	Net Trading Income
IAA	Internal Assessment Approach	NZBA	Net-Zero Banking Alliance
IAS	International Accounting Standards	NZE	Net Zero Emissions
ICAAP	Internal Capital Adequacy Assessment Process	OECD	Organisation for Economic Co-operation and Development
IEA	International Energy Agency	ORX	Operational Risk data eXchange
IFC	International Finance Corporation	O-SII	Other Systemically Important Institution
IFRS	International Financial Reporting Standard	OTC	Over The Counter
ILAAP	Internal Liquidity Adequacy Assessment Process	P2R	Pillar 2 Requirement
ILO	International Labour Organisation	PCAF	The Partnership for Carbon Accounting Financials
ILST	Internal Liquidity Stress Testing	PD	Probability of Default
IMA	Internal Model Approach	PEB	Pension Executive Board
IMM	Internal Model Method	PF	Performing Forbearance
IPU	Intermediate Parent Undertaking	PFE	Potential Future Exposure
IRB	Internal Ratings Based	PMA	Post-Model Adjustments
IRC	Incremental Risk Charge	PMG	Pension Management Group
IRBBB	Interest Rate Risk in the Banking Book	PPCR	Public Policy and Corporate Responsibility
ISDA	International Swaps and Derivative Association	PRA	Prudential Regulation Authority
ITS	Implementing Technical Standards	PVA	Prudent Valuation Adjustment
IVU	Independent Valuation Unit	QCCP	Qualifying Central Counterparty
JRAD	Joint Risk and Assessment Decision	RBP	Role Based Pay
JST	Joint Supervisory Team	RCF	Revolving Credit Facility
KYC	Know Your Customer	RCSA	Risk and Control Self-Assessment
LCR	Liquidity Coverage Ratio	RemCo	Remuneration Committee
LGD	Loss Given Default	RMBS	Residential Mortgage Back Securities
LLR	Loan Loss Rate	RNIME	Risks Not In Model Engines
LMA	Loan Market Association	RoU	Right of Use
LRA	Liquidity Risk Appetite	RoW	Rest of World
LTIP	Long Term Incentive Plan	RPI	Retail Price Index
MiFID	Markets in Financial Instruments Directive	RRMF	Reputational Risk Management Framework
MREL	Minimum Requirement for Own Funds and Eligible Liabilities	RSF	Required Stable Funding
MRF	Model Risk Framework	RSPO	Roundtable on Sustainable Palm Oil
MRM	Model Risk Management	RWA	Risk Weighted Assets
MRMQ	Model Risk Measurement and Quantification	RWEA	Risk Weighted Exposure Amounts
MRO	Main Refinancing Operations	SA-CCR	Standardised Approach for Counterparty Credit Risk
MRT	Material Risk Taker	SASB	Sustainability Accounting Standards Board

Abbreviations used (continued)

SBTI	Science Based Targets Initiative
SEC-ERBA	External-Ratings-Based Approach (Securitisation)
SEC-IRBA	Internal-Ratings-Based Approach (Securitisation)
SEC-SA	Standardised Approach (Securitisation)
SFT	Securities Financing Transaction
SICR	Significant Increase In Credit Risk
SLL	Sustainability Linked Term Loan
SME	Small or Medium Enterprise
SPE	Special Purpose Entity
SPG	Sustainable Product Group
SPPI	Solely Payments of Principal and Interest
SPT	Sustainability Performance Targets
SPV	Special Purpose Vehicles
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SRS	Sustainability Reporting Standards
SRT	Significant Risk Transfer
SSA	Sovereign, Supranational and Agency
SSM	Single Supervisory Mechanism
SSPE	Securitisation Special Purpose
STS	Simple, Transparent and Standardised
SVaR	Stressed Value at Risk
T1	Tier 1 Capital
T2	Tier 2 Capital
TCFD	Task Force on Climate-Related Financial Disclosures
TPSP	Third Party Service Providers
UNGP	UN Guiding Principles on Business and Human Rights
VaR	Value at Risk
VCoE	Validation Centre of Excellence
WCRMC	Wholesale Credit Risk Management Committee