

Strategic report

Performance review

The Strategic Report was approved by the Board of Directors on 12 February 2020 and signed on their behalf by the Chairman.

Overview

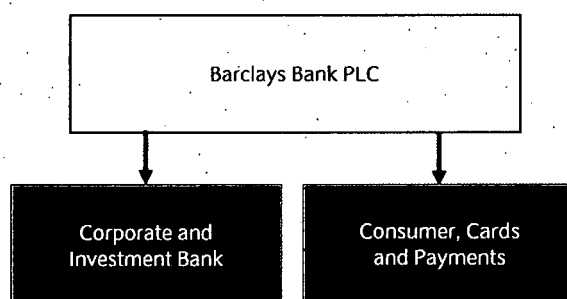
Barclays Bank PLC is a wholly-owned subsidiary of Barclays PLC and consists of the Corporate and Investment Bank (CIB), Consumer, Cards and Payments (CC&P) and the Head Office.

The consolidation of Barclays Bank PLC and its subsidiaries, is referred to as the Barclays Bank Group. The consolidation of Barclays Bank PLC's parent entity, Barclays PLC and its subsidiaries, is referred to as the Barclays Group.

With relentless focus on delivering for customers and clients around the world, Barclays Bank PLC's diversified business portfolio provides balance, resilience and exciting growth opportunities. Barclays Bank PLC has strong global market positions and continues to invest in people and technology in order to deliver sustainable improved returns.

Barclays Bank PLC offers customers and clients a range of products and services spanning consumer and wholesale banking.

Our structure



CIB

Our CIB is one of the world's leading providers of funding, financing, cash management, advisory and risk management products and services. We work with money managers, financial institutions, governments and corporate clients globally to help them innovate and grow.

CC&P

CC&P includes the following key businesses:

In the UK, our payments business enables clients ranging from small businesses to large corporates to make and receive payments. We are a leading corporate card issuer for large and small businesses, and have expanded into providing business-to-business supplier payment solutions. We also help businesses accept payments from their customers in-store, in-app and online. We are also one of the UK's largest finance partners for retailers, providing point of sale finance solutions to consumers.

In the US, our co-branded cards business provides credit cards to consumers. Our partners include American Airlines, JetBlue and Wyndham Hotels & Resorts.

In Germany, we offer market leading consumer credit cards^a, while continuing to develop our lending offering.

Globally, our Private Bank provides a diverse range of personal and institutional wealth management products and services, including investments, credit and cash management solutions.

Barclays Bank PLC is supported by the Barclay PLC Group-wide service company, Barclays Execution Services (BX) providing technology, operations and functional services to businesses across the Barclays Group.

Strategic priorities

Barclays Bank Group's business model provides a diversified earnings portfolio to its shareholder, Barclays PLC.

Our diversification is a real strength, and we will maintain and increase our diversity as we evolve. Our revenue today comes from different businesses, different types of customer and client, different types of income, and different geographies. We believe this diversification creates the balance and resilience required to deliver through the economic cycle.

Notes

^a Basis: Ranking by revolving balances. Sources: Bankenfachverband, Statistisches Bundesamt, own calculations

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CIB

Over the last few years, our US competitors have consolidated their strong position, and our European peers have focused efforts on a narrower product set.

Barclays Bank PLC is therefore able to differentiate itself as a European headquartered provider of universal banking services. As our clients look to diversify their service providers, and decrease their exposure to the US credit cycle, we believe our ability to provide this diversification is a real strength.

Our strategy is also shaped by the increasingly sophisticated needs of our clients, and technological evolution across our industry.

We are focused on three areas:

Adapting to the evolving needs of our clients

We are investing in technology that makes it easier for our clients to do business with us. That includes the development of our electronic offering in Markets and the digitalisation of our Corporate Banking client service platform.

Running an efficient and effective business

Achieving better operational performance and driving improvements in market share, while maintaining cost discipline and driving more productive use of capital by recycling risk-weighted assets to the highest returning opportunities.

Improving returns by growing high returning and capital efficient businesses

Focused growth in areas such as transaction banking in Corporate Banking and fee-led, advisory and equity origination work in Banking. We are also developing other higher-returning businesses where we see opportunities, such as securitised products.

CC&P

We plan to grow our payments business by deepening our relationships where we have through tighter integration across Barclays and through significant investment in our digital and reporting capabilities, historically had gaps.

We will also build upon our deep payments experience by integrating with the software providers our clients use in order to scale our payments solutions more quickly across the UK and into Europe. Further investment in our digital infrastructure and innovative solutions will be key to continuing to simplify processes and make it easy for our clients to access an end-to-end payment service from Barclays Bank PLC in the UK and across Europe.

In the US, we are strengthening our foundations through platform upgrades, infrastructure improvements and process automation to meet evolving customer needs. Our co-branded business model is well proven and is creating opportunities for growth. We continue to target strong renewal activity and deeper engagement with current partners, whilst expanding our reach with new strategic opportunities.

Our Private Bank remains focused on delivering bespoke solutions for global high-net-worth, ultra-high-net-worth and family office clients. We have made a number of digital enhancements to streamline onboarding for our Private Bank clients and this will remain an area of focus.

Operating environment

CIB

The economic conditions of 2019 continued to provide a challenging context for corporate and institutional banking and financing activity. Features such as the low interest rate environment, the UK's withdrawal from the EU and global trade tensions combined to dampen and delay deal activity, particularly primary issuance.

That meant the global Markets revenue pool shrank by 2%^a.

Our Banking business has also seen its available fee pool shrink, with declines of 14-18%^b compared with 2018 in the UK and Europe, and 2-3%^b in the Americas and Asia.

We expect many of these macroeconomic trends to continue, and are shaping our business accordingly.

CC&P

Market changes are primarily driven by changes in consumer behaviour. For example, the UK card payment market is growing significantly, with a shift from in-store to online payments. Digital and e-commerce focused players are growing fast and gaining market share.

The continued low interest rate environment means consumers are borrowing more, creating opportunities for new entrants focused solely on point of sale financing competing with traditional card issuers like Barclays.

Private Banking continues to be highly fragmented, and while digital penetration is lower than other segments, technology and automation are playing an increasing role.

Notes

^a Source: Coalition FY19 vs FY18 Preliminary Competitor Analysis of total industry revenue pool

^b Source: Dealogic

Our achievements in 2019

CIB

Despite the challenging conditions, many of our businesses have performed well. We have continued to gain market share in Markets and Banking and all of our businesses continue to deliver for our clients. However, our CIB as a whole must make further progress in generating the returns our shareholders expect.

In Markets we have helped clients navigate the volatile trading environment and continued to grow, despite subdued financial markets, with revenue share up 20 basis points^a in a highly competitive environment.

That was, in part, a result of continued investment in our electronic capabilities, particularly through investment in our BARX and options platforms. We are now part way through a multi-year effort to provide our clients with market-leading execution capabilities and liquidity access, and increase the strength of our digital offering.

In Corporate Banking we have also invested in our digital proposition with over 80% of our clients now using iPortal, our digital self-service platform, creating a 'single window' for clients to self-serve for many day-to-day corporate banking needs through a reliable, easy to use interface.

We have also broadened our business across Europe, with our single platform now live across seven of our nine target European countries, without the overheads of a branch network. We continue to focus on capital productivity and transaction banking revenue growth to improve returns.

In Banking we saw notable improvements in share and revenue in both advisory and equity underwriting. Our ambition is to continue to deliver a more diversified product mix, and improve the proportion of income generated by capital-light businesses. In this context, we increased our global market fee share to 4.2%^b, despite a declining market.

We also continued to invest and evolve to meet the changing needs of our clients. This saw us create one of the first Sustainable and Impact Banking (SIB) teams in the market, enabling us to provide thoughtful content and execution capabilities to serve the Environmental, Social and Governance (ESG) needs of our clients.

CC&P

On top of strong renewal activity in the US, we launched a refresh Uber credit card with new reward features to maximise customer engagement and value for our partner and cardholders. We also launched a new American Airlines Aviator Red card and we relaunched our Barclaycard Financing Visa, a simplified financing-focused product for Apple consumers in the US.

We have also made progress in upgrading the US platform and data infrastructure, which has both improved customer experience and made our business more efficient.

In point-of-sale lending in the UK, we have worked with Apple to launch the 'Trade-In- With-Instalment' solution. This offers customers the opportunity to upgrade their iPhone through a 24-month instalment loan with 0% interest; it is a good example of how we are providing value for both consumers and clients.

In the UK, we have retained key strategic clients and forged new partnerships with companies like Coupa and TouchBistro, highlighting our unique payments integration capabilities.

With a third of all card payments made in the UK^c, Barclays is one of the largest payment processors in Europe^d, and is a leading corporate card issuer. We recently won the B2B Payments Innovation Award at the 2019 Payments Awards, which highlights the strength of our franchise in payments.

Making it easier for small businesses to join our payments network has been at the centre of our digital transformation. We have successfully streamlined a paper-based journey into a digital experience, now with same day onboarding for most of our clients.

In the US, we continue to see strong net promoter scores. We maintained our ranking in the top 10 of US credit card issuers^e.

Our role in society

Our success over the long-term is tied inextricably to the preservation of our environment and the progress of our communities. For detail on our integration of social and environmental issues into our business, please refer to pages 32 to 35 in the Barclays PLC Annual Report 2019.

Notes

a Source: Coalition FY19 vs FY18 Preliminary Competitor Analysis. Market share represents Barclays' share of the total industry revenue pool

b Source: Dealogic

c Source: UK Finance

d Source: Nilson Report #1153

e Source: Nilson Report #1161

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Managing Risk

The Barclays Bank Group is exposed to internal and external risks as part of our ongoing activities. These risks are managed as part of our business model.

Enterprise Risk Management Framework

Within the Barclays Bank Group, risks are identified and overseen through the Enterprise Risk Management Framework (ERMF), which supports the business in its aim to embed effective risk management and a strong risk management culture.

This ERMF governs the way in which the Barclays Bank Group identifies and manages its risks. The ERMF is approved by the Barclays PLC board on recommendation of the Barclays Group Chief Risk Officer; it is then adopted by the Barclays Bank Group with minor modifications where needed.

The management of risk is embedded into each level of the business, with all colleagues being responsible for identifying and controlling risk.

Risk appetite

Risk appetite defines the level of risk we are prepared to accept across the different risk types, taking into consideration varying levels of financial and operational stress. Risk appetite is key for our decision making processes, including ongoing business planning and setting of strategy, new product approvals and business change initiatives. The Barclays Bank Group may choose to adopt a lower risk appetite than allocated to it by Barclays Group.

Three Lines of Defence

The first line of defence is comprised of the revenue generating and client facing areas, along with all associated support functions, including Finance, Treasury, Human Resources and Operations and Technology. The First Line identifies the risks, sets the controls and escalates risk events to the second line of defence.

The second line of defence is made up of Risk and Compliance and oversees the First Line by setting limits, rules and constraints on their operations, consistent with the risk appetite.

The third line of defence is comprised of Internal Audit, providing independent assurance over the effectiveness of governance, risk management and control over current, systemic and evolving risks.

Although the Legal function does not sit in any of the three lines, it works to support them all and plays a key role in overseeing Legal risk throughout the bank. The Legal function is also subject to oversight from the Risk and Compliance functions (second line) with respect to the management of operational and conduct risks.

Monitoring the risk profile

Together with a strong governance process, using business and Group level Risk Committees as well as Board level forums, the Barclays Bank PLC Board receives regular information in respect of the risk profile of the Barclays Bank Group. Information received includes measures of risk profile against risk appetite as well as the identification of new and emerging risks.

We believe that our structure and governance supports us in managing risk in the changing economic, political and market environments.

The ERMF defines eight Principal Risks		How risks are managed	
Financial Principal Risks	Credit Risk	The risk of loss to the Barclays Bank Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to Barclays Bank Group, including the whole and timely payment of principal, interest, collateral and other receivables.	Credit risk teams identify, evaluate, sanction, limit and monitor various forms of credit exposure, individually and in aggregate.
	Market Risk	The risk of loss arising from potential adverse changes in the value of the Barclays Bank Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.	A range of complementary approaches to identify and evaluate market risk are used to capture exposure to market risk. These are measured, limited and monitored by market risk specialists.
	Treasury and Capital Risk	<p>Liquidity risk: The risk that the Barclays Bank Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.</p> <p>Capital risk: The risk that the Barclays Bank Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This includes the risk from the Barclays Bank Group's pension plans.</p> <p>Interest rate risk in the Banking Book: The risk that the Barclays Bank Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.</p>	Treasury and capital risk is identified and managed by specialists in Capital Planning, Liquidity, Asset and Liability Management and Market risk. A range of approaches are used appropriate to the risk, such as; limits; plan monitoring; internal and external stress testing.
Non-Financial Principal Risks	Operational Risk	The risk of loss to the Barclays Bank Group from inadequate or failed processes or systems, human factors or due to external events (for example fraud) where the root cause is not due to credit or market risks.	<p>Operational risk comprises the following risks; data management and information, execution risk, financial reporting, fraud, payments processing, people, physical security, premises, prudential regulation, supplier, tax, technology and transaction operations.</p> <p>It is not always cost effective or possible to attempt to eliminate all operational risks.</p> <p>Operational risk is managed across the businesses and functions through an internal control environment with a view to limiting the risk to acceptable residual levels.</p>
	Model Risk	The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.	Models are independently validated and approved prior to implementation and their performance is monitored on a continual basis.
	Conduct Risk	The risk of detriment to customers, clients, market integrity, effective competition or the Barclays Bank Group from the inappropriate supply of financial services, including instances of wilful or negligent misconduct.	The Compliance function sets the minimum standards required, and provides oversight to monitor that these risks are effectively managed and escalated where appropriate.
	Reputation Risk	The risk that an action, transaction, investment or event, decision or business relationship will reduce trust in the Barclays Bank Group's integrity and/or competence.	Reputation risk is managed by embedding our purpose and values and maintaining a controlled culture within the Barclays Bank Group, with the objective of acting with integrity, enabling strong and trusted relationships with customers and clients, colleagues and broader society.
	Legal Risk	The risk of loss or imposition of penalties, damages or fines from the failure of the Barclays Bank Group to meet its legal obligations including regulatory or contractual requirements.	The Legal function supports colleagues in identifying and limiting legal risks.

Strategic report

Performance measures

Financial performance measures

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

Income Statement

Barclays Bank Group results	2019	2018	2017
For the year ended 31 December	£m	£m	£m
Total income	14,151	13,600	13,730
Credit impairment charges	(1,202)	(643)	(1,553)
Net operating income	12,949	12,957	12,177
Operating expenses	(9,718)	(9,893)	(10,230)
GMP charge ^a	-	(140)	-
Litigation and conduct	(264)	(1,706)	(448)
Total operating expenses	(9,982)	(11,739)	(10,678)
Other net income	145	68	259
Profit before tax	3,112	1,286	1,758
Tax charge ^b	(332)	(229)	(1,352)
Profit after tax in respect of continuing operations	2,780	1,057	406
(Loss)/profit after tax in respect of discontinued operations ^c	-	(47)	(1,386)
Non-controlling interests in respect of continuing operations	-	-	(4)
Non-controlling interests in respect of discontinued operations ^c	-	-	(140)
Other equity instrument holders	(660)	(647)	(639)
Attributable profit/(loss)	2,120	363	(1,763)

Notes

- a A £140m charge for Guaranteed Minimum Pensions in relation to the equalisation of obligations for members of the Barclays Bank UKRF. There was no capital impact of this charge as at 31 December 2018, as the Barclays Bank UKRF remained in accounting surplus.
- b From 2019, due to an IAS 12 update, the tax relief on payments in relation to equity instruments has been recognised in the tax charge of the income statement, whereas it was previously recorded within retained earnings. Comparatives have been restated, reducing the tax charge for FY18 and FY17 by £175m and £174m respectively. Further detail can be found in Note 1.
- c Barclays Bank PLC transferred its UK banking business on 1 April 2018 to Barclays Bank UK PLC. Results relating to the UK banking business for the three months ended 31 March 2018 and for the year ended 31 December 2017 have been reported as a discontinued operation. 2017 also included results relating to Barclays Africa Group Limited (BAGL) for the five months ended 31 May 2017.

Income Statement commentary

2019 compared to 2018

Profit before tax increased 142% to £3,112m driven by reduced losses in Head Office of £598m (2018: £2,245m), primarily due to a non-recurrence of the £1.4bn settlement with US Department of Justice (DoJ) relating to Residential Mortgage-Backed Securities (RMBS), and an 8% increase in CIB to £2,590m (2018: 2,394m). This was partially offset by a decrease in CC&P to £1,120m (2018: £1,137m).

The 4% appreciation of average USD against GBP positively impacted income and profits, and adversely impacted credit impairment charges and operating expenses.

Total Income increased 4% to £14,151m. CIB income increased 3% to £10,009m. Within CIB, Markets income increased 3%, reflecting further gains in market share in a declining revenue pool^a, and Banking fees income increased 1%. The Banking business also continued to gain market share in a declining fee pool^b. CC&P income increased 5% to £4,462m reflecting growth in US co-branded cards and payments partnerships.

Head Office income expense improved 22% to £320m (2018: £408m) driven by lower hedge accounting losses and legacy capital funding costs, partially offset by a non-recurrence of a prior year gain of £155m from the settlement of receivables relating to the Lehman Brothers acquisition and the Absa Group Limited (formerly known as BAGL) dividend income.

Credit impairment charges increased 87% to £1,202m. CIB credit impairment charges increased to £157m (2018: release of £152m) due to the non-recurrence of favourable macroeconomic scenario updates and single name recoveries in 2018. CC&P credit impairment charges increased to £1,016m (2018: £808m) due to cards balance growth and the non-recurrence of favourable US macroeconomic scenario updates in 2018, as well as higher unsecured gross exposures due to balance growth in cards. Credit metrics remained stable, with US cards 30 and 90 day arrears of 2.7% (Q418: 2.7%) and 1.4% (Q418: 1.4%) respectively.

Total operating expenses decreased 15% to £9,982m. Head Office total operating expenses decreased to £241m (2018: £1,849m) due to the non-recurrence of a settlement relating to RMBS with the US DoJ of £1.4bn and the £140m charge for the GMP in relation to the equalisation of obligations for members of the Barclays Bank UKRF.

CIB total operating expenses decreased 2% to £7,375m as cost efficiencies were partially offset by continued investment. CC&P total operating expenses were stable at £2,366m (2018: £2,363m) reflecting continued investment and efficiencies.

Other net income increased to £145m (2018: £68m) reflecting gains on disposals following the sale of number of subsidiaries to Barclays Principal Investment Limited in Q4 2019.

Notes

- a Data Source: Coalition, FY19 Preliminary Competitor Analysis. Market share represents Barclays share of the total industry Revenue Pool. Analysis is based on Barclays internal business structure and internal revenues.
- b Data Source: Dealogic, for the period covering 1 January to 31 December 2019.

Balance Sheet Information

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

As at 31 December	2019	2018
	£m	£m
Assets		
Cash and balances at central banks	125,940	136,359
Loans and advances at amortised cost	141,636	136,959
Trading portfolio assets	113,337	104,038
Financial assets at fair value through the income statement	129,470	145,250
Derivative financial instruments	229,641	222,683
Liabilities		
Deposits at amortised cost	213,881	199,337
Financial liabilities designated at fair value	204,446	217,741
Derivative financial instruments	228,940	219,592

Balance Sheet commentary

- Cash and balances at central banks decreased £10.4bn to £125.9bn predominantly due to a reduction in cash at central banks held as part of the liquidity pool
- Loans and advances increased £4.7bn to £141.6bn mainly due to an increase in debt securities
- Trading portfolio assets increased £9.3bn to £113.3bn due to increased trading activity, principally relating to the Equities business
- Financial assets at fair value through the income statement decreased £15.8bn to £129.5bn driven by a focus on capital-efficient secured financing
- Derivative financial instrument assets and liabilities increased £7.0bn to £229.6bn and £9.3bn to £228.9bn respectively driven by a decrease in major interest rate curves, partially offset by a decrease in foreign exchange volumes
- Deposits at amortised cost increased £14.5bn to £213.9bn due to increased deposits within CIB including the broadening of the business across Europe
- Financial liabilities designated at fair value decreased £13.3bn to £204.4bn as a result of more capital-efficient secured lending partially offset by increased issuances of equity linked notes.

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

Other Metrics and Capital^a

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

	2019	2018	2017
Common equity tier 1 (CET1) ratio	13.9%	13.5%	13.6%
Total risk weighted assets (RWAs)	£158.4bn	£173.2bn	£261.4bn
Capital Requirements Regulation (CRR) leverage ratio	3.9%	4.0%	4.5%

Note

- ^a Capital, RWAs and leverage are calculated applying the IFRS 9 transitional arrangement of the Capital Requirement Regulation (CRR) as amended by the Capital Requirements Regulation II (CRR II) applicable as at the reporting date. For further information on the implementation of CRR II see page 100.

Capital commentary

As at 31 December 2019, Barclays Bank PLC Solo's transitional CET1 ratio was 13.9% which exceeded the 2019 minimum requirement.

Non-financial performance measures

Barclays Bank PLC is part of the Barclays Group which uses a variety of quantitative and qualitative measures to track and assess holistic strategic delivery. Barclays Group maintains a robust internal and external assurance process for our key metrics, ensuring that we have strong controls and clear data management in place.

Barclays Bank PLC has addressed the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 through the disclosure contained in Barclays PLC Annual report on pages 39 to 40.

Strategic report

Our people and culture

Our people and culture

We believe that the culture of Barclays is built and shaped by the thousands of professionals around the world who serve our customers and clients with a shared purpose and values. Our people make a critical difference to our success, and our investment in them protects and strengthens our culture. The following sub-sections are therefore consistent with those detailed in the People Section of the Barclays PLC Annual Report and figures mentioned are for Barclays Group other than specifically mentioned.

Colleague engagement

We have an established approach to engaging colleagues which includes the majority of mechanisms recommended by the UK's Financial Reporting Council and with new governance requirements in 2019. This ensures that we understand their perspective, take it into account in our decision making at the most senior level, and share with them our strategy and progress.

That extends to those who work for us indirectly as well, such as contractors, although in a more limited way. In 2020, our supplier code of conduct will require organisations with more than 250 employees to demonstrate that they have an effective workforce engagement approach of their own.

It's important to us that our Board members are engaged with our people – directly, and indirectly through our management team. The Board regularly receives reports on colleague engagement.

Together with direct engagement, this reporting approach and dedicated time at board meetings helps our Board take the issues of interest to our colleagues into account in their decision making. This has enabled them to confirm that our workforce engagement approach is effective.

Listening to our people

Our regular colleague survey formally captures the views of our people and is a key part of how we track colleague engagement, alongside more granular colleague sentiment tracking across our businesses. Barclays Bank Group overall engagement score reduced slightly to 73% in 2019, but 77% of our colleagues would still recommend Barclays Group as a good place to work.

The results from the survey are an important part of the conversations our leaders have about how we run the business, and it's a specific focus for our Executive Committee and our Board.

We monitor our culture across the organisation, and in individual business areas, through Culture Dashboards. These combine colleague survey data with other metrics about our business, so that we can see the effect our people's engagement has on our performance, and on the continued strength of our culture. 82% of our people have heard or read the speeches of senior leaders across the Barclays Group talking about the character and culture of Barclays.

Keeping our people informed

In addition to these data sources, our leaders, including our Board, engage face to face with colleagues to hear what they think. That might be through site visits, large-scale town halls, training and development activity, mentoring, informal breakfast sessions, committee membership, diversity and wellbeing programmes, or focus and consultative groups.

We make sure we're regularly keeping everyone up to date on the strategy, performance and progress of the organisation through a strategically-coordinated, multichannel approach across a combination of leader-led engagement, and digital and print communication, including blogs, vlogs and podcasts.

We also engage with our people collectively through a strong and effective partnership with Unite, in the parts of BBPLC where they are recognised as well as the Barclays Group European Forum, which represents all Barclays Group colleagues within the European Union.

These conversations help us to deliver things like a collective pay deal for our Unite covered colleagues, who represent 84% of our UK-based colleagues, as well as more complex business change and our long-term focus on colleague wellbeing. We regularly brief our union partners on the strategy and progress of the business and seek their input on ways in which we can improve the colleague experience of working in Barclays.

Building a supportive culture

Diversity of thought and experience works best when everyone feels included. People who feel they can be themselves at work are happier and more productive, so we believe that creating an inclusive and diverse culture isn't just the right thing to do, but is also best for our business.

Our policies require managers to give full and fair consideration to those with a disability on the basis of their aptitudes and abilities; both when hiring and through ongoing people management, as well as ensuring opportunities for training, career development and promotion are available to all. As part of our commitment to the UK government Disability Confident scheme, we encourage applications from people with a disability, or a physical or mental health condition.

We encourage our people to benefit from Barclays' performance by enrolling in our share plans, further strengthening their commitment to the organisation.

Strategic report

Section 172(1) statement

The directors of large organisations like Barclays are required by law to consider a range of factors when making decisions, and to make a clear statement about how they have done that.

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term,
- the interests of the Company's employees,
- the need to foster the Company's business relationships with suppliers, customers and others,
- the impact of the Company's operations on the community and the environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly as between members of the Company.

Details on who our stakeholders are, how management and/or the Directors engaged with them, the key issues raised and actions taken are set out in the 2019 Barclays PLC Annual Report on pages 12 to 17 and is incorporated by reference into this statement. The Directors also took into account the views and interests of a wider set of stakeholders, including our pensioners, regulators, the Government, and non-governmental organisations.

Considering this broad range of interests is an important part of the way the Board makes decisions, although in balancing those different perspectives it won't always be possible to deliver everyone's desired outcome.

How does the Board engage with stakeholders

The Board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders and of Barclays means that stakeholder engagement often takes place at an operational level.

The Board considers and discusses information from across the organisation to help it understand the impact of Barclays' operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting, and through in-person presentations.

As a result of these activities, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

For more details on how our Board operates, and the way in which it reaches decisions, including the matters it discussed and debated during the year, please see page 16.

Engagement in action

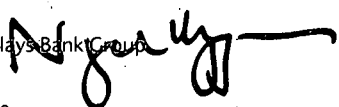
Mitigating Customer impact

In reviewing Barclays' plans for the Barclays Group in the context of the planned UK withdrawal from the European Union, the Board received regular updates on the business transfers into Barclays Bank Ireland PLC and considered how to minimise the resultant impacts on a range of stakeholders including customers and clients, colleagues and suppliers. The Board's decision to use a banking business transfer scheme (under Part VII of the Financial Services and Markets Act 2000) gave the Directors the flexibility to oversee key decision points in line with developments in the political environment, in particular "go/no-go" decisions for business transfers in March and October 2019, in order to minimise unnecessary disruption to customers and clients.

Improving the quality of our decision-making

The Board's agenda in 2019 was aligned to the board agenda of Barclays PLC in respect of matters which were relevant to the Barclays Bank Group. Following his appointment, Nigel Higgins, Chairman of Barclays PLC and the Company, undertook a comprehensive "listening tour" before he became Chairman in May. Nigel Higgins held around 50 meetings with Barclays PLC shareholders and other stakeholders as part of this "listening tour" and has also subsequently spent considerable time this year meeting with stakeholders across the globe, including our investors, customers and colleagues. The Board, together with the Barclays PLC board and Group Executive Committee used all this feedback to agree a prioritised series of deep dives which now form a significant part of each Board meeting. These deep dives have helped to facilitate an in-depth understanding of issues relevant to the Barclays Bank Group with a view to helping management and the Board make well-informed decisions both now and in the future. The deep dives conducted in 2019 covered a wide range of topics including focus on particular business areas within the Barclays Bank Group, capital allocation, our culture, our societal purpose and environmental matters.

Nigel Higgins
Chairman – Barclays Bank Group



12 February 2020