



BARCLAYS BANK PLC

(Incorporated with limited liability in England and Wales)

REGISTRATION DOCUMENT

This registration document dated 11 March 2019 ("**Registration Document**") constitutes a registration document for the purposes of Article 5(3) of Directive 2003/71/EC (as amended or superseded) (the "**Prospectus Directive**") and has been prepared for the purpose of giving information with respect to Barclays Bank PLC ("**Issuer**") which, according to the particular nature of the relevant transaction is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

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

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

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

The date of this Registration Document is 11 March 2019.

INTRODUCTION

What is this document?

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

How do I use this Registration Document?

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

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

DEFINITIONS AND INTERPRETATION

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

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

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

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

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

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RISK FACTORS

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

Principal Risks relating to the Issuer

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

The risks described below are material existing and emerging risks which senior management has identified with respect to the Bank Group.

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

1. Business conditions, general economy and geopolitical issues

The Bank Group's business mix spreads across multiple geographies and client types. The breadth of these operations means that deterioration in the economic environment, or an increase in political instability in countries where the Bank Group is active, or in any systemically important economy, could adversely affect the Bank Group's operating performance, financial condition and prospects.

Although economic activity continued to strengthen globally in 2018, a change in global economic conditions and the reversal of the improving trend may result in lower client activity in the Bank Group, including lower demand for borrowing from creditworthy customers, and/or a reduction in the value of related collateral and/or an increase of the Bank Group's default rates, delinquencies, write-offs, and impairment charges, which in turn could adversely affect the Bank Group's performance and prospects. Deteriorating economic conditions could also impact the ability of the Bank Group to raise funding from external investors. In addition, a shift in the forward looking consensus view of economic conditions may materially impact the models used to calculate expected credit losses ("ECL"), where an increase in ECLs could adversely affect the Bank Group's profitability.

In several countries, reversals of capital inflows, as well as fiscal austerity, have already caused deterioration in political stability. This could be exacerbated by a renewed rise in asset price volatility or sustained pressure on government finances. In addition, geopolitical tensions in some areas of the world are and at risk of further deterioration, thus potentially increasing market uncertainties and causing adverse global economic and market conditions, which in turn could adversely affect the Bank Group's profitability in certain geographical locations.

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

have a detrimental effect in the economic environment in continental Europe, which may negatively impact the Bank Group's business in specific Eurozone countries.

In the US, where the economy outperformed other key markets in 2018, there is the possibility of significant continued changes in policy in sectors including trade, healthcare and commodities which may have an impact on associated Bank Group portfolios. A significant proportion of the Bank Group's portfolio is located in the US, including a major credit card portfolio and a range of corporate and investment banking exposures. Stress in the US economy, weakening GDP and the associated exchange rate fluctuations, heightened trade tensions, an unexpected rise in unemployment and/or an increase in interest rates could lead to increased levels of impairment, resulting in a negative impact on the Bank Group's profitability.

As anticipated, most major central banks have started tightening their monetary policies in 2018 and there remains a possibility that this will continue. The risk of large capital flows spawned by divergent or differently timed policies remains, and this will continue to provide financial market turbulence, in particular in emerging market economies. This may negatively impact the Bank Group's business in the affected regions, under both profiles of credit and market risk.

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

More broadly, a deterioration of conditions in the key markets where the Bank Group operates could affect performance in a number of ways including, for example: (i) deteriorating business, consumer or investor confidence indirectly having a material adverse impact on GDP growth in significant markets and therefore on the Bank Group's performance; (ii) mark to market losses in trading portfolios resulting from changes in factors such as credit ratings, share prices and solvency of counterparties; (iii) reduced ability to obtain capital from other financial institutions for the Bank Group's operations; and (iv) lower levels of fixed asset investment and productivity growth overall.

2. Process of UK withdrawal from the European Union

The uncertainty around Brexit spanned the whole of 2018, and intensified in the second half of the year. The full impact of the withdrawal may only be realised in years to come, as the economy adjusts to the new regime, but the Bank Group continues to monitor the most relevant risks, including those that may have a more immediate impact, for its business:

- Market volatility, including in currencies and interest rates, might increase which could have an impact on the value of the Bank Group's trading book positions.
- Potential UK financial institutions credit spread widening could lead to reduced investor appetite for the Bank Group's debt securities; this could negatively impact the cost of, and/or access to, funding. There is potential for continued market and interest rate volatility. This volatility could affect underlying interest rate risk value of the assets in the banking book, and securities held by the Bank Group for liquidity purposes.
- A credit rating agency downgrade applied directly to the Bank Group, or indirectly as a result of a credit rating agency downgrade to the UK Government, could significantly increase the Bank Group's borrowing costs, credit spreads and materially adversely affect the Bank Group's interest margins and liquidity position.
- Changes in the long-term outlook for UK interest rates may adversely affect pension liabilities and the market value of investments funding those liabilities.
- Increased risk of a UK recession with lower growth, higher unemployment and falling UK house prices. This would likely negatively impact a number of the Bank Group's portfolios.

- The implementation of trade and customs barriers between the UK and EU could lead to delays and increased costs in the passage of goods for corporate banking customers. This could negatively impact the levels of customer defaults and business volumes which may result in an increase in the Bank Group's impairment charges and a reduction in revenues.
- Changes to current EU 'Passporting' rights may require further adjustment to the current model for the Bank Group's cross-border banking operation which could increase operational complexity and/or costs.
- The ability to attract, or prevent the departure of, qualified and skilled employees may be impacted by the UK's and the EU's future approach to the EU freedom of movement and immigration from the EU countries and this may impact the Bank Group's access to the EU talent pool.
- The legal framework within which the Bank Group operates could change and become more uncertain if the UK takes steps to replace or repeal certain laws currently in force, which are based on EU legislation and regulation (including EU regulation of the banking sector) following its withdrawal from the EU. Certainty around the ability to perform existing contracts, enforceability of certain legal obligations and uncertainty around the jurisdiction of the UK courts may be affected until the impacts of the loss of the current legal and regulatory arrangements between the UK and EU and the enforceability of UK judgements across the EU are fully known.
- Should the UK lose automatic qualification to be part of Single Euro Payments Area there could be a resultant impact on the efficiency of, and access to, European payment systems. In addition, loss of automatic qualification to the European Economic Area ("EEA") or access to Financial Markets Infrastructure including exchanges, central counterparties and payments services could impact service provision for clients, likely resulting in reduced market share and revenue and increased operating costs for the Bank Group.
- There are certain execution risks relating to the transfer of the Bank Group's European businesses to Barclays Bank Ireland PLC. Technology change could result in outages or operational errors leading to delays in the transfer of assets and liabilities to Barclays Bank Ireland PLC, and delayed delivery could lead to European clients losing access to products and service and increased reputational risk.

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

To the extent that central banks increase interest rates particularly in the Bank Group's main markets, in the UK and the US, there could be an impact on consumer debt affordability and corporate profitability.

While interest rate rises could positively impact the Bank Group's profitability, as retail and corporate business income may increase due to margin de-compression, future interest rate increases, if larger or more frequent than expectations, could cause stress in the lending portfolio and underwriting activity of the Bank Group. Higher credit losses driving an increased impairment allowance would most notably impact retail unsecured portfolios and wholesale non-investment grade lending.

Changes in interest rates could also have an adverse impact on the value of high quality liquid assets which are part of the Bank Group Treasury function's investment activity. Consequently, this could create more volatility than expected through the Bank Group's FVOCI reserves.

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

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

The Barclays Bank UK Group was established on 1 April 2018 as the ring-fenced entity under the Group. The transfer of the assets and liabilities of the Barclays UK division from the Bank Group means that the Bank Group is less diversified than the Group as a whole. The Bank Group is not the parent of the Barclays Bank UK Group and thus does not have recourse to the assets of the Barclays Bank UK Group. Relative to the Group, the Bank Group is, amongst other things:

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

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

- Changes in prudential requirements (including the risk reduction measures package recently adopted in the EU to amend the Capital Requirements Directive ("**CRD IV**") and the Bank Recovery and Resolution Directive ("**BRRD**") may impact minimum requirements for own funds and eligible liabilities ("**MREL**") (including requirements for internal MREL), leverage, liquidity or funding requirements, applicable buffers and/or add-ons to such minimum requirements and risk weighted assets calculation methodologies all as may be set by international, EU or national authorities. Such or similar changes to prudential requirements or additional supervisory and prudential expectations, either individually or in aggregate, may result in, among other things, a need for further management actions to meet the changed requirements, such as: increasing capital, MREL or liquidity resources; reducing leverage and risk weighted assets; restricting distributions on capital instruments; modifying the terms of outstanding capital instruments; modifying legal entity structure (including with regard to issuance and deployment of capital, MREL and funding); changing the Bank Group's business mix or exiting other businesses; and/or undertaking other actions to strengthen the Bank Group's position. (See Treasury and capital risk on pages 73 to 86 and Supervision and regulation on pages 93 to 102 of the 20-F for more information).
- The derivatives market has been the subject of particular focus for regulators in recent years across the G20 countries and beyond, with regulations introduced which require the reporting and clearing of standardised over the counter ("**OTC**") derivatives and the mandatory margining of non-cleared OTC derivatives. Other regulations applicable to swap dealers, including those promulgated by the US Commodity Futures Trading Commission, have imposed significant costs on the Bank Group's derivatives business. The increased regulation of swaps and security-based swaps may also result in other increases in costs for market participants, as well as reduced liquidity in the markets for such instruments, which could cause further increases in costs and volatility. These and any future requirements, including the US SEC's (as defined below) regulations relating to security-based swaps and the possibility of overlapping and/or contradictory requirements imposed on derivative transactions by regulators in different jurisdictions, are expected to continue to impact such business in the same manner.

- More broadly, compliance with the evolving regulatory framework entails significant costs for market participants and is having a significant impact on certain markets in which the Bank Group operates. The recast Markets in Financial Instruments Directive in Europe ("**MiFID II**"), which came into force in January 2018, has fundamentally changed the European regulatory framework entailing significant operational changes for market participants in a wide range of financial instruments as well as changes in market structures and practices. In addition, the EU Benchmarks Regulation, which also came into force in January 2018, regulates the use of benchmarks in the EU. In particular, after 1 January 2020 certain Bank Group entities will not be permitted to use benchmarks unless the relevant administrator is authorised, registered or qualifies under a third party regime. This may necessitate adapting processes and systems to transition to new alternative benchmarks, which would be a very time consuming and costly process. Separately, the transition to risk-free rates as part of a wider benchmark reform is also expected to be impactful to the Bank Group in respect of the timing of the development of a robust risk free rate market, an unfavourable market reaction and/or inconsistencies in the adoption of products using the new risk free rates, and also in respect of the costs and uncertainties involved in managing and/or changing historical products to reference risk free rates as a result of the proposed discontinuation of certain existing benchmarks.
- The Bank Group and certain of its members are subject to supervisory stress testing exercises in a number of jurisdictions. These exercises currently include the programmes of the Bank of England ("**BoE**"), the European Banking Authority, the Federal Deposit Insurance Corporation and the Federal Reserve Board. These exercises are designed to assess the resilience of banks to adverse economic or financial developments and enforce robust, forward looking capital and liquidity management processes that account for the risks associated with their business profile. Assessment by regulators is on both a quantitative and qualitative basis, the latter focusing on the Bank Group's or certain of its members' business model, data provision, stress testing capability and internal management processes and controls. The stress testing requirements to which the Bank Group and its members are subject are becoming increasingly stringent. Failure to meet requirements of regulatory stress tests, or the failure by regulators to approve the stress test results and capital plans of the Bank Group, could result in the Bank Group being required to enhance its capital position, limit capital distributions or position additional capital in specific subsidiaries. For more information on stress testing, please see Supervision and regulation on pages 93 to 102 of the 20-F.
- The introduction and implementation of Payments Service Directive 2 ("**PSD2**") with delivery across 2019 provides third parties and banks with opportunities to change and enhance the relationship between a customer and their bank. It does this by providing customers with the ability to share their transactional data with authorised third party service providers either for aggregation or payment services. It is anticipated that payment services will be offered by third parties to the Bank Group's customers. PSD2 will also introduce new requirements to the authentication process for a number of actions customers take, including ecommerce transactions. A failure to comply with PSD2 could expose the Bank Group to regulatory sanction. Further, the regime could mean that actions or omissions by third party service providers could expose the Bank Group to potential financial loss from third party fraud, misuse of customer data, litigation and reputational detriment, amongst other things. The changes to authentication may change the fraud environment across the industry as providers implement different approaches to comply.

Material existing and emerging risks impacting individual principal risks

Credit risk

1. Impairment

The introduction of the impairment requirements of IFRS 9 (as defined below) Financial Instruments, implemented on 1 January 2018, results in impairment loss allowances that are recognised earlier, on a more forward looking basis and on a broader scope of financial instruments than has been the case under IAS 39 and has had, and may continue to have, a material impact on the Bank Group's financial condition. Measurement involves increased complex judgement and impairment charges will tend to be more volatile, particularly under stressed conditions. Unsecured products with longer expected lives, such as revolving credit cards, are the most impacted. Taking into account the transitional regime, the capital treatment on the increased reserves has the potential to adversely impact regulatory capital ratios. In addition, the move from incurred to expected credit losses has the potential to impact the Bank Group's performance under stressed economic conditions or regulatory stress tests. For more information please

refer to Note 1 (*Significant accounting policies*) to the consolidated financial statements of the Issuer on pages 113 to 117 of the 20-F.

2. **Specific sectors and concentrations**

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

(a) **UK retailers**

Softening demand, rising costs and a structural shift to online is fuelling pressure on the UK High Street. Whilst we have not seen any material impact, as the UK retailer market repositions itself the trend represents a potential risk in our UK corporate portfolio.

(b) **Consumer affordability**

Consumer affordability has remained a key area of focus for regulators, particularly in unsecured lending, driven by the growth in levels of borrowing. Macroeconomic factors, such as rising unemployment, that impact a customer's ability to service unsecured debt payments could lead to increased arrears in unsecured products.

(c) **UK real estate market**

UK property represents a significant portion of the overall the Bank Group corporate credit exposure. In 2018, property price growth across the UK continued, however, this growth has slowed in London and the South East where the Bank Group exposure has high concentration. The Bank Group is at risk of increased impairment from a material fall in property prices due to the depreciation in value of the underlying loan security.

(d) **Leverage finance underwriting**

The Bank Group takes on sub-investment grade underwriting exposure, including single name risk, particularly in the US and Europe. The Bank Group is exposed to credit events and market volatility during the underwriting period. Any adverse events during this period may potentially result in loss for the Bank Group or an increased capital requirement should there be a need to hold the exposure for an extended period.

(e) **Italian portfolio**

The Bank Group is exposed to a decline in the Italian economic environment through a mortgage portfolio in run-off and positions to wholesale customers. The Italian economy tipped into an official recession at the end of 2018 and should the economy deteriorate further, there could be a material adverse effect on the Bank Group's results including, but not limited to, increased credit losses and higher impairment charges.

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

3. **Environmental risk**

The Bank Group is exposed to credit risks arising from energy and climate change. Indirect risks may be incurred as a result of environmental issues impacting the credit worthiness of the borrower resulting in higher impairment.

Market risk

Market volatility

An uncertain outlook for the direction of monetary policy, the US-China trade conflict, slowing global growth and political concerns in the US and Europe (including Brexit) are some of the factors that could heighten market risks for the Bank Group's portfolios.

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

Treasury and capital risk

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

1. Inability to maintain prudential ratios and other regulatory requirements

This could lead to the Bank Group's inability to support business activity; a failure to meet regulatory capital requirements including any additional capital add-ons or the requirements set for regulatory stress tests; increased cost of funding due to deterioration in investor appetite or credit ratings; restrictions on distributions including the ability to meet dividend targets; and/or the need to take additional measures to strengthen the Bank Group's capital or leverage position.

2. Inability to manage liquidity and funding risk effectively

This may result in the Bank Group either not having sufficient financial resources to meet its payment obligations as they fall due or, although solvent, only being able to meet these obligations at excessive cost. This could cause the Bank Group to fail to meet regulatory liquidity standards or be unable to support day-to-day banking activities.

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

3. Credit rating changes and the impact on funding costs

Any potential or actual credit rating agency downgrades could significantly increase the Bank Group's borrowing costs, credit spreads and materially adversely affect the Bank Group's interest margins and liquidity position. Consequently, this may result in reduced profitability for the Bank Group.

4. Adverse changes in foreign exchange rates impacting capital ratios

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

5. **Adverse movements in the pension fund**

Adverse movements in pension assets and liabilities for defined benefit pension schemes could result in deficits on a funding and/or accounting basis. This could lead to the Bank Group making substantial additional contributions to its pension plans and/or a deterioration in its capital position. Under IAS 19 the liabilities discount rate is derived from the yields of high quality corporate bonds.

Therefore, the valuation of the Bank Group's defined benefits schemes would be adversely affected by a prolonged fall in the discount rate due to a persistent low rate and/or credit spread environment. Inflation is another significant risk driver to the pension fund as the liabilities are adversely impacted by an increase in long-term inflation expectations.

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

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

Operational risk

1. **Cyber threat**

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

Failure to adequately manage this threat could result in increased fraud losses, inability to perform critical economic functions, customer detriment, potential regulatory censure or penalties, legal liability, reduction in shareholder value and reputational damage.

2. **Fraud**

The level and nature of fraud threats continues to evolve, particularly with the increasing use of digital products and the greater functionality available online. Criminals continue to adapt their techniques and are increasingly focused on targeting customers and clients through ever more sophisticated methods of social engineering. External data breaches also provide criminals with the opportunity to exploit the growing levels of compromised data. These threats could lead to customer detriment, loss of business, regulatory censure, missed business opportunity and reputational damage.

3. **Operational resilience**

The loss of or disruption to the Bank Group's business processing is a material inherent risk theme within the Bank Group and across the financial services industry, whether arising through impacts on technology systems, real estate services, personnel availability or the support of major suppliers.

Failure to build resilience into business processes or into the services of technology, real estate or suppliers on which the Bank Group business processes depend may result in significant customer detriment, costs to reimburse losses incurred by our customers, potential regulatory censure or penalties, and reputational damage.

4. **Supplier exposure**

The Bank Group depends on suppliers, including Barclays Services Limited, for the provision of many of its services and the development of technology. Even though the Bank Group depends on suppliers, it continues to be accountable for risk arising from the actions of such suppliers.

Failure to monitor and control the Bank Group's suppliers could potentially lead to client information, or critical infrastructures and services, not being adequately protected or available when required. The dependency on suppliers and sub-contracting of outsourced services introduces concentration risk where the failure of specific suppliers could have an impact on our ability to continue to provide services that are material to the Bank Group.

Failure to adequately manage outsourcing risk could result in increased losses, inability to perform critical economic functions, customer detriment, potential regulatory censure, legal liability and reputational damage.

5. **Processing error**

As a large, complex bank, the Bank Group faces the risk of material errors in operational processes, including payments and client transactions.

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

6. **New and emergent technology**

Technological advancements present opportunities to develop new and innovative ways of doing business across the Bank Group, with new solutions being developed both in-house and in association with third party companies. Introducing new forms of technology, however, also has the potential to increase inherent risk.

Failure to evaluate, actively manage and closely monitor risk exposure during all phases of business development could lead to customer detriment, loss of business, regulatory censure, missed business opportunity and reputational damage.

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

As a regulated financial institution, the Bank Group requires diversified and specialist skilled colleagues. The Bank Group's ability to attract, develop and retain a diverse mix of talent is key to the delivery of its core business activity and strategy. This is impacted by a range of external and internal factors, such as the UK's decision to leave the EU and the enhanced individual accountability applicable to the banking industry.

Failure to attract or prevent the departure of appropriately qualified and skilled employees could negatively impact our financial performance, control environment and level of employee engagement. Additionally, this may result in disruption to service which could in turn lead to disenfranchising certain customer groups, customer detriment and reputational damage.

8. **Tax risk**

The Bank Group is required to comply with the domestic and international tax laws and practice of all countries in which it has business operations. The Tax Cuts and Jobs Act has introduced substantial changes to the US tax system, including the introduction of a new tax, the Base Erosion Anti-Abuse Tax. These changes have increased the Bank Group's tax compliance obligations and require a number of system and process changes which introduce additional operational risk. In addition, increasing customer tax reporting requirements around the world and the digitisation of the administration of tax has potential to increase the Bank Group's tax compliance obligations further. In light of the above, there is a risk that the Bank Group could suffer losses due to additional tax charges, other financial costs or reputational damage as a result of failing to comply with such laws and practice, or by failing to manage its tax affairs in an appropriate manner, with much of this risk attributable to the international structure of the Bank Group.

9. **Critical accounting estimates and judgements**

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

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

10. **Data management and information protection**

The Bank Group holds and processes large volumes of data, including personally identifiable information, intellectual property, and financial data. Failure to accurately collect and maintain this data, protect it from breaches of confidentiality and interference with its availability exposes the Bank Group to the risk of loss or unavailability of data (including customer data covered under vi), c) Data protection and privacy, below) or data integrity issues. This could result in regulatory censure, legal liability and reputational damage, including the risk of substantial fines under the General Data Protection Regulation (GDPR), which strengthens the data protection rights for customers and increases the accountability of the Bank Group in its management of that data.

11. **Unauthorised or rogue trading**

Unauthorised trading, such as a large unhedged position, which arises through a failure of preventative controls or deliberate actions of the trader, may result in large financial losses for the Bank Group, loss of business, damage to investor confidence and reputational damage.

12. **Algorithmic trading**

In some areas of the investment banking business, trading algorithms are used to price and risk manage client and principal transactions. An algorithmic error could result in increased market exposure and subsequent financial losses for the Bank Group and potential loss of business, damage to investor confidence and reputational damage.

Model risk

Enhanced model risk management requirements

The Bank Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures (including the calculation of impairment), conducting stress testing, assessing capital adequacy, supporting new business acceptance and risk and reward evaluation, managing client assets, and meeting reporting requirements.

Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs. For instance, the quality of the data used in models across the Bank Group has a material impact on the accuracy and completeness of our risk and financial metrics.

Models may also be misused. Model errors or misuse may result in the Bank Group making inappropriate business decisions and being subject to financial loss, regulatory risk, reputational risk and/or inadequate capital reporting.

Conduct risk

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

1. **Product governance and life cycle**

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

2. **Financial crime**

The Bank Group may be adversely affected if it fails to effectively mitigate the risk that third parties or its employees facilitate, or that its products and services are used to facilitate financial crime (money laundering, terrorist financing and proliferation financing, breaches of economic and financial sanctions, bribery and corruption, and the facilitation of tax evasion). UK and US regulations concerning financial institutions continue to focus on combating financial crime. Failure to comply may lead to enforcement action by the Bank Group's regulators together with severe penalties, affecting the Bank Group's reputation and financial results.

3. **Data protection and privacy**

Proper handling of personal data is critical to sustaining long-term relationships with our customers and clients and to meeting privacy laws and obligations. Failure to protect personal data can lead to potential detriment to our customers and clients, reputational damage, regulatory sanctions and financial loss, which under the GDPR may be substantial (see *Operational Risk – Data management and information protection* above).

4. **Regulatory focus on culture and accountability**

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

Reputation risk

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

A risk arising in one business area can have an adverse effect upon the Bank Group's overall reputation; any one transaction, investment or event that, in the perception of key stakeholders reduces their trust in the Bank Group's integrity and competence.

The Bank Group's association with sensitive topics and sectors is an area of concern for stakeholders, including:

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

These associations have the potential to give rise to reputation risk for the Bank Group and may result in loss of business, regulatory censure and missed business opportunity.

In addition to the above, reputation risk has the potential to arise from operational issues or conduct matters which cause detriment to customers, clients, market integrity, effective competition or the Bank Group (see *Operational Risk – Cyber threat; Data management and information protection; and Conduct risk* above).

Legal risk and legal, competition and regulatory matters

Legal disputes, regulatory investigations, fines and other sanctions relating to conduct of business and breaches of legislation and/or regulations may negatively affect the Bank Group's results, reputation and ability to conduct its business.

The Bank Group conducts diverse activities in a highly regulated global market and therefore is exposed to the risk of fines and other sanctions. Authorities have continued to investigate past practices, pursued alleged breaches and imposed heavy penalties on financial services firms. A breach of applicable legislation and/or regulations could result in the Bank Group or its staff being subject to criminal prosecution, regulatory censure, fines and other sanctions in the jurisdictions in which it operates. Where clients, customers or other third parties are harmed by the Bank Group's conduct, this may also give rise to legal proceedings, including class actions. Other legal disputes may also arise between the Bank Group and third parties relating to matters such as breaches, enforcement of legal rights or obligations arising under contracts, statutes or common law. Adverse findings in any such matters may result in the Bank Group being liable to third parties or may result in the Bank Group's rights not being enforced as intended.

Details of legal, competition and regulatory matters to which the Bank Group is currently exposed are set out in Note 28 (*Legal, competition and regulatory matters*) to the consolidated financial statements of the Issuer on pages 183 to 190 of the 20-F. In addition to matters specifically described in Note 28, the Bank Group is engaged in various other legal proceedings which arise in the ordinary course of business. The Bank Group is also subject to requests for information, investigations and other reviews by regulators, governmental and other public bodies in connection with business activities in which the Bank Group is, or has been, engaged.

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

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

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

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

The majority of the requirements of the BRRD (including the bail-in tool) were implemented in the UK by way of amendments to the Banking Act. For more information on the bail-in tool, see "*The relevant UK resolution authority may exercise the bail-in tool in respect of the Issuer and the Securities, which may result in holders of*

the Securities losing some or all of their investment" and "Under the terms of the Securities, you have agreed to be bound by the exercise of any UK Bail-in power by the relevant UK resolution authority" below.

On 23 November 2016, the European Commission published, among other proposals, proposals to amend the BRRD. Adoption of the proposals and publication in the Official Journal is anticipated by mid-2019 but there are still a number of outstanding issues and the technical and legal translation revision process still has to take place on all the issues agreed. Therefore, it is unclear what the effect of such proposals may be on the Group, the Issuer or the Securities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Banking Act specifies the order in which the bail-in tool should be applied, reflecting the hierarchy of capital instruments under CRD IV and otherwise respecting the hierarchy of claims in an ordinary insolvency. In addition, the bail-in tool contains an express safeguard (known as "**no creditor worse off**") with the aim that shareholders and creditors do not receive a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity. Among other proposals, the amendments to BRRD and CRD IV Regulation proposed by the European Commission on 23 November 2016 relate to the ranking of unsecured debt instruments on insolvency hierarchy which resulted in the adoption of EU directive 2017/2399 on 12 December 2017 (the "**Amendment Directive**"). The Amendment Directive introduces a new layer in insolvency for ordinary, long-term, unsecured debt-instruments issued by credit institutions and financial institutions within their consolidation perimeter that are established within the EU. In the UK, the 2018 Order referred to above was published on 19 December 2018 and sets out the new insolvency hierarchy. Further, MREL, which is being implemented in the EU and the UK, will apply to EU and UK financial institutions and cover capital and debt instruments that are capable of being written-down or converted to equity in order to prevent a financial institution from failing in a crisis. The Bank of England has set interim MREL compliance dates of 1 January 2019 and 1 January 2020, and a final MREL compliance date of 1 January 2022. The other amendments to BRRD and CRD IV Regulation are still in draft form and subject to the EU legislative process, therefore it is unclear what the effect of such amendments may be on the Group, the Issuer or the Securities.

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

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

As part of the reforms required by the BRRD, amendments have been made to relevant legislation in the UK (including the UK Insolvency Act 1986) to establish in the insolvency hierarchy a statutory preference (i) firstly, for deposits that are insured under the UK Financial Services Compensation Scheme ("**insured deposits**") to rank

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

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

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

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

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

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

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

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

affecting an issuer's credit rating, including by virtue of change to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to an issuer and/or its securities. Revisions to ratings methodologies and actions on the Issuer's ratings by the credit rating agencies may occur in the future.

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

INFORMATION INCORPORATED BY REFERENCE

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

- the Annual Report of the Issuer, as filed with the US Securities and Exchange Commission (the "SEC") on Form 20-F on 21 February 2019 in respect of the years ended 31 December 2017 and 31 December 2018 (the "20-F"), except for the section entitled "*Exhibit Index*" on page 282 of the 20-F, which is not incorporated in and does not form part of this Registration Document; and
- the Annual Reports of the Issuer containing the audited consolidated financial statements of the Issuer in respect of the years ended 31 December 2017 (the "**2017 Issuer Annual Report**") and 31 December 2018 (the "**2018 Issuer Annual Report**"), respectively.

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

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

The Issuer has applied IFRS as issued by the International Accounting Standards Board and as endorsed by the EU in the financial statements incorporated by reference above. A summary of the significant accounting policies for the Issuer is included in each of the 20-F, 2017 Issuer Annual Report and the 2018 Issuer Annual Report.

FORWARD-LOOKING STATEMENTS

This Registration Document and certain documents incorporated by reference herein contain certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Bank Group. The Issuer cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "may", "will", "seek", "continue", "aim", "anticipate", "target", "projected", "expect", "estimate", "intend", "plan", "goal", "believe", "achieve" or other words of similar meaning. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Bank Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, payment of dividends (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, International Financial Reporting Standard 9 ("**IFRS 9**") impacts and other statements that are not historical fact.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under International Financial Reporting Standards including the continuing impact of IFRS 9 implementation, evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; the United Kingdom ("**UK**"), the United States ("**US**"), Eurozone and global macroeconomic and business conditions; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entities within the Bank Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; instability as a result of the exit by the UK from the EU and the disruption that may subsequently result in the UK and globally; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Bank Group's control. As a result, the Bank Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set forth in the Bank Group's forward-looking statements. Additional risks and factors which may impact the Bank Group's future financial condition and performance are identified in the Bank Group's filings with the SEC (including, without limitation, in the 20-F (as defined in the "*Information Incorporated by Reference*" section above)), which are available on the SEC's website at <http://www.sec.gov>.

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

Subject to the Bank Group's obligations under the applicable laws and regulations of the UK and the US in relation to disclosure and ongoing information, the Issuer undertakes no obligation to update publicly or revise any forward looking statements, whether as a result of new information, future events or otherwise.

THE ISSUER, THE BANK GROUP AND THE GROUP

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

The Group is a transatlantic consumer and wholesale bank with global reach offering products and services across personal, corporate and investment banking, credit cards and wealth management anchored in the Group's two home markets of the UK and the US. The Group is organised into two clearly defined business divisions – Barclays UK division and Barclays International division. These are primarily housed in two banking subsidiaries – Barclays UK sits within Barclays Bank UK PLC and Barclays International sits within the Issuer – which operate alongside Barclays Services Limited but, in accordance with the requirements of ring-fencing legislation, independently from one another. Barclays Services Limited drives efficiencies in delivering operational and technology services across the Group.

The Issuer and the Bank Group offer products and services designed for the Group's larger corporate, wholesale and international banking clients.

The short term unsecured obligations of the Issuer are rated A-1 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term unsecured unsubordinated obligations of the Issuer are rated A by Standard & Poor's Credit Market Services Europe Limited, A2 by Moody's Investors Service Ltd. and A+ by Fitch Ratings Limited.

Based on the Bank Group's audited financial information for the year ended 31 December 2018, the Bank Group had total assets of £877,700m (2017: £1,129,343m), total net loans and advances of £136,959m (2017: £324,590m), total deposits of £199,337m (2017: £399,189m), and total equity of £47,711m (2017: £65,734m) (including non-controlling interests of £2m (2017: £1m)). The profit before tax of the Bank Group for the year ended 31 December 2018 was £1,286m (2017: £1,758m) after credit impairment charges and other provisions of £643m (2017: £1,553m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Issuer for the year ended 31 December 2018.

Legal Proceedings

For a description of the governmental, legal or arbitration proceedings that the Issuer and the Bank Group face, see Note 26 (*Provisions*) and Note 28 (*Legal, competition and regulatory matters*) to the consolidated financial statements of the Issuer on pages 181 to 182 and pages 183 to 190, respectively, of the 20-F.

Directors

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

<u>Name</u>	<u>Function(s) within the Issuer</u>	<u>Principal outside activities</u>
Nigel Higgins	Non-Executive Director and Interim Chairman ^[1]	Barclays PLC (Chairman Designate and Non-Executive Director); Sadler's Wells (Chairman); Tetra Laval Group (Non-Executive Director)
Tim Throsby	Chief Executive Officer	
Steven Ewart	Chief Financial Officer	
Peter Bernard	Non-Executive Director	Bowdoin College (Trustee); Windrose Advisors (Advisor); Massachusetts Audubon Society (Director)
Helen Keelan	Non-Executive Director	PM Group Ltd (Director); Liberty Insurance DAC (Director); Standard Life International DAC (Director)
Maria Ritcher	Non-Executive Director	Bessemer Trust (Director); Rexel Group (Director); Anglo Gold Ashanti (Director)
Jeremy Scott	Non-Executive Director	Parker Fitzgerald Group (Vice Chairman); The Great Britain Sasakawa Foundation (Trustee)
Alex Thursby	Non-Executive Director	Rank Group PLC (Director); Janheg Investments PTE Ltd (Director); Janheg Carribean Ltd (Director); Janheg Carribean Ltd (Director); Eden Rivers Trust (Trustee); Motive Labs Operations (Advisory Board Member); Giggleswick School (Board of Governors' Member)
Hélène Vletter-van Dort	Non-Executive Director	Intertrust N.V (Chair of supervisory Board); NN Group N.V (Director); School of Financial Law and Governance Rotterdam (Professor); Koninklijke Brill N.V Protective Foundation (Chair)

^[1] Nigel Higgins joined the Bank's Board as a Non-Executive Director with effect from 1 March 2019 and was appointed as the Interim Chairman of the Bank from 1 March 2019, subject to relevant approvals.

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

GENERAL INFORMATION

Significant Change Statement

There has been no significant change in the financial or trading position of the Issuer and the Bank Group since 31 December 2018.

Material Adverse Change Statement

There has been no material adverse change in the prospects of the Issuer and the Bank Group since 31 December 2018.

Legal Proceedings

Save as disclosed under Note 26 (*Provisions*) and Note 28 (*Legal, competition and regulatory matters*) to the financial statements of the Issuer as set out on pages 181 to 182 and pages 183 to 190, respectively, of the 20-F, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have or have had during the 12 months preceding the date of this Registration Document, a significant effect on the financial position or profitability of the Issuer and/or the Bank Group.

Auditors

The annual consolidated and unconsolidated financial statements of the Issuer for the years ended 31 December 2017 and 31 December 2018 have each been audited without qualification by KPMG LLP ("**KPMG**"), chartered accountants and registered auditors (a member of the Institute of Chartered Accountants in England and Wales), of 15 Canada Square, London E14 5GL, United Kingdom.

The financial information contained in this Registration Document in relation to the Issuer does not constitute its statutory accounts for the two years ended 31 December 2018. Statutory accounts for the year ended 31 December 2017 have been delivered to the Registrar of Companies in England, and statutory accounts for the year ended 31 December 2018 will be delivered to the Registrar of Companies in England in due course. The auditor reports on these statutory accounts delivered by PricewaterhouseCoopers and KPMG respectively were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

Ratings

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

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

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

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

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

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

Standard & Poor's⁴, A2 by Moody's⁵, and A+ by Fitch⁶.

Documents Available

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

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

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

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

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

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