



Barclays Bank Ireland PLC

Pillar 3 Report 31 December 2022

 **BARCLAYS**

Table of Contents

Introduction

Foreword	3
Capital position and risk management	4
Summary of risk profile	5
Notes on basis of preparation	6
Scope of application of the Basel framework	8

Risk and capital position review

Analysis of treasury and capital risk	14
Analysis of credit risk	33
Analysis of counterparty credit risk	49
Analysis of market risk	54
Analysis of securitisation exposures	58
Analysis of operational risk	63
Analysis of ESG risks	66

Barclays Bank Ireland's approach to managing risks

Risk management strategy, governance and risk culture	74
Management of climate risk	83
Supplementary disclosure on ESG risks	89
Management of credit risk	103
Management of market risk	115
Management of securitisation exposures	123
Management of treasury and capital risk	127
Management of operational risk	134
Management of model risk	138
Management of conduct risk	140
Management of reputation risk	142
Management of legal risk	144

Appendices

Appendix A – Countercyclical capital buffer	147
Appendix B – Disclosure on asset encumbrance	149
Appendix C – Disclosures on remuneration	151
Appendix D – Compliance to Pillar 3 requirements	157

Supporting references

Location of risk disclosures	166
Index of tables	169
Non-applicable disclosures	171
Abbreviations used	172
Notes	175

 For an index of all risk disclosures in the Pillar 3 and Annual Reports see [page 166](#)

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

Foreword

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

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

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

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

Barclays Bank Ireland PLC

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

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

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

The Bank has two business segments, the Corporate and Investment Bank ('CIB') and Consumer, Cards and Payments ('CC&P'). The CIB is comprised of the Corporate Banking, Investment Banking and Markets businesses, providing products and services to money managers, financial institutions, governments, supranational organisations and corporate clients to manage their funding, financing, strategic and risk management needs. CC&P is comprised of Barclays Consumer Bank Europe ('CBE') and the Private Bank. Barclays CBE provides credit cards, online loans, instalment purchase financing, electronic point-of-sale financing and deposits. The Private Bank offers investment, banking and credit capabilities to meet the needs of our clients across the EEA.

Capital position and risk management

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

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

The CET1 Ratio increased to 16.7% (December 2021: 16.1%) primarily due to capital issuances in the reporting period. This was partially offset by an increase in risk weighted assets in the year.

The leverage ratio decreased to 5.8% (December 2021: 6.7%) due to an increase in leverage exposure in the year. This was partially offset by capital issuances in the reporting period.

The Bank held a liquidity pool of €30.7bn (December 2021: €25.4bn). The year-end liquidity coverage ratio ('LCR') was 194% (December 2021: 171%).

Summary of risk profile

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

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

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

Common Equity Tier 1 ratio

16.7%

2021: 16.1%
(see page 15)

Common Equity Tier 1 capital

€5.9bn

2021: €5.2bn
(see page 15)

Risk weighted assets

€35.2bn

2021: €32.1bn
(see page 19)

CRR leverage ratio

5.8%

2021: 6.7%
(see page 15)

Liquidity pool

€30.7bn

2021: €25.4bn
(see page 27)

Own funds and eligible liabilities ratio

32.3%

2021: 28.5%
(see page 25)

Liquidity coverage ratio (spot)

194%

2021: 171%
(see page 27)

Net stable funding ratio

149%

2021: 148%
(see page 29)

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

Notes on basis of preparation

Pillar 3 report regulatory framework

Barclays Bank Ireland PLC Pillar 3 disclosures complement the BBI PLC Annual Report 2022 and provide additional information about BBI's risk profile, including its regulatory capital, minimum requirements for own funds and eligible liabilities ('MREL'), RWAs, liquidity and leverage exposures for the Bank.

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

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

 See 'Application of the Basel framework' on page 8 for a more detailed description.

Key changes in the 2022 Pillar 3 Report

Capital and RWAs

The IFRS 9 transitional arrangements have been extended by two years and a new modified calculation has been introduced allowing 100% relief throughout 2020 and 2021 on increases in stage 1 and stage 2 provisions from 1 January 2020 throughout 2020 and 2021; 75% in 2022; 50% in 2023; 25% in 2024 with no relief applied from 2025.

The phasing out of transitional relief on the 'day 1' impact of IFRS 9 as well as increases in stage 1 and stage 2 provisions between 1 January 2018 and 31 December 2019 under the modified calculation remain unchanged and continue to be subject to 70% transitional relief throughout 2020; 50% for 2021; 25% for 2022 and with no relief applied from 2023.

Total increases in impairment allowances as a result of IFRS 9, net of tax, decreases shareholders' equity through retained earnings and decreases standardised Risk Weighted Assets ('RWAs') due to the increase in impairment being offset against the standardised Credit Risk exposures. This is somewhat reversed by the transitional relief applied on eligible impairment.

From 1st July 2022, the Bank measures all of its Credit Risk exposures under the standardised approach following the removal of the temporary tolerance to use the advanced Internal Ratings-Based ('IRB') approach. The IFRS 9 transitional capital arrangements were consequently adjusted as if the Bank has never been allowed to use IRB models. Until 30 June 2022, separate calculations were being performed for standardised and advanced IRB portfolios, reflecting the different ways these frameworks take account of provisions.

Minimum requirements for own funds and eligible liabilities

CRR II (amending CRR) came into force on 27 June 2019 and introduced requirements relating to minimum own funds and eligible liabilities. The Bank is required to meet at all times a Minimum requirement for own funds and eligible liabilities ('MREL') which ensures that it has sufficient loss absorbing capacity in resolution to avoid recourse to taxpayers' money.

Instruments which qualify for MREL are own funds (Common Equity Tier 1, Additional Tier 1 and Tier 2) and certain eligible liabilities, mainly unsecured bonds.

On 22 February 2021 the Single Resolution Board ('SRB') notified the Bank that individual MREL requirements had been set on an interim basis, effective 1 January 2022, with end state requirements to be met from 1 January 2024.

The Bank also became subject to Total Loss Absorption Capacity ('TLAC') requirements from 1 January 2021 as a result of becoming a material EU subsidiary of a non EU Global Systemically Important Bank ('G-SIB') following the withdrawal of the UK from the EU.

TLAC requirements are subject to a scalar and are set at 90% of the G-SIB's' TLAC requirements. Both MREL and TLAC requirements include both risk based and leverage exposure based requirements.

Environmental, Social and Governance (ESG) Disclosures

Article 449a of CRR requires large institutions with securities traded on a regulated market of any member state to disclose prudential information on ESG risks, including physical risks and transition risks. This article applies to BBI.

Implementing Regulation (EU) 2021/637 has been amended (by Implementing Regulation (EU) 2022/2453 of 30 November 2022) (the 'ITS') to set additional uniform disclosure formats and associated instructions for the disclosure of ESG risks as required by article 449a of CRR.

BBI is disclosing the information referred to in Article 499a of CRR as set out in the ITS for the first time in this Pillar 3 Report.

Notes on basis of preparation (continued)

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

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

Credit losses

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

Scope of application

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

Definition of credit exposures

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

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

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

Validation and sign-off

For the year ended 31 December 2022, the Bank has operated a framework of disclosure controls and procedures in place to support the approval of the Bank's Pillar 3 disclosure.



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

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

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

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

Jasper Hanebuth
Chief Financial Officer

Anthony Mayer
Chief Risk Officer

Scope of application of the Basel framework

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

Tables 1 and 2

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

Tables 3 and 4

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

Table 7

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

Scope of application of the Basel framework

Overview of Pillar 3

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

The framework is made up of three pillars:

Pillar 1:

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

Pillar 2:

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

Pillar 3:

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

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

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

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

Approaches to calculate capital requirements under CRD V and the Capital Requirements Regulations

Calculation of capital for credit risk

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

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

 See page 33 for more details on capital requirements for credit risk.

Calculation of capital for counterparty credit risk

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

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

 See page 49 for more details on capital requirements for counterparty credit risk exposures.

Calculation of credit valuation adjustment capital charge

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

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

 See page 53 for more details on CVA

Scope of application of the Basel framework (continued)

Calculation of capital for market risk

Risk weighted assets calculations for market risk assess the losses from extreme movements in the prices of financial assets and liabilities:

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

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

Calculation of capital for securitisation exposures

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

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

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

Calculation of capital for operational risk

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

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

 See page 63 for more details on capital requirements for operational risk.

Calculation of capital for large exposures

As at 31 December 2022, BBI has not exceeded the large exposure limit set in CRR and, as such, no capital charge applies.

Regulatory minimum capital, leverage and MREL requirements

Capital, Leverage and MREL

BBI is required to maintain an Overall Capital Requirement for the CET1 ratio comprising of a Pillar 1 requirement of 4.5% and a Pillar 2 requirement ('P2R') of 3% of Risk Weighted Assets ('RWAs') plus an 'execution risk' add-on, related to the transfer of activities from the Bank's parent to BBI, of the higher of €100 million or 0.3% of RWAs and a combined buffer requirement.

The combined buffer requirement as at 31 December 2022 includes a Capital Conservation Buffer ('CCB') of 2.5%, a Countercyclical Capital Buffer ('CCyB') requirement of 0.16% and an O-SII capital buffer of 1%. National authorities determine the appropriate countercyclical buffer that should be applied to exposures in their jurisdiction.

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

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

BBI is also subject to a transitional minimum requirement for own funds and eligible liabilities ('MREL') of (i) 20.45% of RWAs and (ii) 5.93% of leverage exposures. As at 31 December 2022, BBI held €11.4bn of own funds and eligible liabilities equating to 32.26% of RWAs and 9.93% of leverage exposure. BBI remains above its MREL regulatory requirement.

Scope of permission for calculation approaches

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

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

Scope of permission for calculation approaches

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

As at 31 December 2022	Credit risk (see Table 9)	Counterparty credit risk excluding CVA (see Table 9)	Advanced Internal Ratings Based ('IRB') approaches	Standardised approach
	RWA	RWA		
	€m	€m		
	16,928	8,103		<ul style="list-style-type: none"> All credit risk falls under the scope for the standardised approach

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

As at 31 December 2022	RWAs		Scope
	€m	Scope	
Credit value adjustment	1,601	BBI calculates Credit Valuation Adjustment ('CVA') risk for all contracts in scope as defined by article 382 of the Capital Requirements Regulation. BBI has permission to use an internal model for the specific risk of debt instruments and therefore is allowed to use the Advanced method for CVA for such instruments where applicable. The Standardised method for CVA is used otherwise.	
Market risk	6,221	<p>As explained on page 116 and following pages, the risk of loss from changes in the prices of assets in the trading book are captured by a combined RWA calculation for general and specific market risks. The regulatory permission for BBI to use models mirrors that of Barclays Group via agreed temporary tolerance; see Table 9 on page 19 for capital requirements related to each approach and risk category. BBI has regulatory approval for VaR modelling for general market risk, which is designed to capture the risk of loss arising from changes in market interest rates, along with the risk of losses arising from changes in foreign exchange rates, and equity prices.</p> <p>The capital charge for specific market risk is designed to protect against losses from adverse movements in the price of an individual security owing to factors related to the individual issuer. BBI has permission to model specific market risk, including credit spread, migration, and default risks and product types. Where BBI does not have permission to use a model, the Standardised Approach is applied.</p>	
Operational risk	2,320	BBI applies the Standardised Approach ('TSA') for operational risk regulatory capital purposes.	

Linkage between financial statements and regulatory risk

Table 3: L1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

This table shows an outline of the differences in the basis of consolidation for accounting and regulatory purposes. It provides an allocation of the balance sheet line items reported under the scope of regulatory consolidation between the different regulatory risk frameworks. Information regarding the market risk valuation methodologies, independent price verifications process and procedures for valuation adjustments or reserves can be found in the Management of Market risk section from page 116.

	Carrying values as reported in published financial statements/ Carrying values under scope of regulatory consolidation ^a	Not subject to capital requirements or subject to deduction from capital ^b			
		Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework
As at 31 December 2022		€m	€m	€m	€m
Assets					
Cash and balances at central banks	30,540	30,540	–	–	–
Cash collateral and settlement balances	18,540	61	6,142	–	–
Loans and advances at amortised cost	15,360	15,077	–	283	–
Reverse repurchase agreements and other similar secured lending	1,764	–	1,764	–	–
Trading portfolio assets	7,700	255	–	–	7,445
Financial assets at fair value through the income statement	17,216	406	15,425	2	16,808
Derivative financial instruments	40,439	–	40,439	–	40,420
Financial assets at fair value through other comprehensive income	–	–	–	–	–
Investments in associates and joint ventures	–	–	–	–	–
Goodwill and intangible assets	59	–	–	–	59
Property, plant and equipment	114	114	–	–	–
Current tax assets	1	1	–	–	–
Deferred tax assets	206	206	–	–	–
Retirement benefit assets	4	–	–	–	4
Other assets	591	591	–	–	–
Total assets	132,534	47,251	63,770	285	64,673
					12,400
Liabilities					
Deposits at amortised cost	29,421	–	–	–	29,421
Cash collateral and settlement balances	24,684	–	17,052	–	7,632
Repurchase agreements and other similar secured borrowing	2,964	–	1,431	–	1,533
Debt securities in issue	3,139	–	–	–	3,139
Subordinated liabilities	4,679	–	–	–	4,679
Trading portfolio liabilities	12,872	–	–	–	12,872
Financial liabilities designated at fair value	14,858	–	9,139	–	14,842
Derivative financial instruments	32,494	–	32,494	–	32,419
Current tax liabilities	53	–	–	–	53
Deferred tax liabilities	1	–	–	–	1
Retirement benefit liabilities	12	–	–	–	12
Other liabilities	743	–	–	–	743
Provisions	99	–	–	–	99
Total liabilities	126,019	–	60,116	–	60,133
					47,328

Notes:

The following points should be considered in conjunction with table L1:

a The balances shown in column 'Carrying values under the scope of regulatory consolidation' do not equal the sum of those in the columns relating to the regulatory framework, as certain assets can be in scope for more than one regulatory framework. As such, assets included in line items for 'Financial assets at fair value through the income statement', and 'Derivative financial instruments', can be subject to credit risk, counterparty credit risk and market risk.

b For liabilities, balances shown in column 'Not subject to capital requirements or subject to deduction from capital' are balancing amounts so that the 'Carrying values under scope of regulatory consolidation' at least equals the sum of those in the columns relating to the regulatory framework.

Linkage between financial statements and regulatory risk (continued)

Table 4: L12 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

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

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

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

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

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

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

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

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

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

		Items subject to				
		Total ^a €m	Credit risk framework €m	Securitisation framework €m	CCR framework €m	Market risk framework €m
As at 31 December 2022						
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	111,306	47,251	285	63,770	64,673
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	(60,116)	–	–	(60,116)	(60,133)
3	Total net amount under the regulatory scope of consolidation	51,190	47,251	285	3,654	4,540
4	Off-balance-sheet amounts	41,121	38,551	–	2,570	
5	Differences in valuations	–	–	–	–	–
6	Differences due to different netting rules, other than those already included in row 2	–	–	–	–	–
7	Differences due to consideration of provisions	–	–	–	–	–
8	Differences due to the use of credit risk mitigation techniques ('CRMs')	(11,528)	(11,528)	–	–	
9	Differences due to credit conversion factors	(19,434)	(19,434)	–	–	
10	Differences due to securitisation with risk transfer	–	–	–	–	
11	Other differences	15	15	–	–	
11a	Differences due to regulatory add-ons	560	–	–	560	
11b	Differences between input balance and modelled regulatory output	5,000	–	–	5,000	
12	Exposure amounts considered for regulatory purposes^b	66,924	54,855	285	11,785	

Notes:

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

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

Analysis of treasury and capital risk

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

Key Metrics

Common Equity Tier 1 ratio

16.7%

2021: 16.1%
(see page 15)

Common Equity Tier 1 capital

€5.9bn

2021: €5.2bn
(see page 15)

Risk weighted assets

€35.2bn

2021: €32.1bn
(see page 19)

CRR leverage ratio

5.8%

2021: 6.7%
(see page 15)

Liquidity pool

€30.7bn

2021: €25.4bn
(see page 27)

Own funds and eligible liabilities ratio

32.3%

2021: 28.5%
(see page 25)

Liquidity coverage ratio (spot)

194%

2021: 171%
(see page 27)

Net stable funding ratio

149%

2021: 148%
(see page 29)

Analysis of treasury and capital risk

Table 5: KM1 - Key metrics

This table shows key metrics and their components on a transitional basis as at 31 December 2022.

Key metrics		As at 31.12.22	As at 30.09.22	As at 30.06.22	As at 31.03.22	As at 31.12.21
	€m	€m	€m	€m	€m	€m
Available own funds (amounts)						
1 Common Equity Tier 1 ('CET1')		5,887	5,192	5,242	5,137	5,182
2 Tier 1		6,692	5,997	6,047	5,942	5,987
3 Total capital		7,887	7,192	6,935	6,830	6,867
Risk-weighted exposure amounts ('RWEA')						
4 Total risk-weighted assets (RWEA)		35,216	37,611	31,683	30,727	32,120
Capital ratios (as a percentage of RWEA)						
5 Common Equity Tier 1 ratio (%)		16.7 %	13.8 %	16.5 %	16.7 %	16.1 %
6 Tier 1 ratio (%)		19.0 %	15.9 %	19.1 %	19.3 %	18.6 %
7 Total capital ratio (%)		22.4 %	19.1 %	21.9 %	22.2 %	21.4 %
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
EU 7a Additional own funds requirements to address risks other than the risk of excessive leverage (%)		3.3 %	3.3 %	3.3 %	3.3 %	3.3 %
EU 7b of which: to be made up of CET1 capital (%)		1.9 %	1.9 %	1.9 %	1.9 %	1.9 %
EU 7c of which: to be made up of Tier 1 capital (%)		2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
EU 7d Total SREP own funds requirements (%)		11.3 %	11.3 %	11.3 %	11.3 %	11.3 %
Combined buffer requirement (as a percentage of RWEA)						
8 Capital conservation buffer (%)		2.5 %	2.5 %	2.5 %	2.5 %	2.5 %
9 Institution specific countercyclical capital buffer (%)		0.2 %	0.1 %	0.1 %	—	—
EU 10a Other Systemically Important Institution buffer		1.0 %	1.0 %	1.0 %	1.0 %	0.8 %
11 Combined buffer requirement (%)		3.7 %	3.6 %	3.6 %	3.5 %	3.3 %
EU 11a Overall capital requirements (%)		15.0 %	14.9 %	14.9 %	14.9 %	14.6 %
12 CET1 available after meeting the total SREP own funds requirements ^a		10.4 %	7.4 %	10.2 %	10.3 %	9.8 %
Leverage ratio						
13 Leverage ratio total exposure measure		114,408	128,178	119,041	108,604	89,998
13a Fully loaded leverage ratio total exposure measure		114,321	128,096	119,006	108,584	89,957
14 Leverage ratio		5.8 %	4.7 %	5.1 %	5.5 %	6.7 %
14a Fully loaded leverage ratio		5.8 %	4.6 %	5.0 %	5.4 %	6.6 %
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)						
EU 14c Total SREP leverage ratio requirements (%)		3.0 %	3.0 %	3.0 %	3.3 %	3.3 %
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
EU 14e Overall leverage ratio requirements (%)		3.0 %	3.0 %	3.0 %	3.3 %	3.3 %
Liquidity Coverage Ratio						
15 Total high-quality liquid assets (HQLA) (Weighted value - average)		27,269	26,297	25,890	24,945	23,603
EU 16a Cash outflows - Total weighted value		21,258	21,706	22,094	22,318	21,846
EU 16b Cash inflows - Total weighted value		4,817	5,775	6,601	7,505	7,986
16 Total net cash outflows (adjusted value)		16,441	15,930	15,493	14,813	13,860
17 Liquidity coverage ratio (%) (average)		166 %	165 %	167 %	169 %	170 %
17a Liquidity coverage ratio (%) (spot)		194 %	163 %	157 %	169 %	171 %
Net Stable Funding Ratio						
18 Total available stable funding		34,178	31,509	30,380	32,715	30,356
19 Total required stable funding		22,949	22,445	20,907	21,954	20,545
20 NSFR ratio (%)		149 %	140 %	145 %	149 %	148 %

Note:

a. CET1 available after meeting the total SREP own funds requirements were restated for December 2021 and March 2022 to reflect the percentage value of the RWEA.

The CET1 ratio increased to 16.7% (December 2021: 16.1%). This increase is driven by the CET1 Capital increase of €0.7bn to €5.9bn (December 2021: €5.2bn), primarily due to new capital issuances of €0.6bn, offset by the RWA increase of €3.1bn to €35.2bn (December 2021: €32.1bn), primarily due to an increase in counterparty credit risk, market risk and credit risk RWAs.

Analysis of treasury and capital risk (continued)

Table 6: CC1 – Composition of regulatory own funds

This table shows the components of regulatory capital presented on both a transitional and fully loaded basis as at 31 December 2022.

		Ref ^f	Transitional approach €m	Fully loaded approach €m
As at 31 December 2022				
Common Equity Tier 1 ('CET1') capital: instruments and reserves				
1 Capital instruments and the related share premium accounts	a	3,872	3,872	
1a of which: Ordinary Shares		3,872	3,872	
2 Retained earnings	d	115	115	
3 Accumulated other comprehensive income (and other reserves)	c, d	1,628	1,628	
EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend		101	101	
6 Common Equity Tier 1 ('CET1') capital before regulatory adjustments			5,715	5,715
Common Equity Tier 1 ('CET1') capital: regulatory adjustments				
7 Additional value adjustments (negative amount)			(71)	(71)
8 Intangible assets (net of related tax liability) (negative amount)	e	(42)	(42)	
11 Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	c	211	211	
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	c	15	15	
15 Defined-benefit pension fund assets (negative amount)			(4)	(4)
27a Other regulatory adjustments ^h	g	63	(24)	
28 Total regulatory adjustments to Common Equity Tier 1 ('CET1')			172	85
29 Common Equity Tier 1 ('CET1') capital			5,887	5,800
Additional Tier 1 ('AT1') capital: instruments				
30 Capital instruments and the related share premium accounts	b	805	805	
36 Additional Tier 1 ('AT1') capital before regulatory adjustments			805	805
Additional Tier 1 ('AT1') capital: regulatory adjustments				
44 Additional Tier 1 ('AT1') capital			805	805
45 Tier 1 capital (T1 = CET1 + AT1)			6,692	6,605
Tier 2 (T2) capital: instruments				
46 Capital instruments and the related share premium accounts	f	1,195	1,195	
51 Tier 2 ('T2') capital before regulatory adjustments			1,195	1,195
Tier 2 ('T2') capital: regulatory adjustments				
58 Tier 2 ('T2') capital			1,195	1,195
59 Total capital (TC = T1 + T2)			7,887	7,800
60 Total risk exposure amount			35,216	35,129
Capital ratios and requirements including buffers				
61 Common Equity Tier 1 (as a percentage of total risk exposure amount)			16.7 %	16.5 %
62 Tier 1 (as a percentage of total risk exposure amount)			19.0 %	18.8 %
63 Total capital (as a percentage of total risk exposure amount)			22.4 %	22.2 %
64 Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92(1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)			10.0 %	10.0 %
65 of which: capital conservation buffer requirement			2.5 %	2.5 %
66 of which: countercyclical buffer requirement			0.2 %	0.2 %
EU-67a of which: Global Systemically Important Institution ('G-SII') or Other Systemically Important Institution ('O-SII') buffer			1.0 %	1.0 %
EU-67b of which: additional own funds requirements to address the risks other than the risk of excessive leverage			1.9 %	1.9 %
68 Common Equity Tier 1 available to meet buffer (as a percentage of risk exposure amount)			10.4 %	10.2 %
Amounts below the thresholds for deduction (before risk weighting)				
72 Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)			154	154
75 Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) are met)			94	94
Applicable caps on the inclusion of provisions in Tier 2				
77 Cap on inclusion of credit risk adjustments in T2 under standardised approach			305	305

Notes:

^f The references (a) - (g) identify balance sheet components in Table 7: CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements on page 17 which are used in the calculation of regulatory capital.

^h Other regulatory adjustments represent IFRS9 transitional relief.

Analysis of treasury and capital risk (continued)

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

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

	Ref†	Accounting balance sheet per published financial statements and per regulatory scope of consolidation	
		As at 31 December 2022	As at 31 December 2021
		€m	€m
Assets			
Cash and balances at central banks		30,540	24,125
Cash collateral and settlement balances		18,540	17,651
Loans and advances at amortised cost		15,360	13,986
Reverse repurchase agreements and other similar secured lending		1,764	3,228
Trading portfolio assets		7,700	8,204
Financial assets at fair value through the income statement		17,216	15,352
Derivative financial instruments		40,439	33,875
Financial assets at fair value through other comprehensive income		—	—
Investments in associates and joint ventures		—	—
Goodwill and intangible assets		59	59
Of which: goodwill		—	—
Of which: other intangibles (excluding MSRs)	e	59	59
Property, plant and equipment		114	90
Current tax assets		1	27
Deferred tax assets	g	206	178
Retirement benefit assets		4	—
Other assets		591	337
Total assets		132,534	117,112
Liabilities			
Deposits at amortised cost		29,421	25,634
Cash collateral and settlement balances		24,684	17,125
Repurchase agreements and other similar secured borrowing		2,964	3,596
Debt securities in issue		3,139	3,397
Subordinated liabilities	f	4,679	3,171
Trading portfolio liabilities		12,872	10,286
Financial liabilities designated at FV		14,858	13,843
Derivative financial instruments		32,494	33,517
Current tax liabilities		53	32
Deferred tax liabilities		1	—
Retirement benefit liabilities		12	21
Other liabilities		743	512
Provisions		99	79
Total liabilities		126,019	111,213
Total Equity			
Called up share capital and share premium		3,872	3,247
Of which: amount eligible for CET1	a	3,872	3,247
Other equity instruments	b	805	805
Other reserves	c	(271)	(196)
Retained earnings	d	2,109	2,043
Total equity excluding non-controlling interest		6,515	5,899
Non-controlling interest		—	—
Total equity		6,515	5,899
Total liability and equity		132,534	117,112

Notes:

† The references (a) – (g) identify balance sheet components that are used in the calculation of regulatory capital in Table 6: CC1 – Composition of regulatory own funds on page 16.

Analysis of treasury and capital risk (continued)

Table 8: IFRS 9^d / Article 468 -FL – Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR^e

	As at 31.12.22	As at 30.09.22	As at 30.06.22	As at 31.03.22	As at 31.12.21
		€m	€m	€m	€m
Available capital (amounts)					
1 Common Equity Tier 1 ('CET1') capital ^a	5,887	5,192	5,242	5,137	5,182
2 Common Equity Tier 1 ('CET1') capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,800	5,110	5,202	5,112	5,130
3 Tier 1 capital ^b	6,692	5,997	6,047	5,942	5,987
4 Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,605	5,915	6,007	5,917	5,935
5 Total capital ^b	7,887	7,192	6,935	6,830	6,867
6 Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7,800	7,110	6,902	6,812	6,830
Risk-weighted assets (amounts)					
7 Total risk-weighted assets ^a	35,216	37,611	31,683	30,727	32,120
8 Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	35,129	37,529	31,648	30,707	32,078
Capital ratios					
9 Common Equity Tier 1 (as a percentage of risk exposure amount) ^a	16.7 %	13.8 %	16.5%	16.7%	16.1%
10 Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.5 %	13.6 %	16.4%	16.6%	16.0%
11 Tier 1 (as a percentage of risk exposure amount) ^{a,b}	19.0 %	15.9 %	19.1%	19.3%	18.6%
12 Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	18.8 %	15.8 %	19.0%	19.3%	18.5%
13 Total capital (as a percentage of risk exposure amount) ^{a,b}	22.4 %	19.1 %	21.9%	22.2%	21.4%
14 Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	22.2 %	18.9 %	21.8%	22.2%	21.3%
Leverage ratio					
15 Leverage ratio total exposure measure ^c	114,408	128,178	119,041	108,604	89,998
16 Leverage ratio ^a	5.8 %	4.7 %	5.1%	5.5%	6.7%
17 Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5.8 %	4.6 %	5.0%	5.4%	6.6%

a Transitional CET1 capital, RWAs and leverage ratio are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.

b Transitional T1 and Total capital are calculated applying the transitional arrangements of the CRR. This includes IFRS 9 transitional arrangements.

c Leverage ratio total exposure measures are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II. The prior period comparatives for year 2021 have been restated to reflect transitional arrangements, whereas previously these were disclosed on a fully loaded basis.

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

e As at 31 December 2022, the Bank had not elected to apply the temporary treatment specified in Article 468 of the CRR, amended by Regulation EU 2020/873, resulting in capital and leverage ratios reflecting the full impact of unrealised gains and losses measured at fair value through other comprehensive income.

Analysis of treasury and capital risk (continued)

Table 9: Risk weighted assets by risk type

	Credit risk		Counterparty credit risk				Securitisation risk			Market risk			Operational risk	
	Std	A-IRB	Std	A-IRB	CCP ^a	Settlement risk	CVA	Std	Deduction	A-IRB	Std	IMA	TSA	Total RWAs
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
As at 31 December 2022	16,928	—	8,046	—	25	32	1,601	43	—	—	39	6,182	2,320	35,216
As at 31 December 2021	11,988	4,312	5,544	369	38	13	2,125	29	5	—	38	5,494	2,165	32,120

Note:

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

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

The table shows RWAs, split by risk type and approach. For credit risk, RWAs are shown by credit exposure class.

		Risk weighted exposure amounts ('RWEAs')						Total own funds requirements					
		As at 31.12.22	As at 30.09.22	As at 30.06.22	As at 31.03.22	As at 31.12.21	As at 31.12.22	As at 30.09.22	As at 30.06.22	As at 31.03.22	As at 31.12.21		
		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
1	Credit risk (excluding CCR)	16,928	18,195	18,202	17,852	16,300	1,354	1,456	1,457	1,428	1,304		
2	Of which the standardised approach	16,928	18,195	13,091	12,889	11,988	1,354	1,456	1,048	1,031	959		
4	Of which: slotting approach	—	—	203	177	153	—	—	16	14	12		
5	Of which the advanced IRB ('AIRB') approach	—	—	4,908	4,786	4,159	—	—	393	383	333		
6	Counterparty credit risk - CCR	9,672	11,920	7,663	7,242	8,076	773	954	613	579	646		
7	Of which the standardised approach	317	594	308	315	307	25	48	25	25	25		
8	Of which internal model method ('IMM')	6,832	9,030	5,745	5,191	4,940	547	722	460	415	395		
EU 8a	Of which exposures to a CCP	51	58	55	80	55	4	5	4	6	4		
EU 8b	Of which credit valuation adjustment - CVA	1,601	1,504	864	1,029	2,125	128	120	69	82	170		
9	Of which other CCR	871	734	691	627	649	69	59	55	51	52		
15	Settlement risk	32	39	50	61	13	3	3	4	5	1		
16	Securitisation exposures in the non-trading book (after the cap)	43	41	40	33	34	3	3	3	3	3		
19	Of which SEC-SA approach	43	41	40	33	29	3	3	3	3	2		
EU 19a	Of which 1250% deduction	—	—	—	—	5	—	—	—	—	1		
20	Position, foreign exchange and commodities risks (Market risk)	6,221	5,251	3,563	3,374	5,532	498	420	285	270	443		
21	Of which the standardised approach	39	25	22	26	38	3	2	2	2	3		
22	Of which IMA	6,182	5,226	3,541	3,348	5,494	495	418	283	268	440		
23	Operational risk	2,320	2,165	2,165	2,165	2,165	186	173	173	173	173		
EU 23b	Of which standardised approach	2,320	2,165	2,165	2,165	2,165	186	173	173	173	173		
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	235	200	200	200	200	19	16	16	16	16		
29	Total	35,216	37,611	31,683	30,727	32,120	2,817	3,009	2,535	2,458	2,570		

Overall RWAs increased by €3.1bn to €35.2bn (December 2021: €32.1bn) primarily due to:

- Credit risk RWAs increased €0.6bn to €16.9bn (December 2021: €16.3) primarily due to an increase in business activity, predominantly on CIB facilities and on Consumer Bank Europe loan balances, offset by the increase of the CRM techniques benefit, the removal of the Bank's temporary tolerance for the use of advanced IRB models since 1st July 2022 and repayments in the Bank's Italian mortgage portfolio which is being run off.
- Counterparty Credit risk RWAs increased by €1.6bn to €9.7bn (December 2021: €8.1) primarily driven by the removal of the Bank's temporary tolerance for the use of advanced IRB models, as well as due to an increase in Internal Model Method ('IMM') due to the alpha factor increasing from 1.4 to 1.55.
- Market risk RWAs increased €0.7bn to €6.2bn (December 2021: €5.5bn) primarily driven by increases in both VaR and SVaR RWEAs which are a result of increased risk taking activity, mainly from the Rates business. These increases have been partially offset by reductions in the Incremental Risk Charge ('IRC'), which has decreased as a result of the change in the portfolio composition holding more higher rated names and less lower rated names.

For further detail on movements in RWAs for each risk type please see 'Analysis of credit risk' on page 33, 'Analysis of counterparty credit risk' on page 49 and 'Analysis of market risk' on page 54.

Analysis of treasury and capital risk (continued)

Table 11: CR8 - RWEA flow statements of credit risk exposures under the advanced IRB approach

		Three months ended 31 December 2022	Twelve months ended 31 December 2022
		€m	€m
1	Risk weighted exposure amount as at the end of the previous reporting period^a	—	3,834
2	Asset size	—	36
3	Asset quality	—	—
4	Model updates	—	—
5	Methodology and policy	—	—
6	Acquisitions and disposals	—	—
7	Foreign exchange movements	—	5
8	Other ^b	—	(3,875)
9	Risk weighted exposure amount as at the end of the reporting period	—	—

Notes:

a. Opening balances exclude Securitisation, non-credit obligation assets and deferred tax assets as per CRR II guidelines.

b. €(3.9)bn exposure movement resulted from the removal of temporary tolerance to use the advanced IRB approach in Q3 was updated from 'Methodology and policy' into 'Other' category.

Twelve months advanced IRB credit risk RWAs decreased by €3.8bn primarily driven by the movement of all credit risk exposures under IRB approach to Standardised approach.

Table 12: CCR7 - RWEA flow statements of CCR exposures under the IMM

The total in this table shows the contribution of Internal Model Method ('IMM') exposures to CCR RWAs (under both standardised and AIRB).

		Three months ended 31 December 2022	Twelve months ended 31 December 2022 ^a
		€m	€m
1	Risk weighted exposure amount as at the end of the previous reporting period	9,030	4,940
2	Asset size	(2,003)	(105)
3	Credit quality of counterparties	(109)	(175)
4	Model updates (IMM only)	—	—
5	Methodology and policy (IMM only)	—	—
6	Acquisitions and disposals	—	—
7	Foreign exchange movements	(86)	(321)
8	Other ^b	—	2,493
9	Risk weighted exposure amount as at the end of the reporting period	6,832	6,832

Notes:

a. Opening balance has been updated to exclude the exposure to central counterparties as per CRR II guidelines.

b. €1.9bn exposure movement resulted from the removal of temporary tolerance to use the advanced IRB approach in Q3 and €0.6bn movement resulted from the alpha factor changing from 1.4 to 1.55 in Q2 was updated from 'Methodology and policy' into 'Other' category.

Three months Internal Model Method RWAs decreased by €2.2bn to €6.8bn primarily driven by:

- €2.0bn decrease in asset size primarily due to decrease in trading activities in derivatives and SFTs.

Twelve months IMM RWAs increased by €1.9bn to €6.8bn primarily driven by:

- €2.5bn increase in the 'other' category due to the removal of the temporary tolerance to use the advanced IRB approach and due to the alpha factor changing from 1.4 to 1.55.

Analysis of treasury and capital risk (continued)

Table 13: MR2-B - RWA flow statement of market risk exposures under the IMA

This table shows the contribution of market risk RWA covered by internal models (i.e. VaR, SVaR and IRC).

	Three months ended 31 December 2022					
	VaR €m	SVaR €m	IRC €m	Other €m	Total RWEAs €m	Total own funds requirements €m
1 RWAs at the end of the previous reporting period	1,257	2,201	670	1,098	5,226	418
1a Regulatory adjustment ^a	(820)	(648)	–	–	(1,468)	(117)
1b RWAs at the previous quarter-end (end of the day)	437	1,553	670	1,098	3,758	301
2 Movement in risk levels	(77)	(672)	(214)	(225)	(1,188)	(95)
3 Model updates/changes	—	—	—	—	—	—
4 Methodology and policy	—	—	—	—	—	—
5 Acquisitions and disposals	—	—	—	—	—	—
6 Foreign exchange movements	—	—	—	—	—	—
7 Other	—	—	—	—	—	—
8a RWAs at the end of the reporting period (end of the day)	360	881	456	873	2,570	206
8b Regulatory adjustment ^b	921	2,531	160	–	3,612	289
8 RWAs at the end of the reporting period	1,281	3,412	616	873	6,182	495

Modelled market risk RWEAs increased by €1.0bn to €6.2bn driven by increased SVaR as a result of increased risk held within the Sovereign, Supranational and Agency ('SSA') trading desk and the Credit business.

	Twelve months ended 31 December 2022					
	VaR €m	SVaR €m	IRC €m	Other €m	Total RWEAs €m	Total own funds requirements €m
1 RWAs at the end of the previous reporting period	613	2,019	1,004	1,858	5,494	440
1a Regulatory adjustment ^a	(474)	(1,801)	(475)	–	(2,750)	(220)
1b RWAs at the previous quarter-end (end of the day)	139	218	529	1,858	2,744	220
2 Movement in risk levels	221	663	(73)	(985)	(174)	(14)
3 Model updates/changes	—	—	—	—	—	—
4 Methodology and policy	—	—	—	—	—	—
5 Acquisitions and disposals	—	—	—	—	—	—
6 Foreign exchange movements	—	—	—	—	—	—
7 Other	—	—	—	—	—	—
8a RWAs at the end of the reporting period (end of the day)	360	881	456	873	2,570	206
8b Regulatory adjustment ^b	921	2,531	160	–	3,612	289
8 RWAs at the end of the reporting period	1,281	3,412	616	873	6,182	495

Notes:

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

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

Modelled market risk RWEAs increased by €0.7bn to €6.2bn, primarily due to increases in both VaR and SVaR RWEAs which are a result of increased risk taking activity, mainly in the Rates business. These increases have been partially offset by reductions in IRC, which has decreased as a result of the change in the portfolio composition holding more higher rated names and less lower rated names, and the 'Other' category as a result of the reduction in the SVaR post model adjustment.

Analysis of treasury and capital risk (continued)

Leverage ratio and exposures

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

The following leverage tables show the components of the leverage ratio using the CRR II definition for the leverage exposure and Tier 1 capital as at 31 December 2022¹.

This disclosure has been prepared using the format set out in Annex XI and XII of the final 'Implementing technical standards with regard to disclosure of the leverage ratio for institutions (Commission implementing regulation-EU 2021/637)'.

Table 14: LR1 - Summary of reconciliation of accounting assets and leverage ratio exposures

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

		As at 31 December 2022	As at 31 December 2021
		€m	€m
1	Total assets as per published financial statements	132,534	117,112
4	(Adjustment for temporary exemption of exposures to central banks (if applicable)) ^a	—	(11,278)
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	(7,539)	(3,809)
8	Adjustments for derivative financial instruments	(18,845)	(14,672)
9	Adjustment for securities financing transactions ('SFTs')	1,286	1,100
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) ^b	16,436	14,316
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital) ^c	(117)	(60)
12	Other adjustments ^d	(9,347)	(12,711)
13	Total exposure measure	114,408	89,998

Notes:

1. Capital and leverage measures are calculated applying the transitional arrangements of the CRR as amended by CRR II.
- a. The exposure exemptions to coins and bank notes constituting legal currency in the jurisdiction of the central bank and assets representing claims on the central bank, including reserves held at the central bank in accordance with point (n) of Article 429a(1) CRR were removed from 1st April 2022 and therefore excluded as at 31 December 2022.
- b. As at 31 December 2022, the adjustment for off-balance sheet items excludes certain off-balance sheet provisions of €(46)m. Values as at 31 December 2021 were restated to exclude certain off-balance sheet provisions of €(27)m.
- c. As at 31 December 2022, adjustments which have reduced Tier 1 capital includes certain off-balance sheet provisions of €(46)m and adjustments of €(71)m due to the requirements for prudent valuation. Values as at 31 December 2021 were restated to include certain off-balance sheet provisions of €(27)m and adjustments of €(33)m due to the requirements for prudent valuation.
- d. As at 31 December 2022, other adjustments exclude adjustments of €(71)m due to the requirements for prudent valuation. Values as at 31 December 2021 were restated to exclude adjustments of €(33)m due to the requirements for prudent valuation.

Total leverage exposure measure increased by €24.4bn to €114.4bn primarily due to increased total assets per published financial statements (which was primarily due to increased balances at central banks and increased derivatives financial instruments) and the removal of the €11.3bn adjustment for temporary exemption of exposures to central banks.

Analysis of treasury and capital risk (continued)

Table 15: LR2 - Leverage ratio common disclosure

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

		As at 31 December 2022	As at 31 December 2021
		€m	€m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral) ^a	67,363	50,322
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(5,111)	(10,578)
6	(Asset amounts deducted in determining Tier 1 capital)	(31)	(79)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)^a	62,221	39,666
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	14,188	6,320
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	15,967	14,400
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR) ^b	(13,599)	(4,248)
11	Adjusted effective notional amount of written credit derivatives	46,618	33,211
12	Adjusted effective notional offsets and add-on deductions for written credit derivatives	(45,855)	(32,568)
13	Total derivative exposures^b	17,319	17,115
Securities financing transaction ('SFT') exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	44,188	46,448
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(26,995)	(28,619)
16	Counterparty credit risk exposure for SFT assets	1,286	1,100
18	Total securities financing transaction exposures	18,479	18,929
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	38,744	33,059
20	(Adjustments for conversion to credit equivalent amounts) ^c	(22,308)	(18,743)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures) ^d	(46)	(27)
22	Off-balance sheet exposures	16,390	14,289
Capital and total exposure measure			
23	Tier 1 capital ^e	6,692	5,987
24	Total exposure measure	114,408	89,998
Leverage ratio			
25	Leverage ratio	5.8 %	6.7 %
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans (%)	5.8 %	6.7 %
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	5.8 %	5.9 %
26	Regulatory minimum leverage ratio requirement (%)	3.0 %	3.3 %
EU-27a	Overall leverage ratio requirement (%)	3.0 %	3.3 %
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Transitional	Transitional
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	31,779	21,275
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	17,192	17,829
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	128,995	93,444
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	128,995	104,722
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.2 %	6.4 %
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.2 %	5.7 %

Notes:

- a. As at 31 December 2022, on-balance sheet exposures exclude initial margin of €(4,275)m. Values as at 31 December 2021 were restated to exclude initial margin of €(2,088)m.
- b. As at 31 December 2022, derivative exposures include initial margin of €(4,275)m. Values as at 31 December 2021 were restated to include initial margin of €(2,088)m.
- c. As at 31 December 2022, adjustments for conversion to credit equivalent amounts exclude certain off-balance sheet provisions of €(46)m. Values as at 31 December 2021 were restated to exclude certain off-balance sheet provisions of €(27)m.
- d. As at 31 December 2022, general provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures include certain off-balance sheet provisions of €(46)m. Values as at 31 December 2021 were restated to include certain off-balance sheet provisions of €(27)m.

Analysis of treasury and capital risk (continued)

e. As at 31 December 2022, Tier 1 capital is calculated applying the transitional arrangements of the CRR. This includes IFRS 9 transitional arrangements. Values as at 31 December 2021 have been restated to reflect transitional arrangements, whereas previously these were disclosed on a fully loaded basis.

The decrease in the CRR leverage ratio was driven by a €24.4bn increase in the leverage exposure partially offset by a €705m increase in tier 1 capital.

Total leverage exposure measure increased by €24.4bn to €114.4bn, primarily due to increased total assets per published financial statements (which was primarily due to increased balances at central banks and increased derivative financial instruments) and the removal of the €11.3bn adjustment for the temporary exemption of exposures to central banks.

Table 16: LR3 - Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

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

		As at 31 December 2022	As at 31 December 2021
		€m	€m
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	57,174	37,075
EU-2	Trading book exposures	9,489	8,332
EU-3	Banking book exposures, of which:	47,685	28,743
EU-4	Covered bonds	—	—
EU-5	Exposures treated as sovereigns	30,850	12,997
EU-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	172	73
EU-7	Institutions	1,689	946
EU-8	Secured by mortgages of immovable properties	4,655	5,721
EU-9	Retail exposures	4,551	4,194
EU-10	Corporates	4,697	3,903
EU-11	Exposures in default	308	315
EU-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	763	594

Total exposure increased by €20.1bn to €57.2bn primarily due to increased total assets per published financial statements (which was primarily due to increased balances at central banks) and the removal of the €11.3bn adjustment for temporary exemption of exposures to central banks.

Analysis of treasury and capital risk (continued)

Minimum requirement for own funds and eligible liabilities ('MREL')

The disclosures in this section (Tables 17 and 18) have been prepared in accordance with CRR as amended by CRR II, using the uniform format set out in the EBA 'Implementing Technical Standards on institutions' public disclosures of the information referred to in Titles II and III of Part Eight of Regulation (EU) No 575/2013', as amended by Regulation (EU) 2019/876, in effect at the reporting date.

Table 17: iLAC - Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs

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

The Single Resolution Board has set an Internal MREL requirement for the Bank, effective from 1 January 2024. The Bank is on course to meet these requirements. The SRB has also set an interim Internal MREL requirement, effective from 1 January 2022.

	Minimum requirement for own funds and eligible liabilities (internal MREL)	Non-EU G-SII requirement for own funds and eligible liabilities (internal TLAC)
As at 31 December 2022	€m	€m
Own funds and eligible liabilities		
EU-3 Common Equity Tier 1 capital ('CET1')	5,887	5,887
EU-4 Eligible Additional Tier 1 instruments	805	805
EU-5 Eligible Tier 2 instruments	1,195	1,195
EU-6 Eligible own funds ^a	7,887	7,887
EU-7 Eligible liabilities	3,475	3,475
EU-8 Of which permitted guarantees	—	
EU-9a (Adjustments)	—	
EU-9b Own funds and eligible liabilities items after adjustments ^a	11,362	11,362
Total risk exposure amount and total exposure measure		
EU-10 Total risk exposure amount	35,216	35,216
EU-11 Total exposure measure	114,408	114,408
Ratio of own funds and eligible liabilities		
EU-12 Own funds and eligible liabilities (as a percentage of TREA) ^a	32.26 %	32.26 %
EU-13 Of which permitted guarantees	—	
EU-14 Own funds and eligible liabilities (as a percentage of leverage exposure) ^a	9.93 %	9.93 %
EU-15 Of which permitted guarantees	—	
EU-16 CET1 (as a percentage of TREA) available after meeting the entity's requirements ^a	10.36 %	10.36 %
EU-17 Institution-specific combined buffer requirement	3.66 %	
Requirements		
EU-18 Requirement expressed as a percentage of the total risk exposure amount ^a	20.45 %	16.20 %
EU-19 Of which may be met with guarantees	—	
EU-20 Internal MREL expressed as percentage of the total exposure measure ^a	5.93 %	6.08 %
EU-21 Of which may be met with guarantees	—	
Memorandum items		
EU-22 Total amount of excluded liabilities referred to in Article 72a(2) CRR		42,186

Note:

a. The SRB has set an interim Internal MREL requirement, effective from 1 January 2022.

Analysis of treasury and capital risk (continued)

Table 18: TLAC2 - Creditor ranking - Entity that is not a resolution entity

This template provides information on the insolvency ranking and on the creditors' ranking in the liabilities structure, showing the distribution of liabilities across the hierarchy of claims, from own funds to the highest ranking eligible liabilities instruments. The amount attributable to each rank is further broken down into amounts owned by the resolution entity, including amounts owned directly or indirectly by the resolution entity through entities along the chain of ownership, where applicable; and other amounts not owned by the resolution entity, where applicable.

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

Notes:

a. Equity includes Prudential Capital Adjustments of €172m.

b. Maturity split is based on contractual maturity, while Table 20 maturity is based on next callable date.

Analysis of treasury and capital risk (continued)

Table 19: LIQ1 - Liquidity Coverage ratio

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

Liquidity coverage ratio (period end)	Total period end value							
	31.12.22		30.09.22		30.06.22		31.03.22	
	€m	€m	€m	€m	€m	€m	€m	€m
Liquidity buffer	30,709		26,735		25,403		26,656	
Total net cash outflows	15,865		16,362		16,171		15,792	
Liquidity coverage ratio (%) (period end)	194%		163%		157%		169%	
LIQ1 - Liquidity coverage ratio (average)								
	Total unweighted value (average)				Total weighted value (average)			
	31.12.22	30.09.22	30.06.22	31.03.22	31.12.22	30.09.22	30.06.22	31.03.22
Number of data points used in calculation of averages	12	12	12	12	12	12	12	12
High-quality liquid assets								
1 Total high-quality liquid assets ('HQLA')					27,269	26,297	25,890	24,945
Cash outflows								
2 Retail deposits and deposits from small business customers, of which:	1,808	1,836	1,864	1,824	240	236	223	204
3 Stable deposits	34	38	40	40	2	2	2	2
4 Less stable deposits	1,774	1,798	1,824	1,783	238	234	221	202
5 Unsecured wholesale funding, of which:	17,636	17,758	17,719	17,557	9,940	10,006	9,949	9,690
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	4,966	4,880	4,679	4,616	1,239	1,217	1,167	1,149
7 Non-operational deposits (all counterparties)	12,446	12,675	12,877	12,828	8,476	8,586	8,619	8,427
8 Unsecured debt	224	202	163	114	224	202	163	114
9 Secured wholesale funding					3,079	3,463	3,996	4,103
10 Additional requirements, of which:	26,410	25,933	25,645	25,375	7,543	7,544	7,451	7,805
11 Outflows related to derivative exposures and other collateral requirements	2,671	3,086	3,543	4,431	2,671	3,086	3,543	4,431
12 Outflows related to loss of funding on debt products	14	25	32	52	14	25	32	52
13 Credit and liquidity facilities	23,726	22,822	22,070	20,892	4,858	4,433	3,877	3,322
14 Other contractual funding obligations	—	—	—	—	—	—	—	—
15 Other contingent funding obligations	10,807	10,350	10,084	9,857	458	457	475	516
16 Total cash outflows					21,258	21,706	22,094	22,318
Cash inflows								
17 Secured lending (e.g. reverse repos)	41,043	38,544	37,805	36,653	2,620	2,946	3,293	3,295
18 Inflows from fully performing exposures	1,209	1,306	1,313	1,513	1,102	1,160	1,085	1,201
19 Other cash inflows	1,735	2,205	2,597	3,220	1,094	1,670	2,223	3,009
EU-19a (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					—	—	—	—
EU-19b (Excess inflows from a related specialised credit institution)					—	—	—	—
20 Total cash inflows	43,987	42,055	41,715	41,386	4,817	5,775	6,601	7,505
EU-20a Fully exempt inflows	—	—	—	—	—	—	—	—
EU-20b Inflows subject to 90% cap	—	—	—	—	—	—	—	—
EU-20c Inflows subject to 75% cap	43,987	42,055	41,715	41,386	4,817	5,775	6,601	7,505
21 Liquidity buffer					27,269	26,297	25,890	24,945
22 Total net cash outflows					16,441	15,930	15,493	14,813
23 Liquidity coverage ratio (%) (average)					166%	165%	167%	169%

As at 31 December 2022, BBI's LCR was 194%, equivalent to a surplus of €13.3bn to 110% regulatory requirement, as shown on Table 19. The Net Stable Funding Ratio ('NSFR') at 31 December 2022 was 149%, a €11.2bn surplus to 100% regulatory minimum. Details are included in Table 20. The strong liquidity position reflects BBI's prudent approach given the continued macroeconomic uncertainty. The Bank also continued to maintain surpluses to its internal liquidity requirements.

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

As at 31 December 2022, the liquidity pool consisted of a mix of EUR cash held at central banks €(29.9)bn and HQLA securities €(0.8)bn.

Analysis of treasury and capital risk (continued)

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

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

Analysis of treasury and capital risk (continued)

Table 20: LIQ2 - Net Stable Funding Ratio

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

		Unweighted value by residual maturity					
		No maturity ^a	< 6 months	6 months to < 1yr	≥ 1yr	Weighted value	
As at 31 December 2022		€m	€m	€m	€m	€m	
Available stable funding ('ASF') Items							
1	Capital items and instruments	5,710	—	300	5,175	10,885	
2	Own funds	5,710	—	300	1,700	7,410	
3	Other capital instruments	—	—	—	3,475	3,475	
4	Retail deposits	2,136	91	—	—	2,014	
5	Stable deposits	194	—	—	—	185	
6	Less stable deposits	1,942	91	—	—	1,829	
7	Wholesale funding:	32,636	4,970	10,412	21,279		
8	Operational deposits	5,033	—	—	—	2,516	
9	Other wholesale funding	27,603	4,970	10,412	18,763		
10	Interdependent liabilities	—	—	—	—	—	
11	Other liabilities:	—	13,687	—	—	—	
12	NSFR derivative liabilities	—	—	—	—	—	
13	All other liabilities and capital instruments not included in the above categories	13,687	—	—	—	—	
14	Total available stable funding ('ASF')					34,178	
Required stable funding ('RSF') Items							
15	Total high-quality liquid assets ('HQLA')	—	—	—	274		
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool	1,056	—	—	528		
16	Deposits held at other financial institutions for operational purposes	—	—	—	—	—	
17	Performing loans and securities:	14,189	2,524	15,016	16,667		
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	2,885	1,090	1,981	2,526		
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	8,798	600	3,139	4,025		
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:	2,371	697	5,765	6,362		
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	272	4	39	164		
22	Performing residential mortgages, of which:	135	136	4,131	3,754		
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	116	116	3,201	2,197		
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	—	—	—	—	—	
25	Interdependent assets	—	—	—	—	—	
26	Other assets:	—	14,045	—	1,626	3,761	
27	Physical traded commodities	—	—	—	—	—	
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	1,791	—	—	1,523		
29	NSFR derivative assets	—	—	—	—	—	
30	NSFR derivative liabilities before deduction of variation margin posted	12,254	—	—	613		
31	All other assets not included in the above categories	—	—	1,626	1,626		
32	Off-balance sheet items	37,118	—	—	1,719		
33	Total RSF					22,949	
Net Stable Funding Ratio ('NSFR')							
34	Net Stable Funding Ratio (%)					149 %	

Analysis of treasury and capital risk (continued)

Table 20: LIQ2 - Net Stable Funding Ratio (continued)

		Unweighted value by residual maturity				Weighted value €m		
		No maturity ^a €m	< 6 months €m	6 months to < 1yr €m	≥ 1yr €m			
As at 31 December 2021								
Available stable funding ('ASF') Items								
1	Capital items and instruments	5,088	—	—	3,945	9,033		
2	Own funds	5,088	—	—	1,425	6,513		
3	Other capital instruments	—	—	—	2,520	2,520		
4	Retail deposits	1,830	—	—	—	1,653		
5	Stable deposits	128	—	—	—	121		
6	Less stable deposits	1,702	—	—	—	1,532		
7	Wholesale funding:	29,322	4,102	11,101	19,670			
8	Operational deposits	5,481	—	—	—	2,741		
9	Other wholesale funding	23,841	4,102	11,101	16,929			
10	Interdependent liabilities	—	—	—	—	—		
11	Other liabilities:	—	10,869	—	—	—		
12	NSFR derivative liabilities	—	—	—	—	—		
13	All other liabilities and capital instruments not included in the above categories	—	10,869	—	—	—		
14	Total available stable funding ('ASF')					30,356		
Required stable funding ('RSF') Items								
15	Total high-quality liquid assets ('HQLA')	—	—	—	321			
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool	—	—	—	—	—		
16	Deposits held at other financial institutions for operational purposes	—	—	—	—	—		
17	Performing loans and securities:	12,887	2,896	14,370	15,390			
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	2,555	925	2,806	3,268			
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	7,490	1,069	1,257	2,228			
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:	1,147	542	6,263	5,201			
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	828	247	3,663	2,918			
22	Performing residential mortgages, of which:	868	354	4,045	4,290			
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	831	338	3,856	3,090			
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products	826	7	—	402			
25	Interdependent assets	—	—	—	—	—		
26	Other assets:	—	14,800	—	1,332	3,631		
27	Physical traded commodities	—	—	—	—	—		
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	1,576	—	—	—	1,339		
29	NSFR derivative assets	314	—	—	—	314		
30	NSFR derivative liabilities before deduction of variation margin posted	12,910	—	—	—	646		
31	All other assets not included in the above categories	—	—	1,332	1,332			
32	Off-balance sheet items	24,075	—	—	—	1,204		
33	Total RSF					20,545		
Net Stable Funding Ratio ('NSFR')								
34	Net Stable Funding Ratio (%)					148 %		

Note:

- a. Items disclosed in the 'no maturity' time bucket do not have a stated maturity or are perpetual including CET1. AT1 items are perpetual, but have a call option and their maturity bucket above is determined by the date of the next call option. The comparative numbers as at 31 December 2021 were restated to reflect this.

NSFR remained broadly stable at 149% (December 2021: 148%).

Analysis of treasury and capital risk (continued)

Interest rate risk in the banking book

Table 21: IRRBB1 - Quantitative information on IRRBB

The table below shows the impact on the Bank's Economic Value of Equity ('EVE') and Net Interest Income ('NII') from the six standardised interest rate shock scenarios defined by the European Banking Authority ('EBA'), in their guidelines on the management of interest rate risk arising from non-trading book activities.

	Change in Economic Value of Equity		Change in Net Interest Income		Tier 1 capital	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Supervisory shock scenarios	€m	€m	€m	€m	€m	€m
1 Parallel up	(385)	(396)	58	36		
2 Parallel down	189	(16)	(52)	(58)		
3 Steeperener	(34)	(45)				
4 Flattener	(35)	(65)				
5 Short rates up	(166)	(170)				
6 Short rates down	72	(3)				
7 Maximum	(385)	(396)				
8 Tier 1 capital					6,692	5,987

The maximum EVE loss under the six scenarios was €(385)m under the parallel up scenario as of December 2022, compared to €(396)m under the same scenario as of December 2021. The parallel shock up scenario remained broadly unchanged year-on-year, with the sensitivity driven by the Bank's structural hedging of its equity position. The parallel shock down sensitivity is now positive €189m as the impact of flooring reduced during the year due to higher market rate levels.

The maximum one-year loss in NII was €(52)m as of December 2022, compared to €(58)m as of December 2021. During the year, deposit pricing assumptions were updated, which have been largely offset in the NII parallel shock down sensitivity as margin compression risk reduced due to the higher market rate environment.

Repricing maturity assumptions assigned to non-maturity deposits

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

Analysis of treasury and capital risk (continued)

Table 22: PV1 - Prudent valuation adjustments ('PVAs')

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

Category level AVA	Risk category						Category level AVA - Valuation uncertainty			Total category level post-diversification ^a	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
	Equity	Interest rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA					
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
As at 31 December 2022												
1 Market price uncertainty	—	26	—	31	—	6	2	33	25	8		
3 Close-out cost	—	16	—	9	—	2	—	13	9	4		
4 Concentrated positions	—	4	—	—	—	—	—	4	4	—		
5 Early termination	—	—	—	—	—	—	—	—	—	—		
6 Model risk	—	4	—	12	—	—	—	8	2	6		
7 Operational risk	—	3	—	2	—	—	—	5	3	2		
10 Future administrative costs	—	8	—	—	—	—	—	8	8	—		
12 Total Additional Valuation Adjustments ('AVAs')								71	51	20		
As at 31 December 2021												
1 Market price uncertainty	—	13	—	29	—	4	2	24	15	9		
3 Close-out cost	—	4	—	—	—	1	—	3	3	—		
4 Concentrated positions	—	—	—	—	—	—	—	—	—	—		
5 Early termination	—	—	—	—	—	—	—	—	—	—		
6 Model risk	—	1	—	—	—	1	—	1	1	—		
7 Operational risk	—	1	—	1	—	—	—	3	2	1		
10 Future administrative costs	—	2	—	—	—	—	—	2	2	—		
12 Total Additional Valuation Adjustments ('AVAs')								33	23	10		

Note:

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

PVAs increased to €71m (December 2021: €33m) driven by (i) an increase in positions carried at fair value on the Bank's balance sheet and (ii) Additional Valuation Adjustments ('AVAs') methodology changes introduced in 2022.

Analysis of credit risk

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

Key Metrics

**2022 Risk weighted assets
for credit risk**

€16.9bn

2021: €16.3bn

Analysis of credit risk

Analysis of capital requirements and exposures for credit risk

Table 23: CR4 - Standardised approach - Credit risk exposure and CRM effects

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

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

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
		On-balance sheet amount ^a	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
		€m	€m	€m	€m	€m	%
As at 31 December 2022							
1	Central governments or central banks	30,778	15	30,918	10	347	1 %
2	Regional governments or local authorities	39	6	39	—	—	—
3	Public sector entities	172	1,924	66	819	358	40 %
4	Multilateral development banks	—	—	—	—	—	—
5	International Organisations	—	—	—	—	—	—
6	Institutions	1,683	2,556	973	579	578	37 %
7	Corporates ^b	4,680	27,785	2,119	9,561	9,974	85 %
8	Retail ^b	4,535	6,224	4,460	—	3,345	75 %
9	Secured by mortgages on immovable property ^b	4,639	—	4,639	—	1,674	36 %
10	Exposures in default	308	41	226	14	253	106 %
11	Items associated with particularly high risk	—	—	—	—	—	—
12	Covered Bonds	—	—	—	—	—	—
13	Claims on institutions and corporate with a short-term credit assessment	—	—	—	—	—	—
14	Claims in the form of collective investment undertakings	—	—	—	—	—	—
15	Equity exposures	—	—	—	—	—	—
16	Other items	432	—	432	—	399	92 %
17	Total	47,266	38,551	43,872	10,983	16,928	31 %
As at 31 December 2021							
1	Central governments or central banks	24,276	12	24,315	—	21	—
2	Regional governments or local authorities	—	—	—	—	—	—
3	Public sector entities	73	604	65	132	89	45 %
4	Multilateral development banks	—	—	—	—	—	—
5	International Organisations	—	—	—	—	—	—
6	Institutions	946	2,621	469	458	365	39 %
7	Corporates ^b	3,719	23,937	2,371	8,103	8,945	85 %
8	Retail ^b	2,168	309	2,093	117	1,657	75 %
9	Secured by mortgages on immovable property ^b	67	1,285	67	1,261	499	38 %
10	Exposures in default	150	133	147	103	315	126 %
11	Items associated with particularly high risk	—	—	—	—	—	—
12	Covered Bonds	—	—	—	—	—	—
13	Claims on institutions and corporate with a short-term credit assessment	—	—	—	—	—	—
14	Claims in the form of collective investment undertakings	—	—	—	—	—	—
15	Equity exposures	—	—	—	—	—	—
16	Other items	128	—	128	—	97	75 %
17	Total	31,527	28,901	29,655	10,174	11,988	30 %

Notes:

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

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

Off-Balance sheet exposure increased by €9.6bn to €38.6bn mostly driven by an increase in corporates exposures (primarily due to new credit facilities) and due to an increase in retail (primarily due to the removal of temporary tolerance in using the IRB approach, resulting in portfolios moving to the Standardised approach).

On-Balance sheet exposure increased by €15.7bn to €47.3bn, mostly driven by an increase in central governments and central bank exposures due to movements in book size and an increase in retail and secured by mortgages on immovable property exposures, following the change in approach from IRB to Standardised.

Analysis of credit risk (continued)

Table 24: CR5 - Standardised approach

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

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

Analysis of credit risk (continued)

Table 24: CR5 - Standardised approach (continued)

	As at 31 December 2021	Risk weight															Total	of which: Unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	
1	Central governments or central banks	24,294	—	—	—	—	—	—	—	—	21	—	—	—	—	—	24,315	84
2	Regional governments or local authorities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
3	Public sector entities	—	—	—	—	30	—	167	—	—	—	—	—	—	—	—	197	—
4	Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
5	International Organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
6	Institutions	—	—	—	—	368	—	535	—	—	24	—	—	—	—	—	927	227
7	Corporates	—	—	—	—	357	—	2,738	—	—	7,118	261	—	—	—	—	10,474	4,815
8	Retail	—	—	—	—	—	—	—	2,210	—	—	—	—	—	—	—	2,210	2,210
9	Secured by mortgages on immovable property	—	—	—	—	—	1,275	—	—	—	53	—	—	—	—	—	1,328	1,328
10	Exposures in default	—	—	—	—	—	—	—	—	119	131	—	—	—	—	—	250	250
11	Exposures associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
12	Covered Bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
13	Institutions and corporate with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
14	Unit or shares in collective investment undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
15	Equity exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
16	Other items	30	—	—	—	3	—	—	—	95	—	—	—	—	—	—	128	128
17	Total	24,324	—	—	—	758	1,275	3,440	—	2,210	7,430	392	—	—	—	—	39,829	9,042

Standardised Credit Risk Exposure Post-CCF and CRM increased by €15.0bn to €54.9bn primarily driven by increased exposures to central governments and central banks, secured by mortgages on immovable property, retail and corporates due to the change in approach from IRB to Standardised and an introduction of new credit facilities within 50% and 100% Risk Weights.

Analysis of credit risk (continued)

Credit quality analysis of standardised exposures

Credit rating agencies

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

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

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

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

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

Rated and unrated counterparties

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

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

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

Table 25: Relationship of long-term external credit ratings to credit quality steps under the standardised approach for non-securitised exposures

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

Table 26: Credit quality steps and risk weights under the standardised approach

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

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

Notes:

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

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

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

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

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

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

Analysis of credit risk (continued)

Table 27: CR1 - Performing and non-performing exposures and related provisions

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

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

Analysis of credit risk (continued)

Table 27: CR1 - Performing and non-performing exposures and related provisions (continued)

	Gross carrying amount/nominal						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Collateral and financial guarantees received		
	Performing exposures			Non-performing exposures			Performing exposures - accumulated impairment and provisions			Non-performing exposures - accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Accumulated partial write-off	On performing exposures	On non-performing exposures
	Total ^a	Of which stage 1	Of which stage 2	Total ^a	Of which stage 2	Of which stage 3	Total	Of which stage 1	Of which stage 2	Total	Of which stage 2	Of which stage 3			
As at 31 December 2021	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
5 Cash balances at central banks and other demand deposits	24,096	24,096	—	—	—	—	—	—	—	—	—	—	—	—	—
10 Loans and advances	49,885	32,702	1,883	678	32	619	(196)	(33)	(164)	(254)	(8)	(246)	—	24,443	257
20 Central banks	992	96	—	—	—	—	—	—	—	—	—	—	—	896	—
30 General governments	1,473	822	—	—	—	—	—	—	—	—	—	—	—	299	—
40 Credit institutions	16,922	8,438	8	—	—	—	—	—	—	—	—	—	—	11,697	—
50 Other financial corporations	17,923	12,743	204	13	—	13	—	—	—	(4)	—	(4)	—	5,203	9
60 Non-financial corporations	3,127	2,644	483	151	—	151	(20)	(5)	(15)	(47)	—	(47)	—	1,158	10
70 Of which SMEs	—	—	—	4	—	4	—	—	—	(4)	—	(4)	—	—	—
80 Households	9,448	7,959	1,188	514	32	455	(176)	(28)	(149)	(203)	(8)	(195)	—	5,190	238
90 Debt securities	103	79	—	—	—	—	—	—	—	—	—	—	—	24	—
100 Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
110 General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
120 Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
130 Other financial corporations	103	79	—	—	—	—	—	—	—	—	—	—	—	24	—
140 Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
150 Off-balance-sheet exposures	31,437	26,965	2,912	84	—	84	(26)	(17)	(9)	—	—	—	—	8,640	11
160 Central banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
170 General governments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
180 Credit institutions	635	635	—	—	—	—	—	—	—	—	—	—	—	157	—
190 Other financial corporations	3,287	3,234	53	—	—	—	—	—	—	—	—	—	—	307	—
200 Non-financial corporations	21,817	17,704	2,568	70	—	70	(26)	(17)	(9)	—	—	—	—	8,089	9
210 Households	5,698	5,393	291	14	—	14	—	—	—	—	—	—	—	87	2
220 Total	105,520	83,842	4,795	762	32	703	(222)	(50)	(173)	(254)	(8)	(246)	—	33,106	268

Note

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

Total exposures increased by €14.9bn to €121.2bn primarily due to:

- an increase in cash balances with central banks, driven by the increase in the liquidity pool that resulted from an increase in deposits, certificates of deposits and commercial paper; and
- an increase in loans balances, primarily due to an increase in settlement balances and reverse repos, partially offset by a decrease in cash collateral driven by mark to market requirements.

Analysis of credit risk (continued)

Table 28: CR1-A – Maturity of exposures

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

	Net Exposure Values							
	On demand	<= 1 year		> 1 year <= 5 years		> 5 years	No stated maturity	Total ^a
		€m	€m	€m	€m			
As at 31 December 2022								
1 Loans and advances	39,094	37,227	8,547	5,084	—	—	89,952	
2 Debt securities	—	10	43	58	—	—	111	
3 Total	39,094	37,237	8,590	5,142	—	—	90,063	
As at 31 December 2021								
1 Loans and advances	32,788	35,399	8,157	5,227	—	—	81,571	
2 Debt securities	—	11	48	44	—	—	103	
3 Total	32,788	35,410	8,205	5,271	—	—	81,674	

Note

a. Total exposure includes off balance sheet balances (commitments and guarantees) of €37.2bn and an impairment on loans and advances of €(0.5bn), while excluding cash balances at central banks of €30.5bn.

Loans and advances increased by €8.4bn to €90.0bn predominantly due to an increase in off-balance sheet loan commitments.

Table 29: CR2 - Changes in the stock of non-performing loans and advances

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

		Gross carrying amount			
				As at 31 December 2022	As at 31 December 2021
		€m	€m	€m	€m
1 Initial stock of non-performing loans and advances				678	736
2 Inflows to non-performing portfolios				184	203
3 Outflows from non-performing portfolios				(51)	(59)
4 Outflows due to write-offs				(50)	(39)
5 Outflow due to other situations ^a				(87)	(164)
6 Final stock of non-performing loans and advances				674	678

Note

a. Other changes include repayments and disposals and other adjustments, partly offset by a net increase in the exposure in default on existing loans and debt securities.

Table 30: CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

This table shows the use of CRM techniques broken down by loans and debt securities. This table includes unsecured and secured exposures including collateral, financial guarantees and credit derivatives.

		Exposures unsecured – Carrying amount	Exposures to be secured	of which: Exposures secured by collateral	of which: Exposures secured by financial guarantees	of which: Exposures secured by credit derivatives
		€m	€m	€m	€m	€m
As at 31 December 2022						
1 Total loans and advances		58,876	24,940	22,791	2,149	—
2 Total debt securities		87	24	24	—	—
3 Total exposures		58,963	24,964	22,815	2,149	—
4 Of which non-performing exposures		374	300	221	79	—
5 Of which defaulted		354	287			
As at 31 December 2021						
1 Total loans and advances		49,959	24,701	23,569	1,132	—
2 Total debt securities		79	24	24	—	—
3 Total exposures		50,038	24,725	23,593	1,132	—
4 Of which non-performing exposures		421	257	256	1	—
5 Of which defaulted		402	249			

The total unsecured and secured exposure increased by €9.2bn to €83.8bn primarily due to an increase in cash balances with central banks and an increase in loans balances due to an increase in settlement balances and reverse repos. This was partially offset by a decrease in cash collateral and loan repayments.

Analysis of credit risk (continued)

Table 31: CQ1- Credit quality of forborne exposures

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

		Gross carrying amount/nominal amount of exposures with forbearance measures			Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures		
		Non Performing forborne							
		Performing forborne	Total	Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures	Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
As at 31 December 2022		€m	€m	€m	€m	€m	€m	€m	
5	Cash balances at central banks and other demand deposits	—	—	—	—	—	—	—	
10	Loans and Advances	182	218	210	209	(4)	(51)	150	
20	Central banks	—	—	—	—	—	—	—	
30	General governments	—	—	—	—	—	—	—	
40	Credit institutions	—	—	—	—	—	—	—	
50	Other financial corporations	14	—	—	—	—	—	—	
60	Non-financial corporations	126	94	94	94	(1)	(10)	41	
70	Households	42	124	116	115	(3)	(41)	109	
80	Debt securities	—	—	—	—	—	—	—	
90	Loan commitments given	222	3	3	3	1	—	58	
100	Total	404	221	213	212	(3)	(51)	208	
As at 31 December 2021		€m	€m	€m	€m	€m	€m	€m	
5	Cash balances at central banks and other demand deposits	—	—	—	—	—	—	—	
10	Loans and Advances	5	279	242	272	(1)	(77)	88	
20	Central banks	—	—	—	—	—	—	—	
30	General governments	—	—	—	—	—	—	—	
40	Credit institutions	—	—	—	—	—	—	—	
50	Other financial corporations	—	—	—	—	—	—	—	
60	Non-financial corporations	2	123	121	121	—	(30)	—	
70	Households	3	156	121	151	—	(47)	88	
80	Debt securities	—	—	—	—	—	—	—	
90	Loan commitments given	25	12	—	—	—	—	—	
100	Total	30	291	242	272	(1)	(77)	88	

Total performing forborne exposures increased by €374m to €404m, primarily due to an increase in loan commitments and an increase in non-financial corporations.

Total non-performing forborne exposures decreased by €70m to €221m primarily due to a decrease in households and non-financial corporations as a result of the application of new risk reporting tool which improved the accuracy in tracking the evolution of forbearance measures over time and repayments across the Bank.

Total collateral received and financial guarantees received on forborne exposures increased by €120m to €208m, in line with the movements in gross forborne exposures.

Analysis of credit risk (continued)

Table 32: CQ3: Credit quality of performing and non-performing exposures by past due days

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

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

Analysis of credit risk (continued)

Table 32: CQ3: Credit quality of performing and non-performing exposures by past due days (continued)

		Gross carrying amount / Nominal amount												
		Performing exposures				Non-performing exposures								
		Total performing exposures	Not past due or Past due < 30 days	Past due > 30 days < 90 days	Total non-performing exposures	Unlikely to pay that are not past-due or past-due <= 90 days	Past due > 90 days <= 180 days	Past due > 180 days <= 1 year	Past due > 1 year <= 2 years	Past due > 2 year <= 5 years	Past due > 5 year <= 7 years	Past due > 7 years	Of which defaulted	
As at 31 December 2021		€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	
5	Cash balances at central banks and other demand deposits	24,096	24,096	—	—	—	—	—	—	—	—	—	—	
10	Loans and advances	49,885	49,569	317	678	378	37	40	58	86	61	17	651	
20	Central banks	992	992	—	—	—	—	—	—	—	—	—	—	
30	General governments	1,473	1,473	—	—	—	—	—	—	—	—	—	—	
40	Credit institutions	16,923	16,923	—	—	—	—	—	—	—	—	—	—	
50	Other financial corporations	17,922	17,750	173	13	—	—	—	—	—	13	—	13	
60	Non-financial corporations	3,127	3,006	121	151	133	—	1	—	—	14	3	151	
70	Of which SMEs	—	—	—	4	—	—	1	—	—	2	1	4	
80	Households	9,448	9,425	23	514	245	37	39	58	86	34	14	487	
90	Debt Securities	103	103	—	—	—	—	—	—	—	—	—	—	
100	Central banks	—	—	—	—	—	—	—	—	—	—	—	—	
110	General governments	—	—	—	—	—	—	—	—	—	—	—	—	
120	Credit institutions	—	—	—	—	—	—	—	—	—	—	—	—	
130	Other financial corporations	103	103	—	—	—	—	—	—	—	—	—	—	
140	Non-financial corporations	—	—	—	—	—	—	—	—	—	—	—	—	
150	Off-balance sheet exposures	31,401	83										83	
160	Central banks	—	—										—	
170	General governments	—	—										—	
180	Credit institutions	635	—										—	
190	Other financial corporations	3,287	—										—	
200	Non-financial corporations	21,817	71										71	
210	Households	5,662	12										12	
220	Total	105,485	73,768	317	761	378	37	40	58	86	61	17	734	

Total exposures increased by €14.9bn to €121.2bn due to an increase in cash balances at central banks driven by the increase in the liquidity pool resulting from an increase in deposits, certificates of deposits and commercial paper and an increase in off-balance sheet exposures driven by an increase in non-financial corporations due to trading activity.

Analysis of credit risk (continued)

Table 33: CQ4 - Quality of non-performing exposures by geography

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

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

Notes

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

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

Analysis of credit risk (continued)

Table 33: CQ4 - Quality of non-performing exposures by geography (continued)

As at 31 December 2021	Gross carrying/Nominal amount ^a				Accumulated impairment	Provisions on off-balance sheet commitments and financial guarantee given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Total	of which: non-performing	of which: defaulted	of which: subject to impairment			
	€m	€m	€m	€m			
On balance sheet exposures^b	74,764	678	651	59,411	(450)		—
Germany	30,147	281	267	29,640	(287)		—
United Kingdom	13,356	1	1	7,412	(2)		—
France	7,520	2	2	2,243	(3)		—
Italy	7,190	348	335	6,391	(138)		—
Netherlands	5,926	21	21	5,540	—		—
Ireland	3,960	1	1	3,936	(3)		—
Spain	1,520	8	8	618	(4)		—
Sweden	839	—	—	411	—		—
Other countries	4,306	16	16	3,220	(13)		—
Off Balance Sheet Exposures	31,484	83	83			(27)	
Germany	9,901	60	60			(3)	
France	7,643	—	—			(3)	
Italy	2,454	8	8			(2)	
Ireland	1,939	—	—			(4)	
Spain	1,765	—	—			(3)	
United States	1,329	—	—			(1)	
United Kingdom	1,316	4	4			(3)	
Netherlands	1,279	10	10			(1)	
Norway	1,095	—	—			(5)	
Luxembourg	681	1	1			(1)	
Sweden	670	—	—			—	
Austria	422	—	—			—	
Other countries	990	—	—			(1)	
Total	106,248	761	734	59,411	(450)	(27)	—

Notes

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

b On balance sheet exposures as at 31 December 2021 were restated to include derivatives, equity instruments and cash balances at central banks and other demand deposits.

On balance sheet exposures increased by €9.2bn to €83.9bn primarily due to:

- an increase in loans and advances, primarily due to an increase in cash at central banks due to increased liquidity, partially offset by a decrease in cash collateral.
- an increase in derivatives predominately due to mark-to-market increases of existing trades in EUR rates, an increase in over-the-counter client clearing and new trades, partially offset by a decrease in derivatives with BBPLC.
- a decrease in debt securities mainly driven by a decrease in long positions due to the unwinding of Total Return Swap positions entered in Fixed Income Financing and a decrease in Fixed Income Credit long positions in Corporate and Sovereign bonds, partially offset by an increase in the Rates desk which hold long positions in European Government Bonds (mainly in Italy, France and Belgium).

Analysis of credit risk (continued)

Table 34: CQ5 - Credit quality of loans and advances to non-financial corporations by industry

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

As at 31 December 2022	Gross carrying amount						Accumulated negative changes in fair value due to credit risk on non-performing exposures	
	of which: non-performing			of which: defaulted	of which: loans and advances subject to impairment	Accumulated impairment		
	Total	€m	€m					
10 Agriculture, forestry and fishing	—	—	—	—	—	—	—	
20 Mining and quarrying	164	—	—	—	164	(1)	—	
30 Manufacturing	687	56	56	56	687	(40)	—	
40 Electricity, gas, steam and air conditioning supply	282	—	—	—	282	—	—	
50 Water supply	—	—	—	—	—	—	—	
60 Construction	118	1	1	1	118	(1)	—	
70 Wholesale and retail trade	509	21	21	21	509	(18)	—	
80 Transport and storage	406	—	—	—	406	(3)	—	
90 Accommodation and food service activities	163	—	—	—	163	(1)	—	
100 Information and communication	473	—	—	—	473	(12)	—	
110 Real estate activities	200	15	15	15	200	(9)	—	
120 Financial and insurance activities	—	—	—	—	—	—	—	
130 Professional, scientific and technical activities	97	—	—	—	97	(1)	—	
140 Administrative and support service activities	330	79	79	79	330	(2)	—	
150 Public administration and defence, compulsory social security	7	—	—	—	7	—	—	
160 Education	—	—	—	—	—	—	—	
170 Human health services and social work activities	96	—	—	—	89	(3)	—	
180 Arts, entertainment and recreation	—	—	—	—	—	—	—	
190 Other services	—	—	—	—	—	—	—	
200 Total	3,532	172	172	172	3,525	(91)	—	
As at 31 December 2021								
10 Agriculture, forestry and fishing	—	—	—	—	—	—	—	
20 Mining and quarrying	701	25	25	25	701	(3)	—	
30 Manufacturing	446	19	19	19	446	(16)	—	
40 Electricity, gas, steam and air conditioning supply	465	—	—	—	465	—	—	
50 Water supply	—	—	—	—	—	—	—	
60 Construction	154	1	1	1	154	(1)	—	
70 Wholesale and retail trade	368	5	5	5	368	(3)	—	
80 Transport and storage	224	1	1	1	224	(4)	—	
90 Accommodation and food service activities	202	1	1	1	202	(1)	—	
100 Information and communication	288	2	2	2	288	(1)	—	
110 Real estate activities	49	14	14	14	49	(13)	—	
120 Financial and insurance activities	—	—	—	—	—	—	—	
130 Professional, scientific and technical activities	133	—	—	—	133	—	—	
140 Administrative and support service activities	149	83	83	83	149	(25)	—	
150 Public administration and defence, compulsory social security	—	—	—	—	—	—	—	
160 Education	—	—	—	—	—	—	—	
170 Human health services and social work activities	82	—	—	—	82	—	—	
180 Arts, entertainment and recreation	17	—	—	—	17	—	—	
190 Other services	—	—	—	—	—	—	—	
200 Total	3,278	151	151	151	3,278	(67)	—	

Total exposures to loans and advances for non-financial corporations remained broadly stable at €3.5bn (December 2021: €3.3bn) with various offsetting movements across certain industries.

Analysis of credit risk (continued)

Table 35: Loans and advances subject to legislative and non-legislative moratoria

This table provides an overview of the credit quality of loans and advances subject to moratoria on loan repayments applied in the light of the COVID-19 crisis.

Analysis of credit risk (continued)

Table 36: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

This table provides an overview of the volume of loans and advances subject to legislative and non-legislative moratoria.

	Number of obligors	€m	€m	€m	Gross carrying amount				
					Residual maturity of moratoria				
					Of which: legislative moratoria	Of which: expired	<= 3 months	> 3 months	> 6 months
As at 31 December 2022									
1	Loans and advances for which moratorium was offered	23,910	771						
2	Loans and advances subject to moratorium (granted)	15,334	394	343	375	4	7	3	3
3	of which: Households		394	343	375	4	7	3	3
4	of which: Collateralised by residential immovable property		354	303	335	4	7	3	3
5	of which: Non-financial corporations		—	—	—	—	—	—	—
6	of which: Small and Medium-sized Enterprises		—	—	—	—	—	—	—
7	of which: Collateralised by commercial immovable property		—	—	—	—	—	—	—

Table 37: Newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis

This table provides an overview of the stock of newly originated loans and advances subject to public guarantee schemes introduced in response to COVID-19 crisis.

		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount		
		of which: forbore					
		€m	€m				
As at 31 December 2022							
1	Newly originated loans and advances subject to public guarantee schemes	48	—	38	—		
2	of which: Households	—			—		
3	of which: Collateralised by residential immovable property	—			—		
4	of which: Non-financial corporations	48	—	38	—		
5	of which: Small and Medium-sized Enterprises	—			—		
6	of which: Collateralised by commercial immovable property	—			—		

Analysis of counterparty credit risk

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

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

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

Key Metrics

**2022 Total Risk weighted assets
for counterparty credit risk**

€9.7bn

€7,468m (table 38)+€51m (CCP's on table 42)+€1,601m (CVA on table 43)+€552(OTC IMM Post Model Adjustments included in Other CCR on table 10)

(2021: €8.1bn)

€5,564m (table 38)+€55m (CCP's on table 42)+€2,125m (CVA on table 43)+€332m (OTC IMM Post Model Adjustments included in Other CCR on table 10)

Analysis of counterparty credit risk

Table 38: CCR1 - Analysis of CCR exposure by approach

This table provides a comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method.

	Replacement cost	Potential future exposure	EEPE	Alpha used for computing regulatory exposure value				RWEA ^b
				Exposure value pre-CRM	Exposure value post-CRM	Exposure value	€m	
As at 31 December 2022								
1	SA-CCR (for derivatives)	91	182	1.4	1,087	461	461	317
2	IMM (for derivatives and SFTs)			6,102	1.55	179,462	9,487	9,458
2a	Of which securities financing transactions netting sets			1,084		146,626	1,680	1,680
2b	Of which derivatives and long settlement transactions netting sets ^a			5,018		32,836	7,807	7,778
4	Financial collateral comprehensive method (for SFTs)					1,893	458	458
6	Total					182,441	10,406	10,377
As at 31 December 2021								
1	SA-CCR (for derivatives)	77	361	1.4	984	612	612	307
2	IMM (for derivatives and SFTs)			6,763	1.4	23,341	9,468	9,468
2a	Of which securities financing transactions netting sets			1,060		—	1,484	1,484
2b	Of which derivatives and long settlement transactions netting sets			5,703		23,341	7,984	7,984
4	Financial collateral comprehensive method (for SFTs)					—	462	462
6	Total					24,325	10,542	10,542
As at 31 December 2020								
1	SA-CCR (for derivatives)	77	361	1.4	984	612	612	307
2	IMM (for derivatives and SFTs)			6,763	1.4	23,341	9,468	9,468
2a	Of which securities financing transactions netting sets			1,060		—	1,484	1,484
2b	Of which derivatives and long settlement transactions netting sets			5,703		23,341	7,984	7,984
4	Financial collateral comprehensive method (for SFTs)					—	462	462
6	Total					24,325	10,542	10,542

Notes:

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

b. Total RWA excludes CCP's, CVA and OTC IMM post model adjustments exposures.

Counterparty credit risk RWAs increased by €1.9bn to €7.5bn, primarily driven by an increase in trading activities and an IMM alpha factor change from 1.4 to 1.55.

Analysis of counterparty credit risk (continued)

Table 39: CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights

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

	Exposures by regulatory portfolio and risk												Total exposure value
	0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others		
As at 31 December 2022													
1 Central governments or central banks	266	—	—	—	—	1	—	—	87	—	—	—	354
2 Regional governments or local authorities	220	—	—	—	—	—	—	—	—	—	—	—	220
3 Public sector entities	346	—	—	—	52	38	—	—	—	—	—	—	436
4 Multilateral development banks	33	—	—	—	—	—	—	—	—	—	—	—	33
5 International Organisations	51	—	—	—	—	—	—	—	—	—	—	—	51
6 Institutions	—	1,292	—	—	696	1,515	—	—	210	—	—	—	3,713
7 Corporates	—	—	—	—	237	871	—	—	5,740	14	—	—	6,862
8 Retail	—	—	—	—	—	—	—	—	—	—	—	—	—
9 Institutions and corporate with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—	—
10 Other items	—	—	—	—	—	—	—	—	—	—	—	—	—
11 Total^a	916	1,292	—	—	985	2,425	—	—	6,037	14	—	—	11,669
As at 31 December 2021													
1 Central governments or central banks	105	—	—	—	—	1	—	—	85	—	—	—	191
2 Regional governments or local authorities	364	—	—	—	—	—	—	—	—	—	—	—	364
3 Public sector entities	458	—	—	—	75	47	—	—	—	—	—	—	580
4 Multilateral development banks	8	—	—	—	—	—	—	—	—	—	—	—	8
5 International Organisations	77	—	—	—	—	—	—	—	—	—	—	—	77
6 Institutions	—	856	—	—	581	1,905	—	—	323	7	—	—	3,672
7 Corporates	—	—	—	—	221	628	—	—	3,327	—	—	—	4,176
8 Retail	—	—	—	—	—	—	—	—	—	—	—	—	—
9 Institutions and corporate with a short-term credit assessment	—	—	—	—	—	—	—	—	—	—	—	—	—
10 Other items	—	—	—	—	—	—	—	—	—	3	—	—	3
11 Total	1,012	856	—	—	877	2,581	—	—	3,735	10	—	—	9,071

Counterparty Credit Risk ('CCR') EAD increased by €2.6bn to €11.7bn, primarily driven by an increase in trading activities with central clearing counterparties.

Analysis of counterparty credit risk (continued)

Table 40: CCR5 - Composition of collateral for CCR exposures

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

	Collateral used in derivative transactions				Collateral used in SFTs ^a			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
As at 31 December 2022								
1 Cash – domestic currency	—	15,547	—	23,945	—	—	—	531
2 Cash – other currencies	—	1,874	—	887	—	—	—	—
3 Domestic sovereign debt	2,807	2,637	—	248	—	38,884	—	32,535
4 Other sovereign debt	—	271	—	14	—	3,484	—	3,482
5 Government agency debt	—	—	—	—	—	—	—	—
6 Corporate bonds	137	54	—	—	—	9,068	—	8,808
7 Equity securities	538	—	—	—	—	4,186	—	4,310
8 Other collateral	797	19	761	—	—	74	—	98
9 Total	4,279	20,402	761	25,094	—	55,696	—	49,764
As at 31 December 2021								
1 Cash – domestic currency	—	12,837	—	15,161	—	—	—	—
2 Cash – other currencies	—	406	—	413	—	—	—	—
3 Domestic sovereign debt	1,883	721	—	872	—	40,596	—	33,692
4 Other sovereign debt	1	307	—	45	—	1,072	—	1,269
5 Government agency debt	643	—	—	—	—	—	—	—
6 Corporate bonds	199	2	—	—	—	9,187	—	7,943
7 Equity securities	553	—	—	—	—	5,756	—	6,045
8 Other collateral	598	38	505	—	—	20	—	21
9 Total	3,877	14,311	505	16,491	—	56,631	—	48,970

Note

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

Derivative collateral posted and received increased by €15.4bn to €50.5bn, mainly due to variation margin driven by mark-to-market volatility.

SFT collateral posted and received remained broadly stable at €105.5bn (December 2021: €105.6bn).

Analysis of counterparty credit risk (continued)

Table 41: CCR6 - Credit derivatives exposures

This table provides a breakdown of BBI's exposures to credit derivatives products.

	As at 31 December 2022		As at 31 December 2021	
	Protection bought €m	Protection sold €m	Protection bought €m	Protection sold €m
Notionals				
1 Single-name credit default swaps	17,723	17,086	13,800	13,034
2 Index credit default swaps	24,178	24,439	12,807	13,031
3 Total return swaps	1,349	959	445	445
4 Credit options	5,022	5,022	6,766	6,766
6 Total notionals	48,272	47,506	33,818	33,276
Fair values				
7 Positive fair value (asset)	892	546	237	818
8 Negative fair value (liability)	(616)	(888)	(838)	(235)

Credit derivatives notional increased by €28.7bn to €95.8bn primarily due to an increase in trading activities.

Table 42: CCR8 - Exposures to CCPs

This table provides a breakdown of BBI's exposures and RWAs to central counterparties ('CCPs').

	As at 31 December 2022		As at 31 December 2021	
	Exposure value €m	RWEA €m	Exposure value €m	RWEA €m
1 Exposures to qualifying central counterparties ('QCCPs') (total)	51		55	
2 Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	253	5	87	2
3 (i) OTC derivatives	67	1	87	2
5 (iii) SFTs	186	4	—	—
7 Segregated initial margin	—	—	—	—
8 Non-segregated initial margin	1,039	21	770	15
9 Prefunded default fund contributions	99	25	176	38
10 Unfunded default fund contributions	267	—	300	—

EAD post CRM increased primarily due to an increase in the trading activities of derivatives and SFTs and an increase in non-segregated initial margin.

Credit value adjustments

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

Table 43: CCR2 - Transactions subject to own funds requirements for CVA risk

Two approaches can be used to calculate the adjustment:

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

	As at 31 December 2022		As at 31 December 2021	
	Exposure value €m	RWA €m	Exposure value €m	RWA €m
Credit valuation adjustment (CVA) capital charge				
1 Total transactions subject to the Advanced method	3,101	1,444	3,261	1,979
2 (i) VaR component (including the 3x multiplier)		544		501
3 (ii) Stressed VaR component (including 3x multiplier)		900		1,478
4 Transactions subject to the Standardised method	393	157	61	146
5 Total transactions subject to own funds requirements for CVA risk	3,494	1,601	3,322	2,125

CVA RWA decreased by €0.5bn to €1.6bn, primarily driven by a reduction in advanced CVA requirement due to an amendment to the Clearing Terms of Business ('CToBs') between the Bank and BB PLC which results in the mark to market of cleared derivatives being settled daily by cash payments rather than being collateralised.

Analysis of market risk

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

Key Metrics

**2022 Risk weighted assets
for market risk**

€6.2bn

2021: €5.5bn

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

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

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

Analysis of market risk

Business scenario stresses

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

In 2022, the scenario analysis showed that the largest market risk related impacts would be due to global growth concerns easing, resulting in tighter fiscal discipline with policy makers able to reassure markets, resulting in a rally.

Review of regulatory measures

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

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

- the market risk of trading book positions in BBI is measured under temporary tolerance by the CBI approved internal models approach, including Regulatory VaR, Stressed Value at Risk ('SVaR') and Incremental Risk Charge ('IRC').
- the trading book positions that do not meet the conditions for inclusion within the approved internal models approach are calculated using standardised rules.

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

Table 44: MR3 - IMA values for trading portfolios

	Year-end	Avg.	Max	Min
	€m	€m	€m	€m
As at 31 December 2022				
Regulatory VaR- 1 day	10.21	9.42	17.13	3.53
Regulatory VaR- 10 day ^a	32.30	29.79	54.16	11.16
SVaR - 1 day	8.98	12.67	20.36	5.35
SVaR - 10 day ^a	28.39	40.08	64.39	16.93
IRC	36.55	48.92	80.37	31.96
As at 31 December 2021				
Regulatory VaR- 1 day	3.99	4.79	9.61	2.24
Regulatory VaR- 10 day ^a	12.63	15.15	30.38	7.08
SVaR - 1 day	6.37	11.07	21.62	6.02
SVaR - 10 day ^a	20.14	35.00	68.37	19.02
IRC	42.33	88.39	181.08	38.94

Note

a 10-day VaR results reported above are based on 1-day VaR multiplied by the square root of 10. For SVaR, following a recalibration of the SVaR period to the COVID-19 stress period, Barclays has taken a post-model adjustment for RWA reporting purposes to capture the incremental risk associated with 10-day SVaR over and above that obtained by scaling 1-day SVaR by the square root of 10. See Table 47: MR2-A for details.

Average VaR and SVaR increased and IRC decreased in 2022:

- Regulatory VaR and SVaR: The increase in Regulatory VaR for 2022 was driven by increased historical volatility used in the VaR calculation on the back of the war in Ukraine and European Central Bank announcements, and increased risk taking, predominantly in Italian Government Bonds.
- IRC: The reduction in IRC was driven by the desks running a more defensive position, being longer high quality names vs shorter sub investment grade names.

Analysis of market risk (continued)

Table 45: Breakdown of the major regulatory risk measures by portfolio

	Macro	Equities	Credit	Banking	Treasury	Cross Markets	Fixed Income Financing
As at 31 December 2022	€m	€m	€m	€m	€m	€m	€m
Regulatory VaR- 1 day	8.46	0.07	0.64	0.04	0.01	2.36	1.41
Regulatory VaR - 10 day	26.75	0.22	2.01	0.13	0.03	7.46	4.47
SVaR- 1 day	7.66	0.10	1.36	0.06	0.08	3.55	0.70
SVaR- 10 day	24.21	0.32	4.30	0.20	0.24	11.22	2.21
IRC	27.25	—	23.87	0.41	—	16.84	0.05
CRM	—	—	—	—	—	—	—
As at 31 December 2021							
Regulatory VaR- 1 day	2.99	0.23	1.24	0.05	0.05	1.56	0.04
Regulatory VaR - 10 day	9.46	0.72	3.91	0.15	0.15	4.94	0.13
SVaR- 1 day	6.81	0.07	1.80	0.04	0.04	2.23	0.94
SVaR- 10 day	21.53	0.23	5.68	0.13	0.12	7.05	2.97
IRC	38.80	—	35.78	0.21	—	6.05	—
CRM	—	—	—	—	—	—	—

The table above shows the primary portfolios which are driving the trading businesses' modelled capital requirement as at 2022 year-end. The standalone portfolio results diversify at the total level and are not additive.

Capital requirements for market risk

The table below shows the elements of capital requirements and risk weighted assets under the market risk framework as defined in the CRR. The Bank is required to hold capital for the market risk exposures arising from regulatory trading books. Inputs for the modelled components include the measures on Table 44, using the higher of the end of period value or an average over the past 60 days (times a multiplier in the case of VaR and SVaR).

Table 46: MR1 - Market risk under the standardised approach

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

	As at 31 December 2022		As at 31 December 2021	
	RWEAs		RWEAs	
	€m	€m	€m	€m
Outright products				
1 Interest rate risk (general and specific)			38	33
2 Equity risk (general and specific)			1	5
3 Foreign exchange risk			—	—
4 Commodity risk			—	—
Options				
5 Simplified approach			—	—
6 Delta-plus method			—	—
7 Scenario approach			—	—
8 Securitisation (Specific Risk)			—	—
9 Total			39	38

Overall market risk RWA under standardised approach remained stable during 2022.

Analysis of market risk (continued)

Table 47: MR2-A - Market risk under the internal model approach ('IMA')

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

		As at 31 December 2022		As at 31 December 2021	
		RWEAs	Own funds requirements	RWEAs	Own funds requirements
		€m	€m	€m	€m
1	VaR (higher of values a and b)	1,281	103	613	49
(a)	Previous day's VaR (VaRt-1)		29		11
(b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		103		49
2	SVaR (higher of values a and b)	3,412	273	2,019	162
(a)	Latest available SVaR (SVaRt-1))	—	79	—	17
(b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		273		162
3	IRC (higher of values a and b)	616	49	1,004	80
(a)	Most recent IRC measure		37		42
(b)	12 weeks average IRC measure		49		80
4	Comprehensive risk measure (higher of values a, b and c)	—	—	—	—
(a)	Most recent risk measure of comprehensive risk measure		—		—
(b)	12 weeks average of comprehensive risk measure		—		—
(c)	Comprehensive risk measure Floor		—		—
5	Other	873	70	1,858	149
6	Total	6,182	495	5,494	440

Overall modelled market risk RWEAs increased by €0.7bn to €6.2bn, primarily due to increases in both VaR and SVaR RWEAs, which are a result of increased risk taking activity, mainly from the Rates business. These increases have been partially offset by reductions in IRC, which has decreased as a result of the change in the portfolio composition holding more higher rated names and less lower rated names, and the 'Other' category as a result of the reduction in the SVaR post model adjustment.

Analysis of securitisation exposures

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

Key Metrics

2022 Banking book risk weighted assets

€43m

2021: €34m

There were no securitisation positions in the trading book for both 2021 and 2022 year ends.

Analysis of securitisation exposures

This section provides information on the Bank's securitisation risks. SEC 2 is not presented as the Bank does not have any securitisation exposures in the trading book.

Table 48: SEC1 - Securitisation exposures in the non-trading book

This table shows the non-trading book securitisation exposure split by exposure type, where the Bank acts as originator, sponsor or as investor.

	Institution acts as originator						Institution acts as sponsor						Institution acts as investor					
	Traditional				Synthetic		Traditional				Synthetic		Traditional				Synthetic	
	STS		Non-STS		STS		Non-STS		STS		Non-STS		STS		Non-STS		Sub-total	
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m
As at 31 December 2022																		
1 Total exposures	—	—	1,505	145	—	—	1,505	—	—	—	—	—	—	—	—	284	—	284
2 Retail (total)	—	—	1,492	132	—	—	1,492	—	—	—	—	—	—	—	—	125	—	125
3 residential mortgage	—	—	132	132	—	—	132	—	—	—	—	—	—	—	—	—	—	—
5 other retail exposures	—	—	1,360	—	—	—	1,360	—	—	—	—	—	—	—	—	125	—	125
7 Wholesale (total)	—	—	13	13	—	—	13	—	—	—	—	—	—	—	—	159	—	159
9 commercial mortgage	—	—	13	13	—	—	13	—	—	—	—	—	—	—	—	—	—	—
10 lease and receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	159	—	159
As at 31 December 2021																		
1 Total exposures	—	—	1,332	3	—	—	1,332	—	—	—	—	—	—	—	—	188	—	188
2 Retail (total)	—	—	1,306	3	—	—	1,306	—	—	—	—	—	—	—	—	36	—	36
3 residential mortgage	—	—	116	3	—	—	116	—	—	—	—	—	—	—	—	—	—	—
5 other retail exposures	—	—	1,190	—	—	—	1,190	—	—	—	—	—	—	—	—	36	—	36
7 Wholesale (total)	—	—	26	—	—	—	26	—	—	—	—	—	—	—	—	153	—	153
9 commercial mortgage	—	—	26	—	—	—	26	—	—	—	—	—	—	—	—	—	—	—
10 lease and receivables	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	153	—	153

Note

a. 'Of which SRT' category includes both horizontal and vertical holdings as at 31 December 2022, while only the horizontal holdings were reported as at 31 December 2021 under this category.

The increase of €142m to €145m in traditional non-Simple, Transparent and Standardised ('STS') of which significant risk transfer ('SRT') securitisation where the Bank acts as originator, relates to a change in the basis of preparation as referred above in note a. The increase of €96m to €284m in traditional Non-STS where the Bank acts as investor is primarily driven by an increase in investments.

Analysis of securitisation exposures (continued)

Table 49: SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

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

	Exposure values (by RW bands/deductions)				Exposure values (by regulatory approach)				RWEA (by regulatory approach)				Capital charge after cap																	
	<20% RW		>20% to 50% RW		>50% to 100% RW		>100% to <1250% RW/ deductions		SEC-ERBA (including IAA)		SEC-SA		1250%/ deductions		SEC-IRBA		SEC-ERBA (including IAA)		SEC-SA		1250%/ deductions		SEC-IRBA		SEC-ERBA (including IAA)		SEC-SA		1250%/ deductions	
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m			
As at 31 December 2022																														
1 Total exposures	2	—	—	—	—	—	—	—	—	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
2 Traditional transactions	2	—	—	—	—	—	—	—	—	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
3 Securitisation	2	—	—	—	—	—	—	—	—	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
4 Retail underlying	2	—	—	—	—	—	—	—	—	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
5 Of which STS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
6 Wholesale	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
As at 31 December 2021																														
1 Total exposures	3	—	—	—	—	—	—	—	—	3	—	—	—	—	—	—	—	—	—	5	—	—	—	—	—	—				
2 Traditional transactions	3	—	—	—	—	—	—	—	—	3	—	—	—	—	—	—	—	—	—	5	—	—	—	—	—	—				
3 Securitisation	3	—	—	—	—	—	—	—	—	3	—	—	—	—	—	—	—	—	—	5	—	—	—	—	—	—				
4 Retail underlying	3	—	—	—	—	—	—	—	—	3	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
5 Of which STS	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
6 Wholesale	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5	—	—	—	—	—	—				

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

Analysis of securitisation exposures (continued)

Table 50: SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

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

	Exposure values (by RW bands/deductions)						Exposure values (by regulatory approach)						RWEA (by regulatory approach)				Capital charge after cap															
	<20% RW			>20% to 50% RW			>50% to 100% RW			>100% to <1250% RW			SEC-IRBA		SEC-SA		1250%/ deductions		SEC-IRBA		SEC-SA		1250%/ deductions		SEC-IRBA		SEC-ERBA (including IAA)		SEC-SA		1250%/ deductions	
	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m				
As at 31 December 2022																																
1 Total exposures	284	—	—	—	—	—	—	—	—	284	—	—	—	—	284	—	—	—	43	—	—	—	—	—	3	—						
2 Traditional securitisation	284	—	—	—	—	—	—	—	—	284	—	—	—	—	284	—	—	—	43	—	—	—	—	—	3	—						
3 Securitisation	284	—	—	—	—	—	—	—	—	284	—	—	—	—	284	—	—	—	43	—	—	—	—	—	3	—						
4 Retail underlying	125	—	—	—	—	—	—	—	—	125	—	—	—	—	125	—	—	—	19	—	—	—	—	—	1	—						
6 Wholesale	159	—	—	—	—	—	—	—	—	159	—	—	—	—	159	—	—	—	24	—	—	—	—	—	2	—						
As at 31 December 2021																																
1 Total exposures	188	—	—	—	—	—	—	—	—	188	—	—	—	—	188	—	—	—	29	—	—	—	—	—	2	—						
2 Traditional securitisation	188	—	—	—	—	—	—	—	—	188	—	—	—	—	188	—	—	—	29	—	—	—	—	—	2	—						
3 Securitisation	188	—	—	—	—	—	—	—	—	188	—	—	—	—	188	—	—	—	29	—	—	—	—	—	2	—						
4 Retail underlying	35	—	—	—	—	—	—	—	—	35	—	—	—	—	35	—	—	—	5	—	—	—	—	—	—	—						
6 Wholesale	153	—	—	—	—	—	—	—	—	153	—	—	—	—	153	—	—	—	24	—	—	—	—	—	2	—						

The increase of €96m in securitisation exposures in the non-trading book where the Bank acts as investor is primarily driven by an increase in investments.

Analysis of securitisation exposures (continued)

Table 51: SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

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

Exposures securitised by the institution - Institution acts as originator or as sponsor			
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
	€m	Of which exposures in default ^b	
As at 31 December 2022			
1 Total exposures	4,597	221	—
2 Retail (total)	4,343	221	—
3 residential mortgage	2,983	192	—
5 other retail exposures	1,360	29	—
7 Wholesale (total)	254	—	—
9 commercial mortgage ^a	254	—	—
As at 31 December 2021			
1 Total exposures	3,962	8	—
2 Retail (total)	3,452	8	—
3 residential mortgage	2,262	8	—
5 other retail exposures	1,190	—	—
7 Wholesale (total)	510	—	—
9 commercial mortgage ^a	510	—	—

Note

- a. Total outstanding nominal amount includes only the Bank's contribution to the securitisation pool as at 31 December 2022, while as at 31 December 2021 it reflects the total securitisation exposures.
- b. Exposures in default includes total amount defaulted in the portfolio originated by BBI as at December 2022, while it reflects the defaulted exposure amount which corresponds to the Bank's holdings as at December 2021.

Exposures securitised by the Bank increased by €0.6bn to €4.6bn primarily due to an increase in retail exposure of €0.9bn resulting from the origination of new securitisations, which was partially offset by €0.3bn decrease in wholesale commercial mortgage resulting from the change in basis of preparation for reporting originated exposures referred to in note a. An increase of €213m to €221m in exposures in default was primarily driven by a change in the basis of preparation referred to in note b.

Analysis of operational risk

This section contains details of capital requirements for operational risk, expressed as RWAs, and an analysis of the BBI's operational risk profile, including events which have had a significant impact in 2022.

2022 Risk Weighted Assets for operational risk

Total RWAs

€2.3bn

2021: €2.2bn

Summary of performance in the period

Total reportable Operational Risk losses during 2022 were €3.30m

Key Metrics

61%

of BBI's 2022 net reportable operational risk events by number had a loss value of €50,000 or less

82%

of 2022 Operational Risk events by number are aligned to Execution, Delivery and Process Management

98%

of 2022 losses are from events aligned to Execution, Delivery and Process Management

Analysis of operational risk

Table 52: OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

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

See pages 134 to 137 for information on operational risk management.

		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
As at 31 December 2022		€m	€m	€m	€m	€m
1	Banking activities subject to basic indicator approach ('BIA')	—	—	—	—	—
2	Banking activities subject to standardised ('TSA') / alternative standardised approaches ('ASA')	847	1,196	1,430	186	2,320
3	Subject to TSA:	847	1,196	1,430		
4	Subject to ASA:	—	—	—		
5	Banking activities subject to advanced measurement approaches AMA	—	—	—	—	—
As at 31 December 2021		—	—	—	—	—
1	Banking activities subject to basic indicator approach ('BIA')	—	—	—	—	—
2	Banking activities subject to standardised ('TSA') / alternative standardised approaches ('ASA')	872	1,253	1,222	173	2,165
3	Subject to TSA:	872	1,253	1,222		
4	Subject to ASA:	—	—	—		
5	Banking activities subject to advanced measurement approaches AMA	—	—	—	—	—

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

Analysis of operational risk (continued)

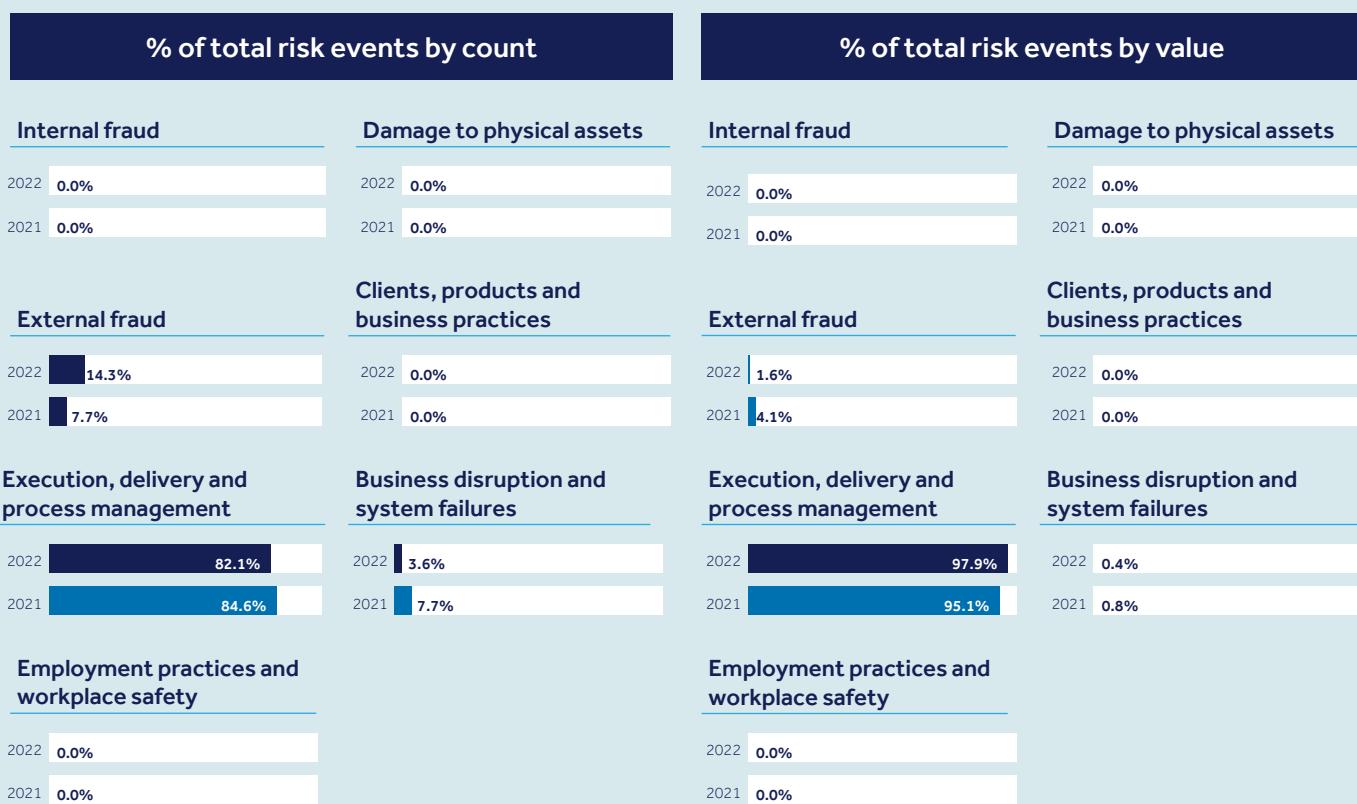
Operational risk profile

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

Within operational risk, a high proportion of risk events have a low financial cost whilst a very small proportion of operational risk events will have a material impact on the financial results of the Bank. During 2022, 61% (2021: 46%) of the Bank's reportable operational risk events by volume had a value of less than €50,000, although this type of event accounted for only 12% (2021: 11%) of the Bank's total net operational risk losses.

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

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



Notes:

a The data disclosed includes operational risk losses for reportable events having net impact of > €11,284 (€10,000 - the financial impact threshold defined in Barclays Operational Risk Events Policy above which it is required for a risk event to be raised in the operational risk system of record) and excludes events that are conduct or legal risk, aggregate and boundary events. A boundary event is an operational risk event that results in a credit risk impact.

b Losses are recorded in GBP and converted for reporting here in EUR at an FX rate 1.12842 (December 2021: 1.19064).

- Execution, Delivery and Process Management impacts for 2022 amounted to €3.23m (2021: €1.91m) and accounted for 98% (2021: 95%) of overall operational risk losses. Volume of events increased to 23 (2021: 11) accounting for 82% of total events (2021: 85%). The events in this category are typical of the banking industry as a whole where high volumes of transactions are processed on a daily basis.
- The volume of External Fraud events as a % of total volume of events has increased (1 of 13 events in 2021 vs 4 of 28 events in 2022), albeit remains low. Impacts from External Fraud events as a % of total impacts have fallen (€0.08m of €2.00m in 2021 vs €0.05m of €3.00m in 2022) and in € terms continue to be very low.

Investment continues to be made in improving the control environment across BBI. Particular areas of focus include new and enhanced fraud prevention systems and tools to combat the increasing level of fraud attempts being made whilst minimising disruption to genuine transactions. Fraud remains an industry wide threat and BBI continues to work closely with external partners on various prevention initiatives.

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

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

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

Analysis of ESG risks

This section shows BBI's ESG risks.

The information set out in Tables 53-57 relates to our obligations under Article 449a of Regulation (EU) No 575/2013 (CRR) that requires large institutions with securities traded on a regulated market of any Member State to disclose prudential information on ESG risks, including physical risks and transition risks, as defined in the report referred to in Article 98(8) of Directive 2013/36/EU. Pillar 3 ESG implementing technical standards ('ITS') specifies uniform formats and associated instructions for the disclosure of this information.

Banking book assets considered in-scope are loans and advances, debt securities and equity instruments, including cash collateral and settlement balances to non-financial corporations.

Exposures to credit institutions (financial corporations), Group entities, sovereigns, central banks and local governments are excluded, as are assets held for trading.

The disclosures presented in this section have been prepared on a 'best efforts' basis using corporate disclosures, published financial reports and data from third party providers. The related disclosures have been made on the basis of the Bank's interpretation of the Regulation and its implementing Acts. As these EU requirements and guidance develop and evolve over the coming years, and as the Bank continues to develop our industry data sourcing and methodologies, we will continue to review our disclosures in future periods.

Analysis of ESG risks

Table 53: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity

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

Sector/subsector	Gross carrying amount ^c				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Greenhouse Gas ('GHG') financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO ₂ equivalent)	GHG emissions: gross carrying amount percentage of the portfolio derived from company-specific reporting					Average weighted maturity
	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks ^a	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Of which Stage 2 exposures	Of which non-performing exposures	Of which Scope 3 financed emissions	<= 5 years			> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	
As at 31 December 2022	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	years
1 Exposures towards sectors that highly contribute to climate change^b	2,527	85		508	92	(74)	(13)	(45)			2,374	153	—	—	2
3 B - Mining and quarrying	164	5		19	—	(1)	(1)	—			158	6	—	—	1
5 B.06 - Extraction of crude petroleum and natural gas	24	5		19	—	(1)	(1)	—			24	—	—	—	2
6 B.07 - Mining of metal ores	14	—		—	—	—	—	—			14	—	—	—	4
7 B.08 - Other mining and quarrying	8	—		—	—	—	—	—			2	6	—	—	4
8 B.09 - Mining support service activities	118	—		—	—	—	—	—			118	—	—	—	—
9 C - Manufacturing	686	—		95	56	(40)	(7)	(24)			615	71	—	—	3
10 C.10 - Manufacture of food products	52	—		6	—	—	—	—			52	—	—	—	2
11 C.11 - Manufacture of beverages	51	—		4	—	(1)	—	—			46	5	—	—	3
12 C.12 - Manufacture of tobacco products	68	—		—	—	—	—	—			68	—	—	—	2
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	8	—		4	—	(1)	—	—			8	—	—	—	4
17 C.17 - Manufacture of pulp, paper and paperboard	3	—		—	—	—	—	—			3	—	—	—	5
20 C.20 - Production of chemicals	17	—		—	—	—	—	—			17	—	—	—	3

Analysis of ESG risks (continued)

Table 53: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (continued)

Sector/subsector	Gross carrying amount ^c				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			Greenhouse Gas ('GHG') financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO ₂ equivalent)		GHG emissions: gross carrying amount percentage of the portfolio derived from company-specific reporting					Average weighted maturity
	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks ^a	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Of which Stage 2 exposures	Of which non-performing exposures	Of which Scope 3 financed emissions				<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	
As at 31 December 2022	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	years
21 C.21 - Manufacture of pharmaceutical preparations	30	—	—	—	(1)	—	—	—	—	30	—	—	—	—	4
22 C.22 - Manufacture of rubber products	100	—	56	—	(3)	(4)	—	—	—	62	38	—	—	—	4
23 C.23 - Manufacture of other non-metallic mineral products	19	—	—	—	—	—	—	—	—	6	13	—	—	—	4
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	81	—	—	—	—	—	—	—	—	81	—	—	—	—	4
26 C.26 - Manufacture of computer, electronic and optical products	21	—	—	11	(8)	—	(7)	—	—	15	6	—	—	—	3
28 C.28 - Manufacture of machinery and equipment n.e.c.	84	—	4	45	(22)	(1)	(17)	—	—	79	5	—	—	—	2
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	98	—	—	—	(1)	—	—	—	—	98	—	—	—	—	2
30 C.30 - Manufacture of other transport equipment	24	—	—	—	—	—	—	—	—	24	—	—	—	—	3
32 C.32 - Other manufacturing	30	—	21	—	(3)	(2)	—	—	—	26	4	—	—	—	4
34 D - Electricity, gas, steam and air conditioning supply	283	80	1	—	—	—	—	—	—	254	29	—	—	—	2
35 D35.1 - Electric power generation, transmission and distribution	108	41	1	—	—	—	—	—	—	79	29	—	—	—	2
36 D35.11 - Production of electricity	92	41	—	—	—	—	—	—	—	63	29	—	—	—	2
37 D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	175	39	—	—	—	—	—	—	—	175	—	—	—	—	2

Analysis of ESG risks (continued)

Table 53: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (continued)

Sector/subsector	Gross carrying amount ^c				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Greenhouse Gas (GHG) financed emissions (scope 1, scope 2 and scope 3 emissions of the counterparty) (in tons of CO ₂ equivalent)	GHG emissions: gross carrying amount percentage of the portfolio derived from company-specific reporting					Average weighted maturity
	Of which exposures towards companies excluded from EU Paris-aligned Benchmarks ^a	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures	Of which Stage 2 exposures	Of which non-performing exposures	Of which Scope 3 financed emissions	<= 5 years			> 5 year <= 10 years	> 10 year <= 20 years	> 20 years		
As at 31 December 2022	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	€m	years
40 F - Construction	118	—	—	1	(1)	—	(1)	—	88	30	—	—	—	—	5
41 F.41 - Construction of buildings	58	—	—	1	(1)	—	(1)	—	28	30	—	—	—	—	6
42 F.42 - Civil engineering	60	—	—	—	—	—	—	—	60	—	—	—	—	—	3
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	507	—	157	20	(18)	(2)	(12)	—	490	17	—	—	—	—	2
45 H - Transportation and storage	406	—	—	—	(3)	—	—	—	406	—	—	—	—	—	1
46 H.49 - Land transport and transport via pipelines	2	—	—	—	—	—	—	—	2	—	—	—	—	—	2
48 H.51 - Air transport	108	—	—	—	(2)	—	—	—	108	—	—	—	—	—	2
49 H.52 - Warehousing and support activities for transportation	80	—	—	—	(1)	—	—	—	80	—	—	—	—	—	1
50 H.53 - Postal and courier activities	216	—	—	—	—	—	—	—	216	—	—	—	—	—	—
51 I - Accommodation and food service activities	163	—	163	—	(2)	(2)	—	—	163	—	—	—	—	—	2
52 L - Real estate activities	200	—	73	15	(9)	(1)	(8)	—	200	—	—	—	—	—	2
53 Exposures towards sectors other than those that highly contribute to climate change^b	990	—	169	80	(17)	(12)	(1)	—	943	12	35	—	—	2	
55 Exposures to other sectors (NACE codes J, M - U)	990	—	169	80	(17)	(12)	(1)	—	943	12	35	—	—	—	2
56 Total	3,517	85	677	172	(91)	(25)	(46)	—	3,317	165	35	—	2		

Notes:

- a. In accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of the Climate Benchmark Standards Regulation. The identification of exposures to counterparties excluded from the EU Paris-aligned benchmarks (Article 12(1), points (d) to (g) and Article 12(2) of Delegated Regulation (EU) 2020/1818) was carried out by assessing exposures towards companies in the following NACE sectors: Mining & Quarrying, Electricity & Gas, Manufacturing, and Transport (of oil or fuels). Each company's segmented revenue percentages were assessed to determine if they breach the thresholds outlined by the regulation Article 12(1) (d)-(f), above. For power generation companies, reported scope 1 and 2 emission intensity was used to determine alignment with Paris benchmark threshold.
- b. In accordance with the Commission delegated regulation (EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and the EU Paris-aligned benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006.
- c. 16 rows with zero gross carrying amounts were excluded from the table above.

Analysis of ESG risks (continued)

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

Banking book assets considered in-scope are loans and advances, debt securities and equity instruments, including cash collateral and settlement balances to non-financial corporations. Exposures to Credit institutions (financial corporations), Group entities, sovereigns, central banks, home loans, and local governments are excluded, as are assets held for trading.

Reporting of emissions (Scope 1 to 3) is voluntary until June 2024 and has not been reported for 31 December 2022. Although Barclays currently calculates financed emissions, this reporting is only disclosed at a Barclays Group level. The Barclays Group financed emission accounting has been included in the year end 2022 Barclays Annual Report and Barclays is continuing to extend the capability to estimate financed emissions with the aim of covering four more sectors (Commercial Real Estate, Agriculture, Aviation and Shipping) aligned to our commitment under the Net-Zero Banking Alliance ('NZBA'). This is in addition to Energy, Power, Cement, Steel, Autos and Retail Mortgages sectors which are already completed. Barclays is also focusing on extending coverage to the remaining in-scope balance sheet for financed emissions in line with the Partnership for Carbon Accounting Financials ('PCAF') methodology. Further reporting for financed emissions is also being developed for inclusion in future Pillar 3 reports.

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

Information on objectives of climate change mitigation ('CCM') is only required as of year end 2023, and will be disclosed in line with the requirements of the EU Taxonomy.

Table 54: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral

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

Counterparty sector	Total gross carrying amount
As at 31 December 2022	€m
1 Total EU area	5,132
2 Of which Loans collateralised by commercial immovable property	170
3 Of which Loans collateralised by residential immovable property	4,962
4 Of which Collateral obtained by taking possession: residential and commercial immovable properties	—
5 Of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated	—
6 Total non-EU area	—
7 Of which Loans collateralised by commercial immovable property	—
8 Of which Loans collateralised by residential immovable property	—
9 Of which Collateral obtained by taking possession: residential and commercial immovable properties	—
10 Of which Level of energy efficiency (EP score in kWh/m ² of collateral) estimated	—

The gross carrying amounts cover all counterparty sectors for banking book exposure to loans collateralised with commercial and residential immovable property, and of repossessed real estate collateral, including non-financial corporates and households. As this is a historic portfolio, EPC data is unavailable. Additionally, energy declarations are not mandatory in many EU countries. Where there is no EPC label, these have been left blank, in line with EBA guidelines that no estimates of EPC labels should be made.

Analysis of ESG risks (continued)

Table 55: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms

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

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

	Gross carrying amount (aggregate) As at 31 December 2022	€m	Gross carrying amount towards the counterparties compared to total gross carrying amount (aggregate) for counterparties among the top 20 carbon emitting companies in the world	%	Of which environmentally sustainable (CCM)	Weighted average maturity	Number of top 20 polluting firms included
1		36		0.06 %			3

The Carbon Disclosure Project ('CDP') data based on reported and modelled GHG emissions for 2021 was used to identify the top 20 carbon-intensive firms in the world. BBI does not have any direct exposure to these firms, but where BBI has exposure to related parties of the top 20 carbon intensive firms (e.g. parent entity or subsidiaries), this has been reported. Therefore there may be counterparties that have fallen into the top 20 carbon-emitting companies list but are not top 20 carbon emitters in their own right.

The gross carrying amount of exposure is given as a proportion of the total gross carrying amount of exposures to non-financial corporations in the banking book.

Analysis of ESG risks (continued)

Table 56: Banking book - Climate change physical risk: Exposures subject to physical risk

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

Geographical area: EMEA and North America	Gross carrying amount														
	of which exposures sensitive to impact from climate change physical events														
	Breakdown by maturity bucket						of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			
	<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity	years						of which Stage 2 exposures	of which non-performing exposures	of which Stage 2 exposures	of which non-performing exposures
As at 31 December 2022	€m	€m	€m	€m	€m	years	€m	€m	€m	€m	€m	€m	€m	€m	€m
1 A - Agriculture, forestry and fishing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
2 B - Mining and quarrying	164	36	1	—	—	1	31	6	1	4	—	—	—	—	—
3 C - Manufacturing	686	95	11	—	—	3	69	34	3	15	9	(6)	(1)	(4)	—
4 D - Electricity, gas, steam and air conditioning supply	283	54	6	—	—	2	27	21	13	—	—	—	—	—	—
5 E - Water supply; sewerage, waste management and remediation activities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6 F - Construction	118	19	6	—	—	5	18	5	2	—	—	—	—	—	—
7 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	508	92	3	—	—	2	66	28	2	30	4	(4)	(1)	(2)	—
8 H - Transportation and storage	406	63	—	—	—	1	30	30	3	—	—	—	—	—	—
9 L - Real estate activities	200	46	—	—	—	2	13	21	12	17	3	(2)	—	(2)	—
10 Loans collateralised by residential immovable property	4,963	64	108	454	74	14	504	181	14	37	38	(16)	(4)	(12)	—
11 Loans collateralised by commercial immovable property	170	57	—	—	—	3	10	29	17	19	1	(1)	—	(1)	—
12 Repossessed collaterals	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13 Other relevant sectors (breakdown below where relevant)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
14 Total	7,498	526	135	454	74	33	768	355	67	122	55	(29)	(6)	(21)	—

This template covers all geographic areas and regions and includes exposure to non-financial counterparties in those sectors prescribed in the CRR, regardless of exposure to physical risk. 93% of exposures to non-financial counterparties are to European counterparties, and the remainder primarily North American. Exposures to households are included above within loans collateralised by residential immovable property and are to European counterparties. While it is expected that the effects of physical risk to the Bank's portfolio is significantly decreased by mitigating factors such as flooding or sea erosion barriers, or sewage upgrades, these have not been taken into consideration.

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

Analysis of ESG risks (continued)

Moody's provides Physical Risk Scores for counterparties scored from 1 (low risk) to 100 (high risk) for physical risk due to flooding, hurricanes and wildfires (acute climate change events) and sea level rise, heat stress and water stress (chronic climate change events). The Physical Risk Score data rates each hazard for a given location as either no risk, low, medium, high, or red flag.

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

Barclays expect the methodology, availability and quality of data to evolve over time and have observed an inconsistency in approach to the templates from other financial institutions. This will lead to inconsistencies when comparing the data presented in the current template to both other financial institutions, and to data reported in future years.

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

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

Type of financial instrument	Type of counterparty	Gross carrying amount	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
			€m	€m	
As at 31 December 2022					
1	Financial corporations	—	—	—	—
2	Non-financial corporations	—	—	—	—
3	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Of which Loans collateralised by commercial immovable property	—	—	—
4		Households	—	—	—
5		Of which Loans collateralised by residential immovable property	—	—	—
6		Of which building renovation loans	—	—	—
7		Other counterparties	—	—	—
8		Financial corporations	75	75	Sustainability-linked facilities which incentivise
9		Non-financial corporations	258	258	borrower to achieve pre-determined sustainability performance targets ('SPTs') by linking them to the pricing mechanism of the facility
10	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Of which Loans collateralised by commercial immovable property	22	22	—
11		Households	—	—	—
12		Of which Loans collateralised by residential immovable property	—	—	—
13		Of which building renovation loans	—	—	—
14		Other counterparties	—	—	—

The majority of exposures consist of sustainability-linked loans. These are not considered Taxonomy-aligned because they are not 'use of proceeds' instruments, and are to counterparties in NACE sectors out of scope for EU Taxonomy Regulation. Sustainability-linked loans are facilities which incentivise the borrower to achieve pre-determined sustainability performance targets ('SPTs') by linking them to the pricing mechanism of the facility. For these facilities, the SPTs are all linked to sustainability factors which reflect the objectives of the EU Taxonomy related to transition risk, e.g. greenhouse gas emissions reduction targets, protecting / restoring biodiversity and ecosystems or sustainable use and protection of water and marine resources.

Risk management strategy, governance and risk culture

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

The Enterprise Risk Management Framework ('ERMF') sets out the tools, techniques and organisational arrangements to enable all material risks to be identified and understood (see page 75).

A discussion of how our risk management strategy is designed to foster a strong risk culture is contained on page 82.

A governance structure, encompassing the organisation of the function as well as executive and Board committees, supports the continued application of the ERMF. This is discussed in pages 76 to 77.

Pages 79 to 82 describe Group-wide risk management tools that support risk management, the Barclays Group ExCo and the Board in discharging their responsibilities, and how they are applied in the strategic planning cycle.

Risk management strategy, governance and risk culture

The Bank's risk management strategy

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

Enterprise Risk Management Framework ('ERMF')

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

The ERMF sets out:

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

The ERMF is complemented by frameworks, policies and standards, which are mainly aligned to individual principal risks:

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

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

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

First Line of Defence

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

Second Line of Defence

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

Third Line of Defence

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

The Legal function provides support to all areas of the Bank and is not formally part of any of the three lines of defence. The Legal function is responsible for the identification of all Legal and Regulatory Risks. Except in relation to the legal advice it provides or procures, it is subject to second line oversight with respect to its own operational and conduct risks, as well as with respect to the Legal and Regulatory Risks to which the bank is exposed.

Principal risks

The ERMF identifies nine principal risks namely: credit risk, market risk, treasury and capital risk, climate risk, operational risk, model risk, conduct risk, reputation risk and legal risk. Note that climate risk was added in January 2022 (see page 83 for more information).

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

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

Risk appetite

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

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

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

Risk management strategy, governance and risk culture (continued)

Roles and responsibilities in the management of risk

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

Barclays Bank Ireland PLC Chief Executive Officer ('CEO')

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

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

Barclays Bank Ireland PLC Chief Risk Officer ('CRO')

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

- oversight of each of the Credit Risk, Market Risk, Treasury and Capital Risk, Operational Risk, Climate Risk and Model Risk Frameworks;
- providing accurate, transparent and timely reporting of the actual risk profile of the legal entity, relative to the set risk appetite, to the Board;
- bringing a risk perspective to compensation decisions;
- reporting to all the relevant stakeholders on the legal entity's risk positions (particularly in respect of the above Principal Risks), adherence to risk appetite and enterprise wide risks and controls; and
- arranging for the adoption and overseeing the application of the ERMF in the entity.

Barclays Bank Ireland PLC Chief Compliance Officer

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

- leadership and oversight of the compliance function for the Bank;
- overseeing that the Bank's conduct and reputation risks are effectively managed and escalated to the Board where appropriate;
- monitoring compliance with the conduct and reputation risk frameworks;
- inputting into compensation structures, objectives and performance management of the employees who can expose the Bank to significant risk;
- oversight of the whistleblowing process within the Bank; and
- using their mandate to access any part of the legal entity and any information, bringing to the attention of line and senior management or the Board, as appropriate, any situation that is of concern from a conduct or reputation risk management perspective that could materially violate the approved risk appetite guidelines.

Barclays Bank Ireland PLC General Counsel

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

Barclays Bank Ireland PLC Chief Controls Officer

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

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

Risk committees

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

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

Further, there are two Board-level committees which oversee the application of the ERMF and review and monitor risk across the Bank. These are: the Barclays Bank Ireland PLC Board Risk Committee and the Barclays Bank Ireland PLC Board Audit Committee.

Additionally, the Barclays Bank Ireland PLC Board Remuneration Committee oversees pay practices focusing on aligning pay to sustainable performance.

- The Barclays Bank Ireland PLC Board Risk Committee ('BRC'): monitors the Bank's risk profile against the agreed appetite. Where actual performance differs from expectations, the actions taken by management are reviewed to ascertain that the BRC is comfortable with them. The Bank's CRO regularly presents a report to the BRC summarising developments in the risk environment and performance trends in the key portfolios. The BRC receives regular reports on risk methodologies, the effectiveness of the risk management framework, and the Bank's risk profile, including the material issues affecting each business portfolio and forward risk

Risk management strategy, governance and risk culture (continued)

trends. The committee also commissions in-depth analyses of significant risk topics, which are presented by the Bank's CRO or senior risk managers in the business.

- The Barclays Bank Ireland PLC Board Audit Committee ('BAC'): receives regular reports on the effectiveness of internal control systems, on material control issues of significance, and on accounting judgements (including impairment) and a quarterly review of the adequacy of impairment allowances, relative to the risk inherent in the portfolios, the business environment, and Barclays policies and methodologies.
- The Barclays Bank Ireland PLC Board Remuneration Committee ('RemCo'): receives proposals on ex-ante and ex-post risk adjustments to variable remuneration based on risk management performance including events, issues and the wider risk profile. These inputs are considered in the setting of performance incentives.



Coverage of risk reports to executive and Board risk committees

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

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

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

Frameworks, Policies and Standards

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

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

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

Risk management strategy, governance and risk culture (continued)

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

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

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

Assurance

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

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

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

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

Effectiveness of risk management arrangements

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

Learning from our mistakes

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

Barclays has implemented a Barclays Group Lessons Learned process, setting out requirements for the completion of Lessons Learned assessments in response to internal and external risk events. The approach is aligned to the Three Lines of Defence model (see page 75), with businesses and functions accountable for undertaking Lessons Learned Assessments; the Second Line providing oversight and challenge; and independent review by Internal Audit.

Core components of the Lessons Learned approach include:

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

Barclays risk culture

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

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

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

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

Our Code of Conduct – the Barclays Way

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

Risk management strategy, governance and risk culture (continued)

Barclays Group-wide risk management tools

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

Risk Appetite

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

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

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

The Risk Appetite of the Bank aims to:

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

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

The Board expresses risk appetite through setting an acceptable level of deterioration for a set of key financial parameters under a severe but plausible stress scenario i.e. the Internal Stress Test. For 2022, the key financial parameters are listed below with their link between strategy and risk profile.

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

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

Reflecting the increasing risks associated with climate change and following the Board Risk Committee's decision that climate risk would become a principal risk from 2022, a further risk appetite constraint has been introduced establishing a direct link between our strategic plans and risk appetite supporting Barclays' ambition to reduce emissions to net zero by 2050.

Stress loss limits

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

Mandate and scale

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

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

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

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

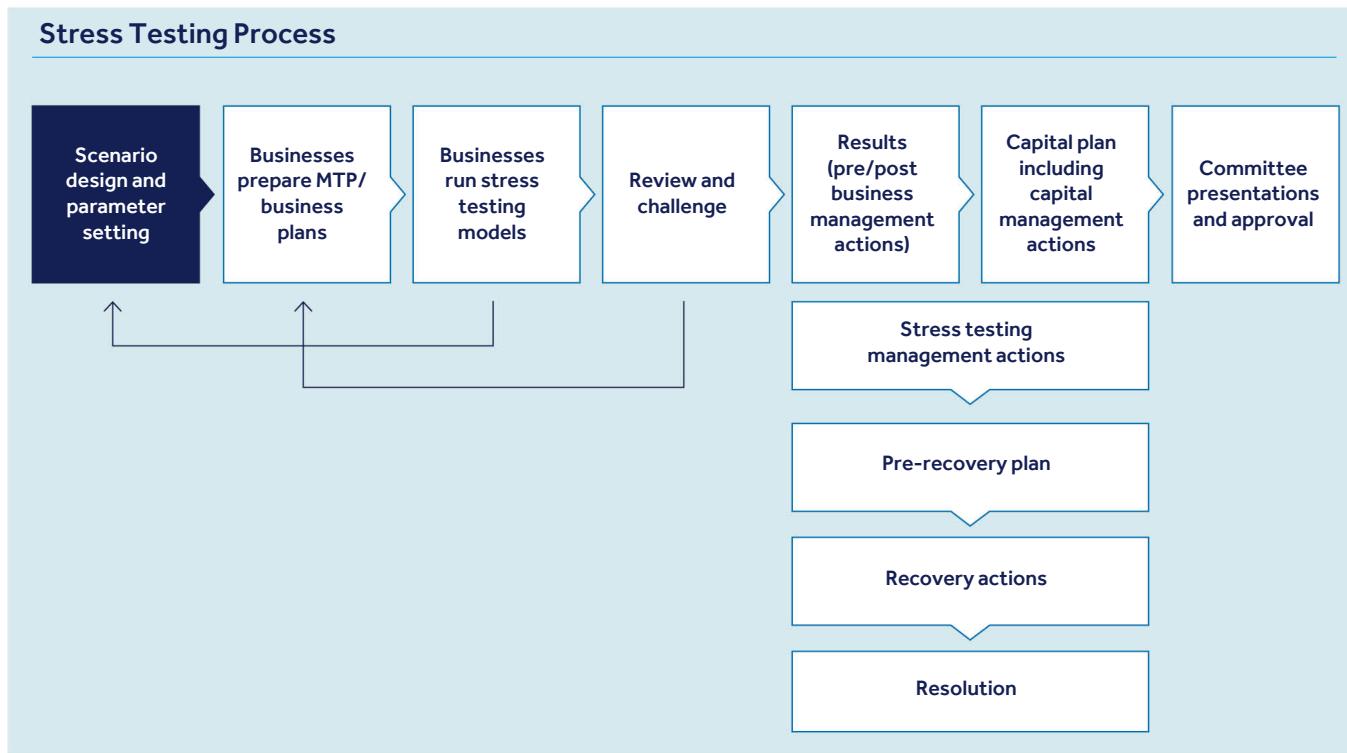
- the Bank's Risk Appetite;
- current exposure/MTP forecasts;
- risk return considerations; and
- senior risk management judgement.

Stress testing

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

Risk management strategy, governance and risk culture (continued)

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



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

Businesses prepare detailed MTP business plans which form the baseline for the stress test assessment. The stress test process aims to support this level of complexity, using bottom- up analysis across all of our businesses including both on- and off-balance sheet positions, and combines running statistical models with expert judgement. An overview of the stress testing approach by Principal Risk is provided in the table on page 81. As part of their stress test assessments, businesses are also required to identify potential management actions that could be taken to mitigate the impact of stress and document these within their results.

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

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

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

Risk management strategy, governance and risk culture (continued)

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

Principal Risk	Stress testing approach
Credit risk	<p>Credit risk impairment: For retail portfolios businesses use IFRS9 impairment forecast models to estimate stressed levels, leveraging the relationships between macroeconomic parameters such as unemployment, inflation, GDP etc. that are embedded in those models. In addition, house price reductions (for mortgages), increased customer drawdowns (for revolving facilities) and higher interest rates impacting customer affordability lead to higher losses which also contribute to increased impairment levels. For wholesale portfolios the stress shocks on credit risk drivers (probability of default ('PD'), loss given default ('LGD') and exposure at defaults ('EAD') are primarily calibrated using historical and expected relationships with key macroeconomic parameters.</p> <p>Counterparty credit risk losses: The scenarios include market risk shocks that are applied to determine the market value under stress of contracts that give rise to Counterparty Credit Risk ('CCR'). Counterparty losses, including from changes to the Credit Valuation Adjustment and from defaults, are modelled based on the impact of these shocks as well as using stressed credit risk drivers (PDs and LGDs). The same approach is used to stress the market value of assets held as available for sale or at fair value in the banking book.</p> <p>Credit risk weighted assets: The impact of the scenarios is calculated via a combination of business volumes and using similar factors to impairment drivers above, as well as the regulatory calculation and the level of pro-cyclicality of underlying regulatory credit risk models.</p>
Market risk	<p>Trading book losses: Market risk factors on the balance sheet are stressed using specific market risk shocks (and are used for the CCR analysis, above). The severity of the shocks applied are dependent on the liquidity of the market under stress, e.g. illiquid positions are assumed to have a longer holding period than positions in liquid markets.</p>
Treasury and capital risk	<p>Liquidity Risk: Liquidity risk is assessed through internal liquidity stress testing Liquidity Risk Appetite ('LRA') and regulatory stress testing of BBI's Liquidity Coverage Ratio ('LCR'). The Bank analyses specific liquidity risk drivers such as wholesale funding and contingent funding needs based on the below scenarios: </p> <ul style="list-style-type: none"> • Barclays idiosyncratic scenario: Barclays faces a loss of market confidence while the market overall is not impacted • Market wide scenario: Market-wide stress leading to increased market volatility and loss of confidence • Combined scenario: A simultaneous Barclays idiosyncratic and Market wide liquidity stress scenario • Long term LRA scenario: All financial institutions are impacted by a financial market-wide stress based on a prolonged global recession • Liquidity Coverage Ratio: Regulatory prescribed 30-day liquidity metric. • In addition, the regulatory Net Stable Funding Ratio ('NSFR') is also captured in Liquidity Risk Appetite which requires a minimum amount of stable funding relative to the amount of required stable funding over a one-year time horizon. This minimum is set at 100%. <p>Capital Risk: Capital risk is assessed by taking all modelled risk impacts as part of the stress test (as listed above) into consideration when assessing the Bank's ability to withstand a severe stress. The stressed results are considered against internally agreed risk appetite levels but also regulatory minima and perceived market expectations. The MTP can only be agreed by the Board if this is within the agreed risk appetite levels under stress.</p> <p>Pension Risk: The IAS19 position of pension funds is also stressed as part of the capital risk assessment, taking into account key economic drivers impacting future obligations (e.g. long-term inflation and interest rates) and the impact of the scenarios on the value of fund assets.</p> <p>Interest Rate Risk in the Banking Book ('IRRBB'): Risk assessment for interest rate risk on the banking books is driven by the economic risk of the underlying positions but also considers the accounting treatment: </p> <ul style="list-style-type: none"> • Earnings based measures are used to assess risk to net interest income from positions in customer banking books, hedging portfolios (held to mitigate those risks), and Treasury investment and funding activities. • Value based measures are used to assess risk to the fair value of assets held as part of investments in the liquid asset portfolio and associated risk management portfolios. <p>Risk under stress is assessed by considering:</p> <ul style="list-style-type: none"> • The impact on net interest income resulting from stressed product margins and volumes, which are dependent on the level of interest rates and funding costs under stress conditions. This can be partly mitigated by management actions, which may include repricing of variable rate products taking into account interbank lending rates under stress. • This includes, but is not limited to, an annual internal stress test, regulatory stress tests as well as various ad hoc exploratory exercises. <p>Operational risk</p> <p>Operational risk loss projections take into account the effect of the stressed economic scenario. Operational risk is also included in the reverse stress testing framework through scenario assessment of idiosyncratic operational risk events.</p> <p>Model risk</p> <p>The Independent Valuation Unit ('IVU') reviews and approves models for use in stress tests. IVU may require compensating controls, in the form of overlays to address model deficiencies. IVU may also reject a model that is not conceptually sound, or for which the marginal impact of findings (in aggregate or on a stand-alone basis) on model output is $\geq 30\%$.</p> <p>Conduct risk</p> <p>Stress projections of future losses for conduct risk matters are estimated by exercising expert judgment in accordance with the methodology provided by the Barclays Bank Ireland regulator (ECB).</p> <p>Reputation risk</p> <p>Reputation risk is not quantified or stressed.</p> <p>Legal risk</p> <p>Legal risk is not quantified or stressed.</p> <p>Climate risk</p> <p>Climate risk was not part of the internal stress test this year but is being explored separately as part of a pilot scenario analysis assessing tail event climate risks.</p>

Risk management strategy, governance and risk culture (continued)

In 2022, the internal stress testing exercise was run as part of the MTP process, assessing Barclays' vulnerabilities under a severe but plausible scenario. The scenario was informed by the Bank of England 2022 regulatory stress test (see below BoE Annual Cyclical Scenario for more details).

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

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

Business and risk type specific stress tests

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

Regulatory stress testing

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

BBI completed its inaugural regulatory stress test in H2'21 as part of the ECB's Comprehensive Assessment & Stress Test ('CAST') exercise with the result published in Jun 2022. In addition, BBI also completed the ECB Climate Risk Stress Test ('CRST') which was an exploratory exercise designed to test both the Bank's Climate Risk framework as well as its financial resilience to climate risk.

Risk management in the setting of strategy

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

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

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

Management of climate risk

In this section, we describe the impact on Financial and Operational risks arising from climate change, through physical risks, risks associated with transition to a lower carbon economy and connected risks arising as a result of second order impacts of these two drivers on portfolios.

Management of climate risk

Overview

Given the risks associated with climate change, and to support the Barclays Group ambition to be a net zero bank by 2050, climate risk became a Principal Risk in January 2022. To support the embedment of the Principal Risk, in 2022 the Barclays Group delivered a Climate Risk Plan with three overarching objectives:

1. Governance Framework: establish a Climate Risk Committee, a Climate Risk Controls Forum, and refresh the Group Board Risk Committee reporting;
2. Scenario Analysis: build out the vision and plan for undertaking scenario analysis exercises. This involved developing a climate scenario analysis framework; and
3. Carbon Modelling: expand the BlueTrack™ model for measuring and tracking financed emissions to cover our automobiles and live residential real estate portfolios, in addition to energy, power, cement and steel.

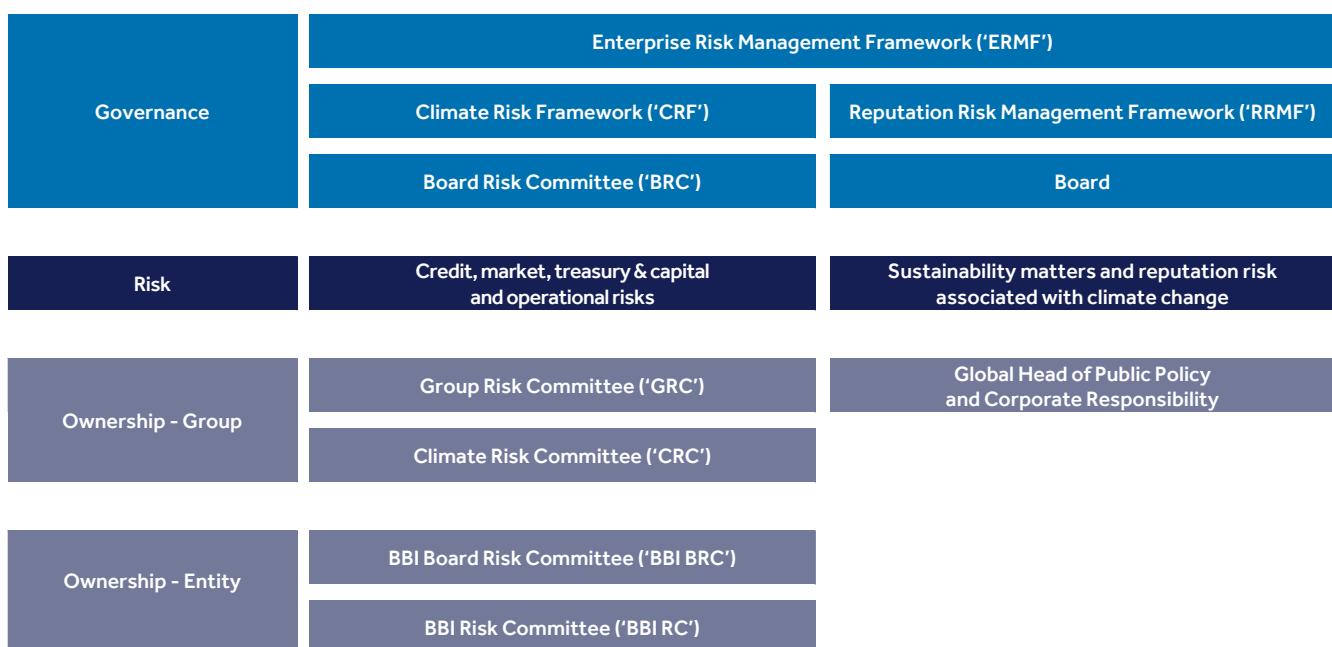
Organisation and structure

On behalf of the Barclays Bank Ireland (BBI) Board, the BBI Board Risk Committee (BRC) reviews and approves the Bank's approach to managing the financial and operational risks associated with climate change.

BBI has appointed a Head of Climate Risk responsible for management of Climate Risk, reporting into the Deputy Chief Risk Officer (CRO). The Head of Climate Risk is the Climate Principal Risk owner, accountable for the management and oversight of the Climate risk profile. To support the oversight of Barclays's Climate risk profile, regular monitoring is provided by the BBI Risk Committee ('BBI RC'). The delegated committee of BBI BRC where climate risk is reviewed. BBI has a representative on the Barclays Group Climate Risk Committee ('CRC'). The CRC has been established to support the oversight of the Barclays Group climate risk profile, as a sub-committee of Group Risk Committee ('GRC'). The authority of the CRC is delegated by the GRC.

The GRC is the most senior executive body in Barclays Group responsible for review and challenge of risk practices and risk profile, for climate risk and other principal risk types. CRC has reviewed and approved a range of updates including a refreshed Climate Risk Vision, updates from each of the financial and operational risks arising from climate change risk and from the material legal entities of the firm, along with key regulatory, policy and legal themes, the risk register, appetite statement & constraint. CRC has also reviewed the related control environment.

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



The elevation of climate risk to Principal Risk included establishment of governance elements, including:

- A Climate Risk Framework that defines climate risk and summarises the approach to identification, measurement, monitoring and reporting of climate risk.
- Climate Risk Appetite and constraint at Group level established in line with the Group's risk appetite approach and informed by scenario analysis. BBI has embedded the qualitative risk appetite statement into its own documents.
- Climate Risk Stress Testing, such as the ECB Climate Risk Stress Test exercise that BBI participated in during 2022. This was an exploratory exercise, designed to test climate stress testing capabilities and assess the financial resilience of participating banks. The exercise was split into four defined scenarios, including paths for Physical and Transition risk events, spanning between 1 and 30 year time horizons. The exercise was limited in scope to only cover a proportion of BBI portfolios. Overall, all tested climate risk stress impacts were considered manageable on an absolute financial impact basis, with the largest loss observed in the Drought and Heat scenario from Wholesale Credit Risk positions. The ECB have since provided general feedback with respect to banks' stress testing

Management of climate risk (continued)

capabilities and an expectation that further developments will be made in the coming years. More information on the ECB exercise has been detailed on page 130 of Barclays Group Annual Report 2022.

- Climate Risk Register is used to inform Risk Appetite. This includes a breakdown of key risk drivers for physical and transition risks, and materiality ratings which are inferred from the results of the 2022 ECB Stress test, the 2020 climate Internal Stress Test and the 2021 Bank of England's Climate Biennial Exploratory Scenario ('CBES'). The Climate Risk Register continues to align with the Group's Risk Register Taxonomy.
- Barclays will be performing a Group-wide climate scenario analysis exercise in 2023, to test the impact to Barclays' portfolios from a severe but plausible climate scenario. This exercise is split across four phases over a five-year time horizon, including paths for Physical, Connected and Transition risk events. The exercise will be used as part of Barclays' ongoing climate risk management, to better quantify the impacts of climate change on the Group's and the Bank's portfolios and balance sheet. This will enable Barclays Group, including the Bank, to improve its understanding of how climate risks interact with macroeconomic stresses and to support Barclays' resilience to climate risk.

Climate Risk across Financial and Operational Risks is managed via a Climate Change Financial Risk and Operational Risk Policy ('CCFOR'), which is embedded in each of the Financial and Operational Principal Risk Frameworks.

Climate Risk across Model, Conduct, Reputation and Legal Principal Risks is out of the scope of the CRF and continues to be managed under the respective Principal Risk Frameworks.

The table on page 86 sets out how climate risk is integrated across Barclays using the Enterprise Risk Management Framework (ERMF) aligned Climate Risk Framework, CCFOR and the Climate Change Standard.

Climate-related risks identified over the short, medium and long term

The Bank broadly categorises climate risks into three categories – physical risk, transition risk and connected risk. For further details on how the Bank defines these risks, refer to the material existing and emerging risks (climate) section on pages 38 and 39 of BBI PLC Annual Report 2022. Within these, the Bank identifies risk drivers from climate change which it monitors over the short, medium and long term:

- Short term (S) – 0-1 year
- Medium term (M) – 1-5 years
- Long term (L) – 5-30 years

Climate change as a driver of risk

Climate change may lead to economic and operational impacts and may increase the likelihood or severity of other risks, for example:

- cyclical: amplifying economic cycles, including deeper troughs;
- event-driven: a singular event or series of events, for example severe weather events leading to physical risk impacts; and
- structural: macroeconomic shifts as economies transition to a low-carbon economy, driven by regulatory tightening such as introduction of carbon pricing mechanisms, emission trading schemes and technology evolution.

There is potential for tail risks and tipping points, including from chronic physical risks that are not currently clearly understood. This might include impacts from a lack of access to clean water, mass human migration due to inhospitable conditions, biodiversity and ecosystem loss, second order impacts on food chain, or conflict resulting from competition for environmental resources.

The tables overleaf summarise the nature, drivers and potential impacts of physical and transition risks. Analysis of these drivers is undertaken as part of the Barclays Group's annual review of elevated sectors, clients operating in these sectors and monthly horizon scanning of new developments leading to climate-related risks. These risk drivers have been assessed through qualitative analysis, external research and expert views. Quantitative analysis is also undertaken through the Barclays Group's programme of scenario analysis. The feedback effects of climate risk drivers through macro and micro transmissions channels are observed in Barclays' portfolio through traditional risk categories such as credit risk, market risk, operational risk etc. The approach to identify, measure and manage climate-related risks is consistent with other key risks, however the climate-related financial risks with significant impact are most likely to materialise in the longer term.

Management of climate risk (continued)

Physical risks	Acute	Chronic
Example drivers	<ul style="list-style-type: none"> Damage to fixed assets and infrastructure (property, power supplies) by climate events such as wildfires. Adverse impact on agriculture and production of soft commodities due to drought. Transport difficulties and damage to infrastructure due to severe storm and flooding. 	<ul style="list-style-type: none"> Change in weather and precipitation patterns, resulting in reduced agricultural yields and land no longer suitable for farming. Potential population migration due to inhabitable land. Increase in sea levels and consequent coastal erosion, requiring building of new seawall and flood defences. Rising temperatures resulting in diminished productivity and health issues.
Potential impacts – examples	<ul style="list-style-type: none"> Increased costs due to damage to facilities. Reduced revenue from decreased production capacity. Increased operating costs and decrease in sales due to unavailability of raw materials and supply chain disruptions. 	<ul style="list-style-type: none"> Reduced revenue from decreased production capacity and early retirement of assets. Decrease in property values. Increased costs and insurance for assets in high risk locations. Reduced revenue from lower sales and output.
Expected time horizon	S ^a , M, L	M, L
Classification	Event-driven	Structural
Primary risks impacted	Credit Risk, Market Risk, Treasury and Capital Risk, Operational Risk, Reputational Risk	
Secondary risks impacted	Conduct Risk, Legal Risk	

Transition risk	Policy and Regulatory	Legal	Technology	Market
Example drivers	<ul style="list-style-type: none"> Carbon tax impacting sectors and clients. Tightening of emissions and energy efficiency standards. Imposing an absolute cap on GHG emissions at manufacturing sites. Enhanced GHG reporting obligations. 	<ul style="list-style-type: none"> Government and non-governmental organisations taking litigation actions. Imposing legal liabilities on firms for their contribution to physical impacts of climate change. 	<ul style="list-style-type: none"> Disruptive substitute technologies being favoured because of lower carbon footprint. Development of emissions capture and recycling facilities. Investments in new technologies. Alternatives to fossil fuel. 	<ul style="list-style-type: none"> Shift in consumer preferences. Changes in supply and demand of raw materials. Shareholder perceptions and consumer pressures. Changing market sentiment.
Potential impacts – examples	<ul style="list-style-type: none"> Increased operating cost for compliance. Increased capital expenditure to meet regulatory standards. Operating constraints. Write-offs and early retirement of assets. 	<ul style="list-style-type: none"> Increased costs due to fines and penalties from class action damages. Changes in the valuation of assets. Increased costs and reduced demand for products and services. 	<ul style="list-style-type: none"> Impairment of assets and early retirement of assets. Research and development expenditure in new technologies. Costs for adoption of new practices and processes. 	<ul style="list-style-type: none"> Increased costs and reduced demand for products and services. Increased production costs due to changing input prices and output requirements. Decreased revenue and repricing of assets.
Expected time horizon	S ^a , M, L	S ^a , M, L	S ^a , M, L	S ^a , M, L
Classification	Event-driven, Structural	Event-driven, Structural	Structural	Structural
Primary risks impacted	Credit Risk, Market Risk, Treasury and Capital Risk, Operational Risk, Reputational Risk			
Secondary risks impacted	Conduct Risk, Legal Risk			

Note

- a. Whilst these risks will start to manifest over these time horizons, we expect the financial impact in the short term to be immaterial based on current information/circumstances, with no specifically identified charges related to climate risks in the 2022 reported expected credit losses.

Management of climate risk (continued)

Risk Appetite

In 2022, as part of establishing a principal risk, Barclays Group defined a Risk Appetite Statement and constraint for Climate Risk. The statement outlines that Barclays Group views climate change as a driver of financial and operational risk. Barclays Group has appetite to manage climate risk in line with its climate ambition and to reduce financed emissions in line with disclosed targets. BBI established a qualitative risk appetite statement in 2022 for climate risk. Targets to 2025 are set for energy and power and targets to 2030 are set for energy, power, cement, steel and automotive manufacturing for Barclays Group.

An assessment of progress to reduce financed emissions against the disclosed targets was made by Barclays Group. It noted that reaching even the lower emissions reduction in the disclosed ranges may prove challenging and that a clearer forward plan be defined to set out the range of management actions that could be taken to meet the disclosed target ranges, including a more detailed understanding of client transition expectations and the external dependencies and variables beyond Barclays Group's control that may determine the pace of transition.

Enterprise Risk Management Framework ('ERMF')						
Climate Risk Framework						
	Climate Change Financial Risk and Operational Risk Policy			Climate Change Standard		
	Climate Risk	Credit Risk	Treasury and Capital Risk	Operational Risk	Reputation Risk	
Responsibilities	<ul style="list-style-type: none"> Provide climate horizon scanning information and emerging trends to BRC and Principal Risk Leads Recommend risk appetite statement, constraints and exclusions to BRC Define areas of concern and recommend scenario analysis priorities Lead the development of climate-specific risk methodologies Interpret stress test results for relevance as drivers of risk Review and challenge risk type approaches and support consistency across risk types Aggregate and monitor a central climate risk view across in-scope risk types 	<ul style="list-style-type: none"> Monitor portfolio level exposure to the physical and transition risks of climate change Review individual obligors' exposure to climate risk via the Climate Lens questionnaire Assess climate risk within Sovereign Credit Risk reviews Include material exposures to climate risk within the Internal Capital Adequacy Assessment Process ('ICAAP') Oversight by Legal Entity Climate Risk Forums and relevant Risk Management Committees as appropriate, including regular climate risk reporting up to Board Risk Committee level 	<ul style="list-style-type: none"> Identify and Assess climate-related risk factors Apply stress scenarios, assess stress losses and set risk limits Oversight by Market Risk Committee and Board Risk Committee 	<ul style="list-style-type: none"> Identify exposure to climate risk Consider key risk indicators and limits to support risk management Include in ICAAP and Internal Liquidity Adequacy Assessment Process ('ILAAP') Oversight by Treasury & Capital Risk Committee and Board Risk Committee 	<ul style="list-style-type: none"> Integrate climate change across different risk categories, e.g. Operational Recovery Planning and Premises Include climate change within risk assessment processes including Strategic Risk Assessment 	<ul style="list-style-type: none"> Outline minimum requirements and controls for Reputation Risk management relating to client relationships or transactions Outline the expected business behaviours in relation to these issues Outline the approach to enhanced due diligence.
Ownership	Climate Risk Accountable Officer	Credit Risk Accountable Officer	Treasury & Capital Risk Accountable Officer	Operational Risk Accountable Officer	Group Head of Sustainability	

Management of climate risk (continued)

Climate-related Risk Management Processes				
	Credit Risk	Market Risk	Treasury and Capital Risk	Operational Risk
Frequency of assessment	Various	Quarterly	Various (quarterly for IRRBB and liquidity risk; annually for capital risk)	Annually
Risk identification	Wholesale exposure identified as part of sovereign, portfolio and obligor credit annual reviews.	Identified by assessing climate-related risk factors across asset classes, sectors and geographies, and aggregating market risk exposures from climate-related risks.	Identified through risk assessment activity across certain industries and asset classes to analyse and assess exposures which may be impacted by climate-related risks.	Confirmed operational risks associated with climate change are included in the Bank's Operational Risk Taxonomy. Climate risks are included within the Strategic Risk Assessment process.
Risk assessment	<p>Portfolios are monitored through regular reporting of climate metrics and are assessed against mandates and limits where appropriate</p> <p>Clients in elevated risk sectors above a threshold exposure will have their credit risk exposure to Climate risk qualitatively assessed through the Credit Climate Lens questionnaire.</p> <p>Future exposure to Climate risk as a driver to Credit risk is quantified through scenario analysis and stress testing exercises.</p> <p>In addition to the Credit Climate Lens questionnaire, Sovereign Credit Reviews are also carried out for Sovereigns above a threshold exposure to assess their susceptibility to Climate risks.</p>	<p>Measured by using adverse multi-asset stress scenarios applied to individual risk factors reflecting climate risks across sectors, countries and regions.</p>	<p>Measured as part of stress testing and key risk indicator monitoring.</p>	<p>Established reporting on internal and external climate-related risk events at Group's Climate Risk Control Forum. Risk tolerances for premises and resilience risks are reviewed so these adequately capture climate-related risk drivers.</p>

Supplementary disclosure on ESG risks

This section provides an overview of the disclosures on ESG risks, which includes business strategy and processes, governance and risk management in accordance with Article 449a (CRR).

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

Supplementary disclosure on ESG risks

Environmental risk

Business strategy and processes

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

Climate strategy:

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

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

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

Nature and Biodiversity

The Bank also recognises the important role of stewarding responsible finance towards a nature-positive future. The Bank continues to work to build an understanding of the ways in which its financing activities impact nature as well as the ways in which the Bank and its clients depend on nature. This includes engaging with industry groups and its membership, as a Group, of the Taskforce on Nature-related Financial Disclosure Forum ('TNFD'). We also continue to review the ways in which its financing activities can help to facilitate a nature positive future.

Risk management

Environmental and social risks are governed and managed through our Enterprise Risk Management Framework ('ERMF').

The Bank's assessment of environmental and social risks not only helps safeguard its reputation, which supports longevity of the business, but also informs its wholesale credit risk management and enhances its ability to serve the Bank's clients and support them in improving their own sustainability practices and disclosures.

Environmental Risk is regarded as a credit risk driver, and is considered within our credit risk assessment process. The Environmental Risk team is responsible for advising on the environmental and climate-related credit risks to Barclays associated with particular transactions. Environmental risks in credit are governed under the Bank's Client Assessment and Aggregation, Environmental Risk and Nuclear Industry Risk standards.

Business model and financial planning

The Group's 2022 financial planning process included a review of its strategy and its implementation, as well as an initial view of climate-related risks and opportunities, which aligns with how Barclays manage other risks. The implementation of our strategy is not only impacting our products and services, but also our operations. Barclays continue to develop new processes and capabilities, and are embedding them into our operations to address including complexity.

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

The Barclays' Group strategy will continue to evolve and adapt to reflect the broader business environment and external factors affecting the shape and timing of the transition to a low-carbon economy, similar to those impacting clients' transitions.

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

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

Climate strategy targets:

For each of the three pillars of our climate strategy, Barclays has set targets and milestones at the Group level, and reports progress against those targets annually as part of the Barclays Group Annual Report. Our targets are aligned with the goals and timelines of the Paris Climate Agreement, consistent with limiting the increase in global temperatures to 1.5°C. Barclays Group discloses details of these targets, including the risk management approach that underpins them, and the impact on the business model and products and services, as part of our Task Force on Climate-Related Financial Disclosures ('TCFD') disclosures, which for 2022, were embedded into the Group Annual Report.

In addition to targets, the bank also restrict certain financing activities as set out in our restrictive policies in respect of certain sensitive energy sub-sectors (thermal coal mining, coal-fired power generation, mountain-top coal removal, oil sands, Arctic oil and gas and hydraulic fracturing ('fracking')). See (d) for further details.

Supplementary disclosure on ESG risks (continued)

On behalf of the BBI Board, the BBI BRC reviews and approves the Bank's approach to managing the financial and operational risks associated with climate change.

Climate strategy targets:

Climate risk became a Principal Risk within the Barclays Enterprise Risk Management Framework from January 2022. Barclays define climate risk as the impact on Financial and Operational Risks arising from climate change through physical risks, risks associated with transitioning to a lower carbon economy and connected risks arising as a result of second order impacts of these two drivers on portfolios.

As part of establishing Climate risk as a principal risk, Barclays defined a risk appetite statement and constraint for climate risk. BBI embedded the qualitative risk appetite statement into its own documents in 2022. Barclays has appetite to manage climate risk in line with its climate ambition and to reduce financed emissions in line with disclosed targets. Group targets to 2025 are set for Energy and Power. Group targets to 2030 are set for Energy, Power, Cement, Steel and Automotive Manufacturing.

An assessment of progress to reduce financed emissions against the disclosed targets was made. It noted that reaching even the lower emissions reduction in the disclosed ranges may prove challenging and that a clearer forward plan be defined to set out the range of management actions that could be taken to meet the disclosed target ranges, including a more detailed understanding of client transition expectations and the external dependencies and variables beyond Barclays' control that may determine the pace of transition. Work has commenced on a Client Transition Framework which will support our evaluation of our corporate clients' current and expected future progress as they transition to a low-carbon business model and we are continuing to invest in developing tools that will enhance the quality of our forecasting and better understand the potential volatility in our progress over the remaining target period.

Nature-related risk:

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

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

Barclays has continued to develop its understanding and ability to evaluate nature-related risk in financing, building on the work started in 2021. This included working with an external expert on a materiality exercise to produce an initial portfolio heatmap to analyse nature-related risk by sector and exposure across our lending portfolio. This involved a qualitative review of sector impacts and dependencies across a number of key risk drivers representing both physical and transition risks, to determine where in the portfolio were the likely areas of highest risk.

The Barclays Group has been part of a TNFD pilot group led by the United Nations Environment Programme Finance Initiative ('UNEP FI') to test the draft TNFD risk management and disclosure framework for organisations to report and act on evolving nature-related risks. As part of the pilot, Barclays has tested a number of nature and climate scenarios on our European Agriculture and Food portfolio. This involved assessing our clients' locations in terms of production and sales and applying a number of biodiversity metrics to each location to determine where key impacts and risks may arise. A number of different 2030 scenarios were also used to stress the portfolio and individual counterparties, to see whether material financial impact could arise as a result of nature-related transition and physical risks. The results are currently being reviewed internally to assess how they could be used alongside existing climate risk procedures.

The bank recognises the need for continuous improvement with regard to the available data and technologies, in particular noting the complexity and challenge given the number of nature attributes and their associated metrics. We will therefore continue to support the development of methodologies which seek to better evaluate risk impacts and dependencies at a portfolio level. For further details please refer to BBI 2022 Annual Report.

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

Barclays Group is helping to provide the green and sustainable financing required to transform the economies it serves. It surpassed its 2018 target to deliver £150bn of social, environmental and sustainability-linked financing by 2025, and is well on track to meet its goal to deliver £100bn of green financing well ahead of 2030.

Barclays Group's environmental financing consists of labelled use of proceeds and general purpose financing in environmental categories. In 2022, Barclays Group facilitated £18bn vs £22.6bn in 2021, reflecting continued strong demand for environmental financing and our strategy to work with clients and customers to help facilitate their transitions towards a low-carbon economy.

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

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

Barclays Group sustainable financing is tracked using the methodology set out in the Barclays Sustainable Finance Framework. (<https://home.barclays/content/dam/home-barclays/documents/citizenship/ESG/2022/Barclays-Sustainable-Finance-Framework.pdf>)

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

Supplementary disclosure on ESG risks (continued)

Case study: Barclays nature-linked financing – Cairn Homes plc

Barclays Corporate Banking Sustainable Product Group ('SPG') provided support to Cairn Homes plc ('Cairn') in the selection of meaningful targets and indicators linked to certain sustainability performance targets. In July 2022, Cairn completed a refinancing of its €277.5m syndicate facility into a sustainability linked term loan ('SLL') and revolving credit facility ('RCF'), one of the largest of its type arranged in the Irish homebuilding sector, with AIB, Bank of Ireland and Barclays Bank Ireland. The term loan and revolving credit facility interest rates are linked to Cairn meeting certain sustainability performance targets on biodiversity, decarbonisation and its people strategy.

From a biodiversity perspective, the annual targets include a commitment to increase biodiversity net gain ('BNG') across Cairn's new developments measured as a percentage of overall new homes commenced. BNG delivers measurable improvements for ecology by protecting, enhancing and creating habitats in association with development and Cairn's approach includes a development-specific biodiversity programme that replaces or improves the local biodiversity of each new Cairn development or otherwise contributes to the improvement of Ireland's biodiversity.

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

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

Our Climate Change Statement sets out our approach in relation to our climate change ambition and to managing the impact of our climate-related activities, including setting restrictive policies in respect of certain sensitive energy sub-sectors (thermal coal-mining, coal-fired power generation, mountain-top coal removal, oil sands, Arctic oil and gas and hydraulic fracturing). Barclays has also established positions on Forestry and Agricultural Commodities, World Heritage and Ramsar Wetlands.

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

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

All in-scope clients in these sub-sectors must be assessed annually via a detailed due diligence questionnaire which is used to evaluate their performance on a range of environmental and social issues, and may be supplemented by a review of client policies / procedures, further client engagement and adverse media checks as appropriate. This annual review either generates an Environmental and Social Impact ('ESI') risk rating (low, medium, high). Typically, high and certain medium ESI rated clients require further risk assessment prior to execution of transactions with those clients.

Where client relationships or transactions are assessed as higher-risk (high or medium ESI risk rating) following an enhanced due diligence review, they are then considered for escalation to the appropriate business unit review committee (e.g. Transaction Review Committee) or for BBI clients in scope of our Climate Change standard, the Barclays Group Climate Transaction Review Committee ('CTRC') for consideration, where there is representation from the appropriate subject matter experts.

Should the front office business team or the Sustainability and ESG team believe the issues are sufficiently material, these would be escalated to the Transaction Review Committee ('TRC') or Group Reputation Risk Committee ('GRRC') for more senior consideration and decision. This committee includes representation from the Group Executive Committee.

Barclays Group is also developing a Client Transition Framework, a methodology that allows us to evaluate our corporate clients' current and expected future progress in transitioning to a low-carbon economy. The framework comprises both a quantitative and qualitative component to assess clients' trajectory against our targets and benchmarks, and the ambition and achievability of their plans, allowing us to engage with them at a more granular level for their transition financing needs. As part of the roll-out of the framework, we will begin climate-specific engagement for those clients with the lowest scores. This will ensure we are directing efforts towards the clients that are most at risk of failing to transition in line with our targets and our approach to climate risk. We will work with them to understand any unique challenges they may face in pursuing their transition.

Governance

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

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

During 2022, the Board discussed updates received from the BBI CRO, CFO and Head of Climate Risk, including key, climate and reputation risk. This included approving the BBI PLC Annual Report for 2021, including specific disclosure on Climate Change risk.

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

Environmental and social risks are governed and managed through our ERMF.

The ERMF sets out:

Supplementary disclosure on ESG risks (continued)

- principal risks faced by BBI, which guide the organisation of risk management processes;
- risk appetite requirements. This helps define the level of risk the bank is willing to undertake in our business;
- risk management and segregation of duties. The ERMF defines a Three Lines of Defence model; and
- roles and responsibilities for key risk management and governance. The accountabilities of the BBI PLC CEO, CRO and other senior managers, as well as an overview of Barclays Bank Ireland PLC committees.

Environmental risk is regarded as a credit risk driver, and is considered in the Barclays credit risk assessment process through our Environmental Risk Standard.

Environmental risks in credit are governed under the Client Assessment and Aggregation Policy and Standard, which are embedded within the Wholesale Credit Risk Control Framework.

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

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

During 2022, the BBI Board received six climate-related updates from the BBI Head of Climate Risk. These covered matters such as progress on our climate strategy, Climate Risk Register, Climate Risk Operating Model, Regulatory Actions.

In addition to these Board briefings, the CEO, CFO, CRO and Head of Climate Risk engaged with Barclays Bank Ireland Board members on matters relating to the Bank's climate strategy. The Board also received updates from the businesses, either directly or through the reports of the Board Risk Committee, regarding their climate strategy.

The Board is supported in its work by its Committees (including in respect of climate-related matters), each of which has its own Committee Terms of Reference clearly setting out its remit and decision-making powers.

BBI Board Risk Committee ('BRC')

The BRC monitors and recommends the risk appetite for BBI's Principal Risks, including risks associated with climate change. It considers and reports on key financial and non-financial risk issues, and oversees conduct and compliance. It also monitors BBI's Financial, Operational, Conduct and Legal risk profile.

Climate risk was elevated to a Principal Risk within our ERMF from 1 January 2022. Following a detailed training session on the financial and operational risks of climate change delivered to the BRC at the beginning of 2022, the BRC received quarterly Climate risk updates from the Head of Climate Risk and also received reports from the businesses on their climate strategy, with a focus on ensuring Climate risk is adequately considered as part of business-planning activities across the Bank.

As part of the updates provided by the Head of Climate Risk, the BRC received and considered updates in relation to:

- areas of elevated climate risk and progress against sector targets, received in the form of a Climate Risk Dashboard;
- stakeholder views on climate risk;
- the impact of the war in Ukraine on the transition towards a low-carbon economy;
- heightened regulatory focus on 'greenwashing' activities in the financial services sector; and
- physical risks associated with climate, including the impact of heatwaves and droughts.

As part of the Group's strategic planning process, the BRC recommended to the Board for approval the Barclays Risk Appetite Statement, which covers all Principal Risks, including Climate risk. The Board expresses risk appetite through setting an acceptable level of deterioration for a set of key financial parameters under a severe but plausible stress scenario i.e. the IST. Risk appetite sets an outer limit of the aggregate level and types of risk that the Bank is willing to assume to achieve its strategic objectives, including climate/environmental risk. The BRC also reviewed the ERMF and recommended the same to the Board for its approval, and reviewed each of the Principal Risk frameworks, including the Climate Risk Framework.

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

Chief Risk Officer

The BBI CRO is accountable for the approach to managing climate-related financial and operational risks to Barclays. This encompasses the measurement, monitoring and limit setting for Climate risk and the supporting governance.

Group Head of Public Policy & Corporate Responsibility ('PPCR')

The Group Head of PPCR leads the bank's overall sustainability and citizenship agendas. Specifically, the role is responsible for leading Barclays' efforts in tackling climate change, and for integrating our ambition and commitments to help embed the transition towards a low-carbon economy into the business. This is also cascaded to all the Legal Entities underneath, including BBI Plc, with a clear direction to all three lines of defence.

Group Head of Sustainability

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

Supplementary disclosure on ESG risks (continued)

Group Head of Climate Risk

The Group Head of Climate Risk was appointed in July 2020 and is the Principal Risk Lead for Climate Risk. Being the Head of the Climate risk team, the role encompasses the development of Climate risk governance, including ownership of the Group's Climate Risk Framework, and making recommendations on risk appetite, constraints and exclusions to Group BRC, informed by Barclays' net zero ambition. Further responsibilities include leading the development of Climate risk methodologies and our approach to carbon modelling, including the BlueTrack™ model. The Head of Climate Risk reports directly to the Group CRO, and is the Chair of CRC. At BBI a Head of Climate Risk was appointed in the course of 2021 to drive the Climate risk governance within the European entity, reporting to the deputy CRO.

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

Barclays' remuneration philosophy

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

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

Incentive pool funding

Performance against non-financial measures (including environmental metrics) is a consideration when setting incentive funding levels. In 2022, non-financial performance was assessed against strategic non-financial measures organised around three main categories: Customers & Clients, Colleagues and Climate & Sustainability. These categories cover a wide range of factors and, in respect of climate, included Barclays Group's performance against its targets for green financing, reducing emissions financing, reducing its carbon footprint and increasing its use of renewable energy. The incentive pool is also adjusted to take account of an assessment of a wide range of future risks, including consideration of ESG risks.

Barclays PLC Executive Director remuneration

Barclays PLC Executive Director bonus and Long Term Incentive Plan ('LTIP') outcomes are assessed against a framework of measures, set by the Barclays PLC Board Remuneration Committee. A proportion of both bonus and LTIP is driven by non-financial performance measures, including measures relating to climate and sustainability. 10% of each of the 2023 bonus and 2023-25 LTIP awards will be based on an assessment of measures aligned to our climate and sustainability objectives (including reducing operational emissions; progress towards our sustainability and transition financing target; and reducing our financed emissions). This reflects our ambition to be net zero by 2050, including our commitment to align our financing with the goals of the Paris Climate Agreement.

Risk management

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

Environmental and social risks are governed and managed through our ERMF.

Barclays' approach to Environmental and climate risk management is guided by the Banks's strategy as well as by the policy and regulatory requirements of the regions in which Barclays and its affiliates operate.

Climate has been established as a principal risk and therefore more established than Environmental risk factors. When considering climate-related risks, Barclays has categorised the following timescales: Short term (S) – 0-1 year; Medium term (M) – 1-5 years; Long term (L) – 5-30 years. Climate change, being a unique phenomenon and a driver of risks, may lead to economic and operational impacts and may increase the likelihood or severity of other risks, for example:

- cyclical: amplifying economic cycles, including deeper troughs;
- structural: macroeconomic shifts as economies transition to a low-carbon economy; and
- potential for tail risks and tipping points, for example from chronic physical risks that are not currently clearly understood. This might include impacts from lack of access to clean water, mass human migration due to inhospitable conditions, biodiversity and ecosystem services loss, second order impacts on food chain, or conflict resulting from competition for environmental resources.

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

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

Barclays is an active participant in the majority of the industry standard setting bodies. It contributes to and takes direction from these bodies (including, but not limited to Non-financial Reporting Directive ('NFRD'), Task Force on Climate-Related Financial Disclosures ('TCFD'), United Nations Environment Finance Initiative ('UNEP FI'), Global Reporting Initiative ('GRI'), Sustainability Reporting Standards ('SRSs'), the United Nations' Principles for Responsible Investment ('UNPRI')), Sustainability Accounting Standards Board ('SASB') and Carbon Disclosure Projects ('CDP').

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

Environmental and social risks are governed and managed through our ERMF.

The ERMF sets out:

- principal risks faced by the Group, which guide the organisation of risk management processes;
- risk appetite requirements; this helps define the level of risk Barclays is willing to undertake in our business;
- risk management and segregation of duties: the ERMF defines a Three Lines of Defence model; and

Supplementary disclosure on ESG risks (continued)

- roles and responsibilities for key risk management and governance: the accountabilities of the Group CEO, Group CRO and other senior managers, as well as an overview of Barclays PLC committees.

Environmental risk is regarded as a credit risk driver, and is considered in the Barclays credit risk assessment process through our Environmental Risk Standard. The Environmental Risk team is responsible for advising on the environmental and climate-related credits to Barclays associated with particular transactions. Environmental risks in credit are governed under the Client Assessment and Aggregation, Environmental Risk and Nuclear Industry Risk standards. These standards are part of the overall Enterprise Risk Management Framework.

Restrictive Policies

In addition to setting sector-specific emission reduction targets, consistent with our Purpose and considering relevant risks and other factors, Barclays has set explicit restrictions to curtail or prohibit financing of certain activities in sensitive sectors. This includes clear restrictions on thermal coal mining and coal-fired power generation, Arctic oil and gas, oil sands and hydraulic fracturing ('fracking'). Barclays also has restrictive policies on Forestry and Agricultural Commodities including forestry, pulp and paper, palm oil and soy. Further details can be found on page 16 of the BBI PLC Annual Report 2022. Our restrictive policies are regularly reviewed and updated based on a number of internal and external factors. In light of this Barclays is aligning our thermal coal power phase-out date for all EU and Organisation for Economic Co-operation and Development ('OECD') countries to 2030.

Monitoring

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

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

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

Risk mitigation measures are part of a standard business case. These are driven by Barclays ambition to become a net zero bank by 2050 and its commitment to align all its financing activities with the goals and timelines of the Paris Agreement.

Barclays has published details of the strategy to measure and manage the alignment of our client portfolios to the goals and timelines of the Paris Agreement. Our approach is underpinned by BlueTrack™, a methodology Barclays has developed to measure and track our financed carbon emissions at a portfolio level against the goals of the Paris Agreement.

To assist the comprehensive analysis of these risk mitigants Barclays has made a commitment to continue to be compliant with the requirements of EU taxonomy.

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

There are a number of activities underway in Barclays related to Environmental risk, including risk referral to the environmental risk team for higher risk financing activity. The bank includes financing restrictions that seek to address nature-related risk within our position statements on Forestry and Agriculture Commodities, World Heritage Sites and Ramsar Wetlands and Climate Change. We continue to review and monitor the ways in which we can strengthen our approach.

Barclays has continued to develop its understanding and ability to evaluate nature-related risk in financing, building on the work started in 2021. This included working with an external expert on a materiality exercise to produce an initial portfolio heatmap to analyse nature-related risk by sector and exposure across our lending portfolio. This involved a qualitative review of sector impacts and dependencies across a number of key risk drivers representing both physical and transition risks, to determine where in the portfolio were the likely areas of highest risk.

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

Risk identification and measurement

Barclays has adopted Climate Risk as a Principal Risk in Feb 2022 and implemented a number of tools to identify and assess climate risks. They include:

- Horizon scanning and research: Evaluating the potential impact of physical and transition risk in the underlying portfolios across different time horizons, through qualitative judgement and review of the external research papers. This has led to the identification of industry sectors, countries and US States that are considered as elevated risk and identifying emerging trends through horizon scanning activities;
- Climate change risk register: Continues to align with the risk register taxonomy;
- Climate lens: is a qualitative scorecard used to identify and assess the impact of physical and transition risks for clients operating in wholesale elevated sectors. In 2022, a climate lens was integrated into the credit sanctioning workflow system to further support climate risk assessment;
- Scenario analysis and stress testing: These are primary tools to support the assessment and quantification of the impact of climate risks. The tools provide insight on the effects of transition and physical risks in the underlying portfolios under a range of climate scenarios, which will increasingly be used to inform business strategy, financial planning, risk appetite and management; and
- BlueTrack™: The emissions resulting from the activities of customers and clients to whom financing is provided, is measured using Barclays' bespoke model BlueTrack™. The methodology and coverage of the BlueTrack™ is expanded each year, with the aim of covering Barclays' entire financed portfolio. Currently, BlueTrack™ covers six segments: energy, power, cement, steel and automotive and residential real estate business.

Supplementary disclosure on ESG risks (continued)

For those segments of Barclays portfolio where the concentrations of elevated Climate risk have been identified, risk measures have been defined. These measures are appropriate to the risk and may be quantitative or qualitative. The measures range from quantum of financing exposures to more sophisticated measures such as risk sensitivities or stress loss measures, as appropriate.

In 2020, Climate risk considerations were integrated into Mandate and Scale annual credit portfolio reviews for elevated risk sectors. In 2021, the Mandate and Scale reviews were enhanced to include learnings from risk assessments and scenario analysis and key industry developments, including regulatory, policy, technology, industry commitments and shareholder action. In 2022, BBI Market risk has established a market risk stress loss limit for transition risk.

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

As mentioned in point n) above, Barclays has adopted Climate Risk as a Principal Risk along with a number of supporting risk identification and management processes including stress testing, evidenced by the submission of the ECB Climate Risk stress test in H1 2022. The development of the capital and liquidity profile to further support these processes for climate is a key focus for 2023 with regulatory deliverables for the Internal Capital Adequacy Assessment Process ('ICAAP') 2024 carefully tracked accordingly. The approach to environmental risk is under review in consultation with appropriate stakeholders, to define the overall group approach and align the legal entities accordingly.

Climate risk was first considered from a qualitative perspective in the April 2019 ICAAP. The approach to capitalisation has evolved regarding the nature of climate risk and by incorporating into the capital assessment learnings from the work on risk management and portfolio alignment.

The annual ICAAP assessment has concluded and it is assessed that the existing capital buffer is adequate to cover *inter alia* climate risk.

The approach to quantify capital for climate risk is still being developed across the industry. Barclays has adopted stress testing and reverse stress testing processes to inform whether it is holding sufficient capital for climate risks. Stress testing approaches have been significantly enhanced over the years, with expansion of methodologies, evidenced through the ECB Climate Risk stress test.

There are elements of judgement and assumptions inherent in Barclays' assessment given the evolving approach and exploratory phase to measuring the impact of this risk. These include:

- Excluding the long time horizon of climate change when assessing the capital impact;
- An assumption that climate risk factors do not materially affect the severity of the macro stress test scenarios used for capitalisation (under Pillar 2B);
- An assumption that credit ratings do not factor in climate considerations (Pillar 1); and
- The economic impact of physical risk is in line with The Network for Greening the Financial System ('NGFS') scenarios.

These assumptions are judgements and are mitigated by considering a wide range of factors to assess capital requirements, including the use of increasing evidence from stress tests; Barclays' net zero ambition and strategy to cut emissions to sensitive sectors; strengthened risk management as well as Climate being embedded within the ERMF and therefore treated in line with other Principal Risks.

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

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

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

This architecture has enabled Barclays to execute models and produce the output back into CDR for downstream consumption, including climate reporting. The architecture is scalable to enable seamless integration of future sectors.

To create a road-map for strategic climate data, Group Climate Risk has set up a Climate Risk Integration plan including Data & Technology related deliverables. 'Defining and implementing data strategy' is a work stream underneath it.

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

Barclays continues to assess the approach to environmental risk, including limits, which will reflect the goals set within the framework to be defined as we progress our understanding and establishment of environmental risk.

BBI Market risk has established a market risk stress loss limit for transition risk. Discussions are in progress to establish BBI specific limits or thresholds for other in-scope risk types.

Barclays is focused on quantifying Climate Risk appetite and as the understanding of Climate risk continues to evolve, and where Climate risk exposures are assessed as being material, further limits and mandates will be set at an appropriate level to adequately control Barclays' Climate risk exposures.

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

Barclays continues to assess the approach to environmental risk identification and management across principal risk types within the overall framework to be defined as we progress our understanding and establishment of environmental risk. Environmental risk has been embedded within Barclays processes for over thirty years, and it continues to evolve under the reputational risk framework. Risk identification of environmental risks across the financial principal risks has started to develop.

Credit Risk identification is driven by assessing portfolios' sensitivity and susceptibility to the financial and operational risks of climate change. Sectors are categorised into elevated, moderate and low risk. These sectors have been identified through the analysis of Barclays Industrial Classifications by portfolio, informed by results of scenario analysis exercises.

Supplementary disclosure on ESG risks (continued)

Across corporate and industrial sectors, elevated risk sectors are those with high exposure to both physical and transition risks of climate change. This assessment is updated on an annual basis.

Each climate-related risk in elevated sectors is assessed by risk drivers and impacts. Risk drivers and impacts were designed internally and are based on rating agencies' climate change assessments.

Liquidity Risk : Barclays proactively reviews its approach to managing Funding and Liquidity Risks that may arise from certain physical risks such as extreme weather events, or transition risks such as a move to a low-carbon economy. An enhanced risk assessment has been performed during 2022 to explore the potential vulnerabilities to certain industries and asset classes that may be subject to a lack of available liquidity under a climate stress scenario. Additional scenario analysis has been carried out during 2022 to further explore specific climate related liquidity risks.

Market Risk arising from climate change is measured by applying a range of stress scenarios, that stress the core risks susceptible to climate change over long and short-term horizons to individual risk factors.

A Climate Internal Stress Test ('Climate-IST') has been run in 2020 to further enhance understanding of climate risks. Market Risk has performed an assessment of the impact of a disorderly transition to a low-carbon economy on the market risk portfolios across Barclays Group.

In addition to the main Markets portfolios, Cross Markets and Commodities portfolios were also included. This risk assessment was enabled by enhancements in system technology allowing the exploration of Climate Change impact on less-climate risk exposed sectors.

In 2022, Market Risk continued to run the Climate-IST scenario every quarter, and further enhanced the existing sector/country taxonomy to reflect the climate risk sensitivity. Moreover, although Market Risk was out of scope of the 2021 Bank of England Climate Biennial Exploratory Scenario ('CBES'), the existing Market Risk scenario analysis has been more closely aligned to the CBES scenarios.

Operational Risk identifies, manages and measures climate risk as part of the existing operational risk profile through its business as usual activities. These activities include working with Premises and Operational Recovery Planning Horizontal Owners to identify and respond to any new emerging climate risk related impacts or regulatory requirements, and consideration of changes to approach or taxonomy in line with regulatory requirements.

Quantifying operational risk through existing structured scenarios would allow us to better examine and size the potential incremental impact arising from climate risks. However, the challenge of determining scenarios that are business orientated, sourcing available and relevant information to support the effort, and connecting the given scenario to the idiosyncrasies of operational risk, remains a factor under consideration.

In 2022, an external agency has been engaged to conduct two climate risk analyses on our operational assets. The first to model climate risks to our portfolio and the second, to identify asset-specific risks and create asset risk scorecards for key assets. The results of the two analyses have been synthesised to identify risks and opportunities.

Additionally, Barclays has a portfolio of structured scenarios at Group level and for certain legal entities, for which Operational Risk coordinates the process. These scenarios, which are applicable to the Bank as well, map to the operational risk and conduct risk taxonomies and cover a range of risks where climate implications could be an incremental factor. The effect of climate change has been considered in the latest scenario assessment, where Climate has been found not to be an immediate factor impacting most scenarios.

Greenwashing at product level, and disclosures about our green credentials, are two areas of concern subject to further analysis.

Social risk

Business strategy and processes

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

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

Our assessment of environmental and social risks not only helps safeguard our reputation, which supports longevity of the business, but also enhances our ability to serve our clients and support them in improving their own sustainability practices and disclosures.

Barclays Group recognises the importance of supporting a just transition, considering the social risks and opportunities of the transition to a low-carbon economy, and seeking to ensure effective dialogue with affected stakeholders.

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

Barclays Group knows that our success over the long term is based not just on how well we run the organisation commercially, but also on how well we manage it to protect the environment, support positive social progress, and make responsible, well governed decisions. Barclays are focused on the areas where it can have the greatest long-term impact: making growth 'green', sustainable and inclusive; managing the environmental and social impacts of our business; running a responsible business; and investing in our communities.

Human Rights

Barclays is committed to operating in accordance with the International Bill of Human Rights and takes account of other internationally accepted human rights standards, including the United Nations Guiding Principles ('UNGPs') on Business and Human Rights and the Organisation for OECD Guidelines for Multinational Enterprises. We take steps to ensure we are respecting human rights in our own operations through our employment policies, in our supply chain through screening and engagement, and through the responsible provision of our products and services.

Supplementary disclosure on ESG risks (continued)

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

Climate Change and Social Impact

The bank aims to enhance its understanding of the interdependencies between climate action, nature and biodiversity and the social aspects of the transition to net zero. This is in line with the increasing support of international policy frameworks to address just transition as part of climate strategies, as well as the new Global Biodiversity Framework, adopted at COP15, which references the impacts of climate action and social dimensions related to nature. This also aligns with ongoing work in the development of the TNFD. Barclays recognises the need for financial institutions to integrate social considerations into their net zero plans and targets, and in their contributions to nature-positive goals.

For further details on other aspects of social risk, see point (c) below.

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

Position statements

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

We have also established position statements covering our relationships with clients in certain sensitive sectors that may present significant adverse impacts on people or the environment. These statements detail our expectations for in-scope clients and require them to comply with applicable international standards and legislation and show a clear commitment to robust environmental and social risk management.

In terms of our suppliers, regardless of the industry or geography in which they operate, Barclays require of them to comply with applicable laws and regulations. Barclays' standard approach to new supplier onboarding and renewal begins by assessing the services that are being provided and ascertaining the level of risk. Suppliers that are assessed as being at a heightened risk of exposure from a business risk perspective are subject to Barclays' Supplier Control Obligations. Assessment of suppliers against these controls may include, but is not limited to, reviewing copies of employment and health and safety policies and requesting suppliers to attest to supporting our expectations defined in the Third Party Code of Conduct ('TPCoC'). Further details on Barclays Supplier Control Obligations can be found at: home.barclays/who-we-are/our-suppliers/our-requirements-of-external-suppliers/external-supplier-control-obligations/.

Barclays also continue to include modern slavery and sustainability-related considerations during the sourcing processes for key products or services in categories identified as presenting with an elevated inherent risk of modern slavery, such as the renewal of our major IT services contract, purchase of large IT hardware and printing solutions.

Modern Slavery Statement

Barclays recognise that the nature of our business means we may be exposed to modern slavery risks across our operations, supply chain and customer and client relationships. We are conscious of the links between human rights abuse, labour exploitation, human trafficking and environmentally destructive practices. Therefore Barclays is focusing its efforts on the delivery of actions specifically designed to seek to identify and try to address modern slavery and other exploitative practices in our supply chain, in collaboration with our environmental experts. Regardless of the industry or geography in which our suppliers operate, Barclays require them to comply with applicable laws and regulations. Barclays' standard approach to new supplier onboarding and renewal begins by assessing the services that are being provided and ascertaining the level of risk. Suppliers that are assessed as being at a heightened risk of exposure from a business risk perspective are subject to Barclays' Supplier Control Obligations. Assessment of suppliers against these controls may include, but is not limited to, reviewing copies of employment and health and safety policies and requesting suppliers to attest to supporting our expectations in the Third Party Code of Conduct ('TPCoC').

Climate transition framework

Barclays Group has launched a pilot assessment, which is ongoing, to evaluate whether our clients are seeking to decarbonise in line with a just transition for their stakeholders, considering the social risks and opportunities of the transition and ensuring effective dialogue with affected stakeholders. Relevant stakeholders include workers, communities, consumers and suppliers impacted by the client's decarbonisation strategy.

The bank is assessing whether its clients' approach to a just transition includes consideration of:

- Adverse impacts on stakeholder groups from their activity (e.g. job loss, loss of tax revenue);
- Actions to address identified impacts (e.g. upskilling, remuneration, psychological support); and
- Engagement with impacted stakeholder groups in decision-making that affects them.

Supplementary disclosure on ESG risks (continued)

Governance

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

- (i) Activities towards the community and society**
- (ii) Employee relationships and labour standards**
- (iii) Customer protection and product responsibility**
- (iv) Human rights**

The Barclays PLC Board receives regular updates on public policy and corporate responsibility matters, including ESG and Reputation risk. The Board is presented with the Group Reputation Risk Report twice a year in order to consider the most significant live and emerging Reputation risks for the Group, which may cover human rights matters. In addition, the Board may be notified, or asked to consider, specific Reputation risk matters from across the Group, aligned with the escalation protocols set out in the Reputation Risk Management Framework.

Management of social risks associated with corporate clients, including human rights and modern slavery risks, is governed as part of Barclays' Reputation Risk Management Framework and processes, which apply to all Barclays corporate client relationships.

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

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

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

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

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

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

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

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

Group Head of PPCR

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

Group Head of Sustainability

During 2021 Barclays appointed a Group Head of Sustainability who leads the Sustainability and ESG team, and the strategic direction and execution of Barclays' policies and practices across a broad range of sustainability and ESG matters, including climate change. The role also oversees the development of standards and metrics to advance green and sustainable finance and to steward early innovation in sustainable product and service development. This role is responsible for reputation risk issues arising from climate change, although the Board has overall responsibility for reputation matters generally.

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

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

Barclays' remuneration philosophy

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

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

Incentive pool funding

Performance against non-financial measures (including ESG metrics) is a consideration when setting incentive funding levels. In 2022, non-financial performance was assessed against the strategic non-financial measures from the Performance Measurement Framework, which were organised around three main categories: Customers & Clients, Colleagues and Climate & Sustainability. These categories cover a wide range of factors and, in respect of sustainability, included specific consideration of how Barclays is investing in our communities through our LifeSkills programmes (including number of people upskilled and placed into work compared against our

Supplementary disclosure on ESG risks (continued)

targets). The incentive pool is also adjusted to take account of an assessment of a wide range of future risks, including consideration of ESG risks.

Barclays PLC Executive Director remuneration

Barclays PLC Executive Director bonus and Long Term Incentive Plan ('LTIP') outcomes are assessed against a framework of measures, set by the Barclays PLC Board Remuneration Committee. A proportion of both bonus and LTIP is driven by non-financial performance measures, including performance against diversity and inclusion metrics, cultural indicators and supporting our communities. 10% of each of the 2023 bonus and 2023-25 LTIP awards will be based on an assessment of measures aligned to our climate and sustainability objectives (including progress towards our sustainability and transition financing target; and supporting our communities). Additionally, 7.5% of the bonus and 5% of the LTIP will be determined on Colleague measures, including diversity, inclusion and engagement.

Risk management

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

Human Rights

Barclays is committed to operating in accordance with the International Bill of Human Rights and takes account of other internationally accepted human rights, standards and frameworks, including the UNGPs and the OECD Guidelines for Multinational Enterprises. The bank takes steps to ensure it is respecting human rights in its own operations through its employment policies, in its screening and engagement within its supply chain and through the responsible provision of its products and services.

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

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

Modern Slavery in our supply chain

Barclays recognise that the nature of our business means it may be exposed to modern slavery risks across our operations, supply chain, and customer and client relationships. We are conscious of the links between human rights abuse, labour exploitation, human trafficking and environmentally destructive practices. Therefore, the bank is focusing its efforts on the delivery of actions specifically designed to seek to identify and try to address modern slavery and other exploitative practices in our supply chain, in collaboration with its environmental experts.

Regardless of the industry or geography in which our suppliers operate, Barclays require of them to comply with applicable laws and regulations. Barclays standard approach to new supplier onboarding and renewal begins by assessing the services that are being provided and ascertaining the level of risk. Suppliers that are assessed as being at a heightened risk of exposure from a business risk perspective are subject to Barclays' Supplier Control.

Assessment of suppliers against these controls may include, but is not limited to, reviewing copies of employment and health and safety policies and requesting suppliers to attest to supporting our expectations defined in the TPCoC.

Our people policies

Our people policies are designed to recruit the best people, provide equal opportunities and create an inclusive culture, in line with our Purpose, Values and Mindset, and in support of our long-term success. They also reflect relevant employment law, including the provisions of the Universal Declaration of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

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

Management of social risks associated with corporate clients, including human rights and modern slavery risks, is governed as part of Barclays' reputation risk management framework and processes, which apply to all Barclays corporate client relationships.

Barclays has general client due diligence processes in place, including adverse media screening, which can identify the risk of clients being associated with modern slavery by banking and Know Your Customer ('KYC') teams during client onboarding and relationship reviews.

Where this due diligence leads to the identification of a potential human rights risk associated with a client or transaction, these are referred for further review to the Group Sustainability & ESG and/or Financial Crime teams, depending on the nature of the concern.

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

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

See point (i) above.

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

See point (i) above relating to the human rights saliency exercise and due diligence processes.

We have also established position statements covering our relationships with clients in certain sensitive sectors that may present significant adverse impacts on people or the environment. These statements detail our expectations for in scope clients and require

Supplementary disclosure on ESG risks (continued)

them to comply with applicable international standards and legislation and show a clear commitment to robust environmental and social risk management.

In sectors where we identify modern slavery as a salient risk, over time we aim to include specific requirements for clients involved in these sectors. For example, our Forestry and Agricultural Commodities Statement includes provisions around the prohibition of forced and child labour, modern slavery and human trafficking for companies involved in forestry and palm oil production activities, as these are widely recognised as salient risks in certain countries.

Barclays require that these companies have a time bound commitment to achieve certification against internationally recognised certification schemes such as the Forest Stewardship Council ('FSC') and Roundtable on Sustainable Palm Oil ('RSPO'), which include further detailed requirements and verification of company practices in relation to the prevention of forced and child labour, amongst other criteria.

Barclays seeks to proactively monitor issues and developments globally that may present new or elevated human rights risks, and work to investigate our potential exposure to these and consider our responsibilities to seek to mitigate these risks. For more detailed information on our approach to managing human rights and other social or environmental risks associated with clients, please see BBI PLC Annual Report 2022 and Statements and Policy Positions section of our website.

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

See point (d) on due diligence escalation routes.

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

Environmental and social risks are governed and managed through our ERMF, setting our strategic approach to risk management by defining standards, objectives and responsibilities for all areas of Barclays.

The ERMF is complemented by a number of other frameworks, policies and standards, all of which are aligned to individual Principal Risks.

Governance risk

Governance

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

Management of social risks associated with corporate clients, including human rights and modern risks, is governed as part of Barclays' Reputation Risk Management Framework and processes, which apply to all Barclays corporate client relationships.

Barclays has general client due diligence processes in place, including adverse media screening, which can identify the risk of clients being associated with modern slavery by Banking and KYC teams during client onboarding and relationship reviews.

Where this due diligence leads to the identification of a potential human rights risk associated with a client or transaction, these are referred for further review to the Group Sustainability & ESG and/or Financial Crime teams depending on the nature of the concern.

The bank has also established position statements covering its relationships with clients in certain sensitive sectors that may present significant adverse impacts on people or the environment. These statements detail our expectations for in-scope clients and require them to comply with applicable international standards and legislation and show a clear commitment to robust environmental and social risk management (home.barclays/sustainability/esg-resource-hub/statements-and-policy-positions/).

All clients deemed within the scope of our Climate Change position statement are reviewed on a case by case basis and subject to enhanced due diligence. These clients are analysed against specific environmental and social risk considerations which include, but are not limited to:

- a. the client's adherence to the Equator Principles (if a project finance or credit transaction is deemed to be in scope) and relevant International Finance Corporation ('IFC') performance standards;
- b. the client's adherence to local and national environmental regulation and standards and industry best practice;
- c. the client's management and implementation of procedures which minimise direct environmental impacts in the context of their operations;
- d. the client's transparent corporate governance and oversight of climate change issues and associated corporate risks, including disclosure against principles such as the Financial Stability Board ('FSB') Taskforce on Climate-related Financial Disclosures and appropriate transition plans;
- e. the client's approach to, and track record in, protecting the health and safety of the workforce and local communities;
- f. the client's approach to stakeholder engagement and consultation, including its commitment and adherence to the principles of Free Prior Informed Consent ('FPIC') where indigenous peoples may be impacted by their operations;
- g. the client's approach to managing its human rights impacts, including its commitment and adherence to United Nations Voluntary Principles on Security and Human Rights where the client uses security personnel.

In sectors where we identify modern slavery as a salient risk, over time we aim to include specific requirements for clients involved in these sectors.

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

See (a) above.

Supplementary disclosure on ESG risks (continued)

c) Institution's integration in governance arrangements of the governance performance of their counterparties including:

- (i) Ethical considerations
- (ii) Strategy and risk management
- (iii) Inclusiveness
- (iv) Transparency
- (v) Management of conflicts of interest
- (vi) Internal communication of critical concerns

See (a) above.

Risk management

d Institution's integration in risk management arrangements the governance performance of their counterparties considering:

- (i) Ethical considerations
- (ii) Strategy and risk management
- (iii) Inclusiveness
- (iv) Transparency
- (v) Management of conflicts of interest
- (vi) Internal communication of critical concerns

See (a) above.

Escalation and decision

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

Management of credit risk

This section discusses the organisation specific to the management of credit risks.

- **Pages 104 to 114 cover the aspects of BBI's risk management framework specific to credit risk, including committees and reporting structure.**

Management of credit risk

Credit risk

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

Overview

The credit risk that Barclays Bank Ireland PLC ('BBI') faces arises from wholesale and retail loans and advances, together with the counterparty credit risk arising from derivative contracts with clients; trading activities, including: debt securities, settlement balances with market counterparties, FVOCI assets and reverse repurchase loans.

Credit risk management objectives are to:

- maintain a framework of controls to oversee credit risk;
- identify, assess and measure credit risk clearly and accurately across BBI and within each separate business, from the level of individual facilities up to the total portfolio;
- control and plan credit risk taking in line with external stakeholder expectations and avoiding undesirable concentrations; and
- monitor credit risk and adherence to agreed controls.

Organisation and structure

Wholesale and retail portfolios are managed separately to reflect the differing nature of the assets; wholesale balances tend to be larger and are managed on an individual basis, while retail balances are greater in number but lesser in value and are, therefore, managed at portfolio level.

The credit risk management teams are accountable to the BBI Head of Credit Risk and the BBI CRO.

Organisation and structure

Barclays Bank Ireland PLC Board Risk Committee

- Considers and recommends the Bank's risk appetite for wholesale and retail credit risk to the Board;
- Reviews the Bank's risk profile for wholesale and retail credit on behalf of the Board;
- Reviews the management of the Bank's wholesale and retail credit risk; and
- Commissions, receives and considers reports on key financial and non-financial risk issues in the Bank.

Barclays Bank Ireland PLC Risk Committee

- Reviews appetite for wholesale and retail credit risk and makes recommendations on the setting of limits to the Board Risk Committee;
- Monitors the risk profile for wholesale and retail credit risk; and
- Reviews and monitors the control environment for wholesale, retail and credit risk.

Consumer Bank Europe Risk Management Committee

- Oversees activities and manages information relating to business portfolios and identify actions needed to mitigate current and arising credit risks;
- Reviews and approves business mandate and scale limits and, where relevant, provides recommendations for limits managed by wholesale and retail risk committees; and
- Reviews relevant decisions made by, and material issues and topics raised by, other forums and committees.

Credit Risk Management Forum

- Monitors the wholesale and retail credit risk profile against plan and agrees required actions;
- Reviews and approves legal entity mandate and scale limits and, where relevant, provides recommendations for limits managed by the Board Risk Committee;
- Reviews wholesale and retail credit risk issues;
- Reviews credit risk policies and framework; and
- Monitors risk appetite consumption – key credit portfolio (mandate and scale) limits.

Roles and responsibilities

The responsibilities of the credit risk management teams in the businesses, the sanctioning team and other shared services include: sanctioning new credit agreements (principally wholesale); setting strategies for approval of transactions (principally retail); setting risk appetite; monitoring risk against limits and other parameters; maintaining robust processes, data gathering, quality, storage and reporting methods for effective credit risk management; performing effective turnaround and workout scenarios for wholesale portfolios via dedicated restructuring and recoveries teams and maintaining robust collections and recovery processes/units for retail portfolios.

For wholesale portfolios, credit risk approval is undertaken by experienced credit risk professionals operating within a clearly defined delegated authority framework, with only the most senior credit officers assigned the higher levels of delegated authority. Notable transactions require notification to BBI CEO and BBI CRO, where Principal Risk Gross Distribution amount exceeds EUR 2bn for Investment Grade and EUR 1bn for Non-Investment Grade credits.

Management of credit risk (continued)

In the wholesale portfolios, credit risk managers are organised in sanctioning teams by geography, industry and/or product.

The role of the Central Risk function in the Bank is to provide bank-wide direction, oversight and challenge of credit risk taking. Group Credit Risk sets the Credit Risk Control Framework, which provides the structure within which credit risk is managed, together with supporting credit risk policies and standards. The Group Framework, Policies and Standards are reviewed and recommended for adoption by the Bank's principal risk accountable executive.

Reporting

BBI dedicates considerable resources to gaining a clear and accurate understanding of credit risk across the business and ensuring that its balance sheet correctly reflects the value of the assets in accordance with applicable accounting principles. This process can be summarised in five broad stages:

- measuring exposures and concentrations;
- monitoring performance and asset quality;
- monitoring for weaknesses in portfolios;
- raising allowances for impairment and other credit provisions; and
- returning assets to a performing status or writing off assets when the whole or part of a debt is considered irrecoverable.

Measuring exposures and concentrations

Loans and advances to customers provide the principal source of credit risk to BBI although it is also exposed to other forms of credit risk. Risk management policies and processes are designed to identify and analyse risk, to set appropriate risk appetite, limits and controls, and to monitor the risks and adherence to limits by means of reliable and timely data.

One area of particular review is concentration risk. A concentration of credit risk exists when a number of counterparties or customers are engaged in similar activities or geographies, and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic and other conditions. As a result, the Bank constantly reviews its concentration in a number of areas including, for example, geography and industry.

Mandate and scale limits are used to maintain concentrations at appropriate levels, which are aligned with the businesses' stated risk appetite. Limits are typically based on the nature of the lending and the amount of the portfolio meeting certain standards of underwriting criteria. Diversification, to reduce concentration risk, is achieved through setting maximum exposure limits to individual counterparties' exposures.

Monitoring performance and asset quality

Trends in the quality of BBI's loan portfolio are monitored in a number of ways, including tracking loan loss rates and coverage ratios.

Coverage ratio, or Expected Credit Loss ('ECL') as a percentage of exposure, is one of the key credit risk management tools used by the Bank to assess its level of impairment. Further details on ECL coverage, and the five scenarios used in the course of ECL assessment are set out in the BBI PLC Annual Report 2022 on pages 75 to 80.

Monitoring weaknesses in portfolios

While the basic principles for monitoring weaknesses in Wholesale and Retail exposures are broadly similar, they reflect the differing nature of the assets. As a matter of policy, all facilities granted to Corporate or Wholesale counterparties are subject to review on at least an annual basis, even when they are performing satisfactorily.

Wholesale portfolios

Within the Wholesale portfolios, the Basel definitions of default are used as default indicators, which have been aligned to IFRS9.

Definitions of default used by the Group, and adopted by the Bank, are:

- the Bank puts the credit obligation on a non-accrued status;
- the Bank makes a charge-off or account specific identified impairment resulting from a significant perceived decline in credit quality;
- the Bank sells the credit obligation at a material credit-related economic loss;
- the Bank triggers a petition for obligor's bankruptcy or similar order;
- the Bank becomes aware of the obligor having sought or having been placed in bankruptcy or similar protection where this would avoid or delay repayment of the credit obligation to the Bank;
- the Bank becomes aware of an acceleration of an obligation by a firm;
- where the obligor is a bank – revocation of authorisation;
- where the obligor is a sovereign – trigger of default definition of an approved External Credit Assessment Institution (ECAI) such as a rating agency; and
- obligor past due more than 90 days on any material credit obligation to the Bank.

Management of credit risk (continued)

Wholesale accounts that are deemed to contain heightened levels of risk are recorded on graded watch lists (WL) comprising four categories graded in line with the perceived severity of the risk attached to the lending, and its probability of default. Examples of heightened levels of risk may include, for example:

- a material reduction in profits;
- a material reduction in the value of collateral held;
- a decline in net tangible assets in circumstances which are not satisfactorily explained; or
- periodic waiver requests or changes to the terms of the credit agreement over an extended period of time.

These lists are updated monthly and circulated to the relevant risk control points. Once an account has been placed on WL, the exposure is monitored and, where appropriate, exposure reductions are effected. While all counterparties, regardless of financial health, are subject to a full review of all facilities on at least an annual basis, more frequent interim reviews may be undertaken should circumstances dictate. Specialist recovery functions deal with counterparties in higher levels of WL, default, collection or insolvency.

Their mandate is to maximise shareholder value, ideally via working intensively with the counterparty to help them to either return to financial health or, in the cases of insolvency, obtain the orderly and timely recovery of impaired debts. Where a counterparty's financial health gives grounds for concern, it is immediately placed into the appropriate category.

Retail portfolios

Within the Retail portfolios, which tend to comprise homogeneous assets, statistical techniques more readily allow potential credit weaknesses to be monitored on a portfolio basis. Retail accounts can be classified according to specified categories of arrears status (or 30-day cycle), which reflects the level of contractual payments which are overdue. An outstanding balance is deemed to be delinquent when it is one day or 'one cent' down.

Once a loan has passed through a prescribed number of cycles, it will be charged-off and enter recovery status. Charge-off refers to the point in time when collections activity changes from the collection of arrears to the recovery of the full balance. In most cases, charge-off will result in the account moving to a legal recovery function or debt sale and on unsecured assets will typically occur between 5 and 7 contractual payments in arrears. This may be accelerated or occur directly from a performing status, such as in the case of insolvency or death.

For Mortgage assets charge-off occurs at 12+ contractual payments in arrears. Once charged-off the mortgage moves through the foreclosure process.

Returning assets to a performing status

Wholesale portfolios

In Wholesale portfolios, an account may only be returned to a performing status when it ceases to have any actual or perceived financial stress and no longer meets any of the WL criteria, or once facilities have been fully repaid or cancelled. Unless a facility is fully repaid or cancelled, the decision to return an account to performing status can be taken by the credit risk team.

Retail portfolios

A Retail asset, pre-point of charge-off, may only be returned to a performing status in the following circumstances:

- An up-to-date Non-Performing exposure (not classified as Forbearance) may be reclassified as Performing exposure upon receipt (on-time) of all contractually due payments, over a 12-month period.
- An up-to-date (i.e. not in arrears in relation to the agreed Forbearance programme) Non-Performing Forbearance ('NPF') may be reclassified as Performing Forbearance ('PF') upon receipt (on-time) of all due payments (at current agreed repayment amount), over a 12-month period.
- An up-to-date (i.e. not in arrears in relation to the agreed Forbearance programme) PF may be reclassified to the 'in order' book when the customer completes a minimum probation period of 24 months from the point of entering PF, even if they are no longer on a Forbearance programme. They must also meet the following criteria:
 - 12 consecutive on-time payments have been made during the probation period at the agreed repayment amount (i.e. the forbearance amount while forbearance is continuing or the contractual monthly payment CMP once forbearance has concluded);
 - Arrears must not have been >30 days past due during the probation period; and
 - Account is not past due at the point of exit.

If a performing borne contract under probation is granted additional forbearance measures or becomes more than 30 days past-due, it is classified as non-performing.

For Italian residential mortgages, accounts may also be considered for rehabilitation post charge-off, where customer circumstances have changed. The customer must clear all unpaid capital and interest, and confirm their ability to meet full payments going forward.

Recovery units

Recovery units are responsible for exposures where deterioration of the counterparty/customer credit profile is severe, to the extent that timely or full recovery of exposure is considered unlikely and default has occurred or is likely in the short term. Recovery teams set and implement strategies to recover BBI's exposure through realisation of assets and collateral, in co-operation with counterparties/customers and where this is not possible through insolvency and legal procedures.

In Wholesale, for a case to be transferred to a recovery unit, it must be in default and have ceased to actively trade or be in insolvency. In Retail, the timings of the charge-off points to recovery units are established based on the type of loan. In most cases, charge-off will result in the account moving to a legal recovery function or debt sale and on unsecured assets will typically occur between 5 and 7 contractual payments in arrears, unless a Forbearance programme is agreed. Early points are prescribed for unsecured assets. For example, in case of customer bankruptcy or insolvency, associated accounts are charged off within 60 days of notification.

For mortgage assets charge-off occurs at 12+ contractual payments in arrears. Once charged-off, the mortgage moves through the foreclosure process.

Management of credit risk (continued)

Foreclosures in process and properties in possession

Foreclosure is the process where BBI initiates legal action against a customer, with the intention of terminating the loan agreement whereby BBI may repossess the property subject to local law, and recover amounts it is owed. This process can be initiated by BBI independent of the impairment treatment and it is therefore possible that the foreclosure process may be initiated while the account is still in collections (delinquent) or in recoveries (post charge-off) where the customer has not agreed a satisfactory repayment schedule with BBI.

Properties in possession include properties held as 'loans and advances to customers' and properties held as 'other real estate owned'.

Held as 'loans and advances to customers' (Italy) refers to the properties where the customer continues to retain legal title but where BBI has enforced the possession order as part of the foreclosure process to allow for the disposal of the asset, or the court has ordered the auction of the property.

Writing off assets

Write-off refers to the point where it is determined that the asset is irrecoverable, it is no longer considered economically viable to try and recover the asset, it is deemed immaterial, or full and final settlement is reached and a shortfall remains. In the event of write-off, the customer balance is removed from the balance sheet and the impairment reserve held against the asset is released.

The timing and extent of write-offs may involve some element of subjective judgement. Nevertheless, a write-off will often be prompted by a specific event, such as the inception of insolvency proceedings or other formal recovery action, which makes it possible to establish that some or the entire advance is beyond realistic prospect of recovery. The position of impaired loans is also reviewed at least quarterly to make sure that irrecoverable advances are being written off in a prompt and orderly manner and in compliance with any local regulations.

For Retail portfolios, the timings of the write-off points are established based on the type of loan. For unsecured loans, assets in the recoveries book will be written-off if the required qualifying repayments are not made within a rolling twelve-month period. For secured loans, the shortfall after the receipt of the proceeds from the disposal of the collateral is written off within three months of that date if no repayment schedule has been agreed with the borrower. Such assets are only written off once all the necessary procedures have been completed and the amount of the loss has been determined.

Subsequent recoveries of amounts previously written off are written back and hence decrease the amount of the reported loan impairment charge in the income statement.

Assessment of impairment under IFRS9

From 1 January 2018, a new accounting standard, IFRS 9, became effective which prescribes the rules for measuring impairment allowances for financial assets. Under the IFRS9 accounting standard, BBI assesses and recognises Expected Credit Losses (ECL) on financial assets from the point of origination or purchase, and updates said assessment at each reporting date, reflecting changes in the credit risk of the financial asset.

ECL represents present value measure of the credit losses expected to result from default events that may occur during a specified period of time. ECLs must reflect the present value of cash shortfalls, i.e. the difference between cash flows due under the contract and the cash flows that the business now expects to receive. Given ECLs take into account both the amount and the timing of payments, a credit loss may result if a contractual payment is missed or received late, even if the debt is ultimately paid in full. ECL assessments must reflect an unbiased and probability weighted assessment of a range of possible outcomes, including reasonable and supportable information about future economic conditions.

Exposures must be assessed and assigned to one of the following populations at each reporting point:

- **Stage 1: Performing risk assets**

In scope items classified as stage 1 exposure for IFRS9 purposes are those assets performing in line with expectations in place at the point of origination/acquisition. This includes new originations or purchased assets (from the point of initial origination), but excludes exposures deemed credit impaired at point of origination.

BBI must recognise an impairment allowance equal to 12 months expected credit losses. This allowance must be raised at point of initial reporting of an asset and the assessment updated at each subsequent reporting point.

- **Stage 2: Significantly deteriorated risk assets**

Assets classified as stage 2 exposures for IFRS9 purposes are those where credit risk has significantly increased compared with expectations at point of origination/acquisition, but which are not yet considered 'Credit Impaired'.

In order to maintain that individual exposures or groups of assets are correctly classified as stage 2 assets, businesses must undertake regular assessments to identify whether a significant increase in credit risk has occurred since initial recognition. This must take the form of the following:

- Quantitative Test

Where the residual annualised weighted average lifetime PD for an individual exposure at the latest reporting date shows a material deterioration compared with that at the origination/acquisition point, then the assets must be classified under Stage 2 as having significantly increased credit risk.

Management of credit risk (continued)

The assessment of materiality, i.e. at what point the PD increase is deemed 'significant', is based upon analysis of the portfolios risk profile against a common set of defined principles and key performance metrics.

- Qualitative Test

For personal banking assets managed under Retail Portfolios, accounts meeting the portfolios 'high risk' criteria, must be classified under stage 2 as having significantly increased credit risk. For Wholesale portfolios and Business Banking assets managed under Retail portfolios where accounts are managed under the Watch List framework, then customers on WL 2/3, not breaching the quantitative test must be classified under stage 2 as having a Significant Increase in Credit Risk ('SICR'). Obligors on WL1 may be classified as stage 1 for a maximum period of 6 months. In exceptional circumstances for an obligor on WL2 where it can be proven that a specific exposure is not deteriorated e.g. it is newly originated and therefore cannot have deteriorated, stage 1 ECL may be applied.

- Backstop Criteria

For Retail portfolios, adverse changes in payment status must be considered within the assessment, and accounts 1 or more contractual payment in arrears at reporting date classified under stage 2, except where:

a. The missed payment is a result of a bank error or technical issue;

b. The arrears can be analytically proven not to represent deterioration from risk performance expectations at point of origination/acquisition, e.g. where there is a very small period between cycle point and reporting date. Such exceptions must be approved by the Group Credit Risk Director or nominated delegate. Exposures at 30 days or more past contractual payment due date at the reporting date must be classified as stage 2 assets without exception.

For Wholesale portfolios adverse changes in payment status must be considered within the assessment, and accounts with contractual payment 30 days or more in arrears at reporting date are included within the entry criteria for stage 2, except where the missed payment is a result of a proven bank error or administrative issue. Where 30 days is used, it must be proven that this is a backstop, not a lead driver of exposure moving to stage 2.

Where the assessment of SICR is undertaken on a collective basis, assets must be grouped on the basis of similar risk characteristics, taking into account asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

The Bank raises an impairment allowance equivalent to the latest assessment of lifetime expected credit losses. This increased allowance must be recognised at the first reporting point following entry to stage 2 and the assessment updated at each subsequent reporting date.

The assessment of lifetime ECLs for stage 2 (and stage 3) assets must consider the maximum contractual period over which the business is exposed to credit risk, including the impact of permitted extensions and pre-payments, i.e. those available at the option of the borrower to which the business must agree.

For loan commitments, the lifetime assessment period is normally the maximum contractual life, i.e. the period from the point the loan commitment is established to closure/full repayment of the exposure. However, where customer use of contractually available pre-payments and/or extension has a material impact on the expected life of the asset, then use of behavioural life may be justified.

For revolving credit facilities, the lifetime assessment period may extend beyond the contractual life to include the period over which the business is expected to be exposed to credit risk, based on historical experience i.e. an assessment of the average time to default, closure or withdrawal of the facility.

Assets may be removed from stage 2 and re-assigned to stage 1 once there is objective evidence that the criteria used to indicate a significant increase in credit risk are no longer met.

- **Stage 3: Credit impaired risk assets**

Assets classified as stage 3 exposures for IFRS9 purposes are those where credit risk has increased to a point where they are now considered 'Credit Impaired'. For Retail portfolios, this incorporates all accounts in forbearance, regardless of whether classified as performing or non-performing for EBA reporting purposes. For Wholesale portfolios cases of forbearance not captured by stage 3 (i.e. those not meeting the regulatory definition of default - EBA classification of non-performing) must be classified as stage 2 until such time as the relevant forbearance probation period has been completed.

The Bank raises an impairment allowance equivalent to the latest assessment of lifetime expected credit losses, i.e. on the same basis as for stage 2 assets.

For Single Name Wholesale Assets, a threshold approach is taken with stage 3 impairment calculated individually. A discounted cash flow is completed establishing a base estimated impairment allowance, derived from the difference between asset carrying values and the recoverable amount.

Where the base allowance is greater than €10m, a bespoke assessment is performed reflecting individual work out strategies. The assessment is clearly and specifically articulated including how general economic scenarios and downside analyses have been applied.

Interest and fee income on stage 3 assets is recognised based on the net amortised value, i.e. the gross carrying amount adjusted for the loss allowance in line with IFRS principles.

For exposures that are considered credit-impaired on purchase or origination, lifetime ECLs must be taken into account within the estimated cash flows at point of initial recognition, and the asset classified as stage 3.

In subsequent reporting periods, businesses must recognise cumulative changes in lifetime ECLs since initial recognition as a loss allowance, i.e. the amount of change in lifetime ECLs is treated as an impairment gain or loss. Assets may only exit stage 3 and be reclassified into stage 1 or stage 2 once the original default trigger event no longer applies.

To fully embed this new standard into businesses, management requires frequent periodic reviews of ECL performance across BBI both in isolation and, more importantly, in comparison to the underlying performance of portfolios and product types.

Review and challenge is carried out through a hierarchy of committees confirming both the adequacy of provisions under the ECL requirements and that all policies, standards and processes have been adhered to (see below) and that appropriate controls are evidenced.

Management of credit risk (continued)

Governance and oversight of impairment under IFRS 9

BBI's organisational structure and internal governance processes oversee the estimation of ECL across several areas, including: i) setting requirements in policy, including key assumptions and the application of key judgements; ii) the design and execution of models; and iii) review of ECL results.

- i. Impairment policy requirements are set and reviewed regularly, at a minimum annually, to maintain adherence to accounting standards. Key judgements inherent in policy, including the estimated life of revolving credit facilities and the quantitative criteria for assessing the SICR, are separately supported by analytical study. In particular, the quantitative thresholds used for assessing SICR are subject to a number of internal validation criteria, particularly in retail portfolios where thresholds decrease as the origination PD of each facility increases. Key policy requirements are also typically aligned to Barclays Group's credit risk management strategy and practices, for example, wholesale customers that are risk managed on an individual basis are assessed for ECL on an individual basis upon entering Stage 3; furthermore, key internal risk management indicators of high risk are used to set SICR policy, for example, retail customers identified as High Risk Account Management are automatically deemed to have met the SICR criteria.
- ii. ECL is estimated in line with internal policy requirements using models which are validated by a qualified independent party to the model development area, the Independent Validation Unit (IVU), before first use and at a minimum annually thereafter. Each model is designated an owner who is responsible for:
 - Monitoring the performance of the model, which includes comparing predicted ECL versus flow into stage 3 and coverage ratios; and
 - Proposing post-model adjustments (PMA) to address model weaknesses or to account for situations where known or expected risk factors and information have not been considered in the modelling process. All PMAs relating to model deficiencies, regardless of value are approved by IVU for a set time period. PMAs representing Expert Judgement are validated by Risk, as the second line of defence and approved for a set time period.

Models must also assess ECL across a range of future economic conditions. These economic scenarios are generated via an independent model and ultimately set by the Senior Scenario Review Committee and oversight conducted within the Bank. Economic scenarios are regenerated at a minimum annually, to align with the Bank's medium term planning exercise, but also if the external consensus of the relevant economies materially worsen. Each model used in the estimation of ECL, including key inputs, are governed by a series of internal controls, which include the validation of completeness and accuracy of data in golden source systems, documented data transformations and documented lineage of data transfers between systems.

- iii. The Bank's Impairment Committee consists of members from both Finance and Risk and is attended by both the Bank's Chief Financial Officer and Chief Risk Officer. The Committee is responsible for overseeing impairment policy and practice across the Bank and supports the CFO and CRO in their role of approving impairment results. Reported results and key issues are communicated to the Board Audit Committee and the Board Risk Committee, both of which have an oversight role and provide challenge of key assumptions, including the basis of the scenarios adopted.

Forbearance and other concession programmes

Forbearance programmes

Forbearance takes place when a concession is made on the contractual terms of a facility in response to an obligor's financial difficulties. The Bank offers forbearance programmes to assist customers and clients in financial difficulty through agreements that may include accepting less than contractual amounts due, where financial distress would otherwise prevent satisfactory repayment within the original terms and conditions of the contract. These agreements may be initiated by the customer, the Bank or a third party.

In line with regulatory guidance, the use of payment holidays and/or similar schemes developed specifically in response to the COVID-19 pandemic, does not necessitate reclassification of assets as forborne.

Forbearance programmes for Wholesale portfolios

The majority of Wholesale client relationships are individually managed, with lending decisions made with reference to specific circumstances and on bespoke terms.

Forbearance measures consist of concessions made towards a debtor that is experiencing or about to experience difficulties in meeting their financial commitments.

A concession is a sanctioned action, outside of market terms that is beneficial to the debtor. The concession arises solely due to the financial distress of the debtor and the terms are more favourable than those which would be offered to a new or existing obligor with a similar risk profile. Concessions are represented by:

- A change or alteration to the previous terms and conditions of a contract;
- A total or partial refinancing of a troubled debt contract;

The following are some examples of concessions which would be deemed forbearance (where granted to debtors in financial difficulties and outside of market terms):

- A restructuring of the contractual terms of a credit facility (such as a reduction in the interest rate);
- An extension to the maturity date;
- Change to the collateral structure (typically resulting in a net reduction in collateral);
- Favourable adjustment to covenants where repayment profile changes, or non-enforcement of material covenant breach;
- Repayment in some form other than cash (e.g. equity);
- Capitalisation of accrued interest; or
- Any other concession made which is designed to alleviate actual or apparent financial stress e.g. a capital repayment holiday.

Management of credit risk (continued)

Where a concession is granted that is not a result of financial difficulty and/or is within BBI's current market terms, the concession would not amount to forbearance. For example, a commercially balanced restructure within BBI's current terms which involves the granting of concessions and receiving risk mitigation/structural enhancement of benefit to BBI would not be indicative of forbearance.

Forbearance is not deemed to have occurred in the following situations:

- There is a pending maturity event anticipated at the onset of lending i.e. the loan was never structured to amortise to zero.
- A maturity extension or a temporary covenant waiver (e.g. short term standstill) is granted to support a period of negotiation, subject to BBI being satisfied that:
 - the debtor is actively pursuing refinancing or the sale of an asset enabling full repayment at expiry of the extended term;
 - no loss is anticipated;
 - payments of interest and capital continues as originally scheduled;
 - there is a high probability of a successful outcome within a 'reasonable' time scale (6 months for bilateral facilities, 9 months for multi-lender);
- Immaterial amendments to lending terms are agreed, including changes to non-financial internal risk triggers that are only used for internal monitoring purposes.

Forbearance is considered evidence of a Significant Increase in Credit Risk and all forborne debtors are impaired as IFRS9 stage 2 (Lifetime Expected Credit Loss) regardless of Watch List category as a minimum for the lifetime of the forbearance. Those forbearance cases in regulatory default will attract stage 3 impairment treatment.

Debtors granted forbearance are classified on watch list ('WL') for the duration of the forbearance. Counterparties placed on WL status are subject to increased levels of credit risk oversight.

Forborne debtors are classified for reporting as either Performing or Non-Performing.

Non-Performing debtors are defined as:

- More than 90 days past due at the point concession was granted;
- Assessed as unlikely to pay credit obligations in full without realisation of collateral, regardless of the existence of any past due amount or of the number of days past due;
- Credit impaired; or
- Performing forborne debtors granted additional forbearance measures or becoming more than 30 days past-due on a facility obligation.

Performing debtors are classified as debtors that were less than 90 days past due at the point the concession was granted, are less than 30 days past due under their revised terms and are without risk of non-payment.

Non-performing status remains in force for a minimum of 12 months from the date of classification before the debtor can be considered for performing status. Performing debtors remain forborne for a minimum 24 months before forborne status may be reviewed. The minimum time spent in forbearance for a case that is Non-Performing at the point forbearance is granted is therefore 36 months.

A control framework exists along with regular sampling so that policies for watch list and impairment are enforced as defined and all assets have suitable levels of impairment applied. Portfolios are subject to independent assessment.

Forbearance programmes for retail portfolios

Retail forbearance is available to customers experiencing financial difficulties. Forbearance solutions take a number of forms depending on individual customer circumstances. It is imperative that the solution agreed is both appropriate to that customer and sustainable, with a clear demonstration from the customer of both willingness and ability to repay. Affordability assessments are undertaken before any permanent programme of forbearance is granted, to understand the customer duration of financial difficulty and agree an affordable payment amount. Short-term solutions focus on temporary reductions to contractual payments and may suppress interest, or change from capital and interest payments to interest only. Long term solutions focus on full amortisation of the balance, and may also include an interest rate concession.

When an account is placed into a programme of forbearance, the asset will be classified as such until a defined cure period has been successfully completed, incorporating a successful track record of payment in line with the revised terms, upon which it will be returned to the up-to-date book. When BBI agrees a forbearance programme with a customer, impairment allowances recognise the impact on cash flows of the agreement to receive less than the original contractual payments. The Retail Impairment Policy prescribes the methodology for the impairment of forbearance assets, in line with the IFRS9 methodology adopted in January 2018. Forborne exposures are classified as stage 3 (credit impaired) assets under IFRS9, until such time as the prescribed stage 3 cure criteria have been met, resulting in higher impairment than for fully performing assets, reflecting the additional credit risk attached to loans subject to forbearance.

When customers exit forbearance, the accounts are ring-fenced as High Risk within the up-to-date book for a period of at least twelve months.

Barclays has continued to assist customers in financial difficulty through the use of forbearance programmes. However, the extent of forbearance offered by BBI to customers and clients remains small in comparison to the overall size of the loan book.

The level of forbearance extended to customers in other Retail portfolios is not material and, typically, does not currently play a significant part in the way customer relationships are managed. However, additional portfolios will be added to this disclosure should the forbearance in respect of such portfolios become material.

A Retail loan is not considered to be renegotiated where the amendment is at the request of the customer, there is no evidence of actual or imminent financial difficulty and the amendment meets with all underwriting criteria. In this case, it would be treated as a new loan. In the normal course of business, customers who are not in financial difficulties frequently apply for new loan terms, for example to

Management of credit risk (continued)

take advantage of a lower interest rate or to secure a further advance on a mortgage product. Where these applications meet our underwriting criteria and the loan is made at market interest rates, the loan is not classified as being in forbearance. Only in circumstances where a customer has requested a term extension, interest rate reduction or further advance and there is evidence of financial difficulty is the loan classified as forbearance and included in the disclosures on forbearance on page 147 of the BBI Annual Report 2022.

Other programmes

Retail re-aging activity

Re-aging refers to the placing of an account into an up-to-date position without the requisite repayment of arrears. The re-age policy applies to revolving products that have a minimum payment requirement only. No reduction is made to the minimum due payment amounts which are calculated, as a percentage of balance, with any unpaid principal included in the calculation of the following month's minimum due payment.

The changes in timing of cash flows following re-aging do not result in any additional cost to BBI. The following are the conditions required to be met before a re-age may occur:

- the account must not have been previously charged off or written off;
- the borrower cannot be bankrupt, subject to a contractual arrangement with creditors for individuals wishing to avoid bankruptcy, or deceased;
- the borrower must show a renewed willingness and ability to repay the debt. This will be achieved by the borrower making at least three consecutive contractual monthly payments or the equivalent cumulative amount. Contractual monthly payment is defined as the contractual minimum due. Funds may not be advanced for any part of this;
- no account should be re-aged more than once within any twelve-month period, or more than twice in a five-year period.

Re-aged assets are included in portfolios High Risk population, and are classified as stage 2 assets (i.e. as having significantly increased credit risk) for IFRS9 impairment purposes. This results in an appropriately higher impairment allowance being recognised on the assets.

Retail small arrears capitalisation

All small arrears capitalisations are now considered a form of Forbearance, based on the EBA's requirements for Supervisory Reporting on Forbearance and Non-Performing exposures.

Refinancing risk

This is the risk that the borrower or group of correlated borrowers may be unable to repay bullet-repayment loans at expiry, and will therefore need refinancing.

From a large corporates perspective, refinancing risk will typically be associated with loans that have an element of bullet repayment incorporated into the repayment profile. Refinancing risk is taken into account on a case by case basis as part of the credit review and approval process for each individual loan. The review will consider factors such as the strength of the business model and sustainability of the cash flows; and for bridge loans, the certainty of the sources of repayment and any associated market risk.

Commercial real estate loans will frequently incorporate a bullet repayment element at maturity. Where this is the case, deals are sized and structured to enable BBI to term out the loan if the client were unable to refinance the loan at expiry. Credit review will incorporate an examination of various factors that are central to this consideration, such as tenant quality, tenancy agreement (including break clauses), property quality and interest rate sensitivity.

Environmental risk

Environmental risk is recognised as a credit risk driver and Barclays Group has a dedicated Environmental Risk Management team, as part of the Treasury, Enterprise, Credit and Climate Risk Transaction Cycle. Environmental issues are considered in credit risk assessment, and environmental risk standards are included in the Wholesale Credit Risk Control Framework. The direction and guidance is adopted by the Bank and its Credit Risk function.

The approach to environmental credit risk management addresses risk under two categories, namely Direct risk and Indirect risk, which are covered below.

Direct risk can arise when the Bank takes commercial land as collateral. In many jurisdictions, enforcement of a commercial mortgage by the Bank, leading to possession, potentially renders the Bank liable for the costs of remediating a site under Direct Lender Liability, if deemed by the regulator to be contaminated. The Bank's approach requires commercial land, if being pledged as collateral, to be subject to a screening mechanism. Where required, a further assessment of the commercial history of a piece of land or an asset and its potential for environmental contamination helps reflect any potential environmental degradation in the value ascribed to that security. It also identifies potential liabilities which may be incurred by the Bank, if realisation of the security were to become likely.

Indirect risk can arise when environmental issues may impact the creditworthiness of the borrower. For instance, incremental costs may be incurred in upgrading a business' operations to meet emerging environmental regulations or tightening standards, including those associated with managing the impacts of climate change. In other circumstances, failure to meet those standards may lead to fines. Environmental impacts on businesses may also include shifts in the market demand for goods or services generated by our customers, or changing supply chain pressures. Environmental considerations affecting our clients can be varied. The Bank has developed a series of environmental risk briefing notes, covering ten broad industry headings ranging from Agriculture and Fisheries to Oil and Gas, from Mining and Metals to Utilities and Waste Management. These briefing notes are available to colleagues in business development and credit risk functions across the organisation, outlining the nature of environmental and social risks of which to be aware, as well as the factors which mitigate those risks.

More information on our approach to managing risks associated with climate change can be found on page 46 of the BBI Annual Report 2022.

Management of credit risk (continued)

Management of credit risk mitigation techniques and counterparty credit risk

Counterparty credit risk arises from derivatives and similar contracts. This section details the specific aspects of the risk framework related to this type of credit risk. As credit risk mitigation is one of the principal uses of derivative contracts by banks, this is also discussed in this section.

- On page 113 a high level description of the types of counterparty credit exposures incurred in the course of the Bank's activity supplements the analytical tables on pages 49 to 53.
- Mitigation techniques specific to counterparty credit risk are also discussed.
- A more general discussion of credit risk mitigation (covering traditional credit risks) is also included from page 112.

Credit risk mitigation

BBI employs a range of techniques and strategies to actively mitigate credit risks. These can broadly be divided into three types:

- netting and set-off;
- collateral; and
- risk transfer.

BBI has detailed policies in place to maintain that credit risk mitigation is appropriately recognised and recorded. The recognition of credit risk mitigation is subject to a number of considerations including legal certainty of enforceability and effectiveness, that the valuation and liquidity of the collateral is adequately monitored, and that the value of the collateral is not materially correlated with the credit quality of the counterparty.

All three types of credit risk mitigation may be used by different areas of BBI for exposures with a full range of counterparties. For instance, businesses may take property, cash or other physical assets as collateral for exposures to retailers, property companies or other client types.

Netting and set-off

In most jurisdictions within which BBI operates, credit risk exposures can be reduced by applying netting and set-off. In exposure terms, this credit risk mitigation technique has the largest overall impact on net exposure to derivative transactions, compared with other risk mitigation techniques.

For derivative transactions, BBI's normal practice is, on a legal entity basis, to enter into standard master agreements with counterparties (e.g. ISDAs). These master agreements typically allow for netting of credit risk exposure to a counterparty resulting from derivative transactions against the obligations to the counterparty in the event of default, and so produce a lower net credit exposure. These agreements may also reduce settlement exposure (e.g. for foreign exchange transactions) by allowing payments on the same day in the same currency to be set-off against one another.

Under IFRS, netting is permitted only if both of the following criteria are satisfied:

- the entity currently has a legally enforceable right to set off the recognised amounts; and
- the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Collateral

BBI has the ability to call on collateral in the event of default of the counterparty, comprising:

- home loans: a fixed charge over residential property in the form of houses, flats and other dwellings. The value of collateral is impacted by property market conditions which drive demand and therefore value of the property. Other regulatory interventions on ability to repossess, longer period to repossession and granting of forbearance may also affect the collateral value.
- wholesale lending: a fixed charge over commercial property and other physical assets, in various forms.
- other retail lending: includes charges over motor vehicle and other physical assets; second lien charges over residential property, which are subordinate to first charges held either by BBI or another party; and finance lease receivables, for which typically BBI retains legal title to the leased asset and has the right to repossess the asset on the default of the borrower.
- derivatives: BBI also often seeks to enter into a margin agreement (e.g. Credit Support Annex ('CSA')) with counterparties with which BBI has master netting agreements in place. These annexes to master agreements provide a mechanism for further reducing credit risk, whereby collateral (margin) is posted on a regular basis (typically daily) to collateralise the mark to market exposure of a derivative portfolio measured on a net basis. BBI may additionally negotiate the receipt of an independent amount further mitigating risk by collateralising potential mark to market exposure moves.
- reverse repurchase agreements: collateral typically comprises highly liquid securities which have been legally transferred to BBI subject to an agreement to return them for a fixed price.
- financial guarantees and similar off-balance sheet commitments: cash collateral may be held against these arrangements.

Risk transfer

A range of instruments including guarantees, credit insurance, credit derivatives and securitisation can be used to transfer credit risk from one counterparty to another. These mitigate credit risk in two main ways:

- if the risk is transferred to a counterparty which is more creditworthy than the original counterparty, then overall credit risk is reduced;
- where recourse to the first counterparty remains, both counterparties must default before a loss materialises. This is less likely than the default of either counterparty individually so credit risk is reduced.

Detailed policies are in place to appropriately recognise and record credit risk mitigation.

Risk transfer can also be used to reduce risk concentrations within portfolios lowering the impact of stress events.

Management of credit risk (continued)

Risk transfer transactions are undertaken with consideration to whether the collateral provider is correlated with the exposure, the credit worthiness of the collateral provider and legal certainty of enforceability and effectiveness. Where credit risk mitigation is deemed to transfer credit risk, this exposure is appropriately recorded against the credit risk mitigation provider.

In exposure terms, risk transfer is used most extensively as a credit risk mitigation technique for wholesale loans and derivative financial instruments.

Off-balance sheet risk mitigation

The Bank applies fundamentally the same risk management policies for off-balance sheet risks as it does for its on-balance sheet risks. In the case of commitments to lend, counterparties/customers will be subject to the same credit management policies as for loans and advances. Collateral may be sought depending on the strength of the counterparty and the nature of the transaction.

Recognition of credit risk mitigation in capital calculations

Credit risk mitigation is used to reduce credit risk associated with an exposure, which may reduce potential losses in the event of obligor default or other specified credit events.

Credit risk mitigation that meets certain regulatory criteria may be used to improve risk parameters and reduce RWA consumption against a given obligor. Collateral that meets these regulatory conditions is referred to as eligible collateral. Eligibility criteria are specified in articles 195 to 204 of the Capital Regulations Requirement ('CRR').

The Bank's policies and standards set out criteria for the recognition of collateral as eligible credit risk mitigation and are designed to be fully consistent with all applicable local regulations and regulatory permissions.

The benefit of collateral is taken using the financial collateral comprehensive method: supervisory volatility adjustments approach.

For exposures treated under the standardised approach, the impact of eligible credit risk mitigation is primarily recognised by reducing the EAD associated with the exposure that benefits from the mitigation.

Managing concentrations within credit risk mitigation

Credit risk mitigation taken by BBI to reduce credit risk may result in credit or market risk concentrations.

Guarantees that are treated as eligible credit risk mitigation are marked as an exposure against the guarantor and aggregated with other credit exposure to the guarantor. Limit monitoring at the counterparty level is then used for monitoring of concentrations in line with the Bank's policy.

Commercial real estate lending is another potential source of concentration risk arising from the use of credit risk mitigation. The portfolio is regularly reviewed to assess whether a concentration in a particular region, industry or property type exists, and portfolio limits are in place to control the level of exposure.

Counterparty credit risk

Counterparty credit exposures for derivatives and securities financing transactions

BBI enters into financial instruments that are traded or cleared on an exchange, including interest rate swaps, futures and options on futures. Holders of exchange traded instruments provide daily margins with cash or other securities at the exchange, to which the holders look for ultimate settlement.

BBI also enters into financial instruments that are traded over the counter, rather than on a recognised exchange. These instruments range from standardised transactions in derivative markets, to trades where the specific terms are tailored to the requirements of BBI's counterparties. In most cases, industry standard documentation is used, most commonly in the form of a master agreement, with individual transaction confirmations. The existence of a signed master agreement is intended to give BBI protection in situations where BBI's counterparty is in default.

Counterparty credit exposure arises from the risk that parties are unable to meet their payment obligations under certain financial contracts such as derivatives, securities financing transactions ('SFTs') (e.g. repurchase agreements), or long settlement transactions.

A Monte Carlo simulation engine is used to estimate the Potential Future Exposure ('PFE') to derivative and securities financing counterparties. The exposure simulation model simulates future market states and the MTM of the derivative transactions under those states. Simulated exposures including the effect of credit mitigants such as netting, collateral and mandatory break clauses can then be generated.

Credit limits for CCR are assessed and allocated using the PFE measure. A number of factors are taken into account when setting credit limits for individual counterparties, including but not limited to the credit quality and nature of the counterparty, the rationale for the trading activity entered into and any wrong-way risk considerations.

The expected exposures generated by this engine are also used as an input into both internal and regulatory capital calculations covering CCR.

'Wrong-way risk' in a derivative or SFT exposure arises when there is significant correlation between the underlying asset and the counterparty, which in the event of default would lead to a significant MTM loss to the counterparty. Specific wrong-way risk trades, which are self-referencing or reference to other entities within the same counterparty group, require approval by a senior credit officer. The exposure to the counterparty will reflect the additional risk generated by these transactions (the exposure will be consistent with jump-to-default of the reference asset assuming zero recovery).

Derivative CCR (credit value adjustments)

As BBI participates in derivative transactions it is exposed to CCR, which is the risk that a counterparty will fail to make the future payments agreed in the derivative contract. This is considered as a separate risk to the volatility of the MTM payment flows. Modelling this counterparty risk is an important part of managing credit risk on derivative transactions.

The counterparty risk arising under derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the value is known as credit value adjustment ('CVA'). It is the difference between the value of a derivative contract

Management of credit risk (continued)

with a risk-free counterparty and that of a contract with the actual counterparty. This is equivalent to the cost of hedging the counterparty risk in the Credit Default Swap ('CDS') market.

CVAs for derivative positions are calculated as a function of the expected exposure, which is the average of future hypothetical exposure values for a single transaction or group of transactions with the same counterparty, the credit spread for a given horizon and the LGD.

The expected exposure is calculated using Monte Carlo simulations of risk factors that may affect the valuation of the derivative transactions in order to simulate the exposure to the counterparty through time. These simulated exposures include the effect of credit mitigants such as netting, collateral and mandatory break clauses. Counterparties with appropriate credit mitigants will generate a lower expected exposure profile compared to counterparties without credit mitigants in place for the same derivative transactions.

Netting and collateral arrangements for derivatives and SFTs

Credit risk from derivatives and securities financing transactions ('SFTs') is mitigated where possible through netting agreements whereby assets and liabilities with the same counterparty can be offset. Barclays Group policy requires all netting arrangements to be legally documented. The ISDA Master Agreement is the preferred agreement for documenting over-the-counter ('OTC') derivatives. It provides the contractual framework within which dealing activities across a full range of OTC products are conducted, and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur. The majority of the Bank's OTC derivative exposures are covered by ISDA master netting and ISDA CSA collateral agreements. Securities financing transactions are documented under Global Master Repurchase Agreement.

Collateral may be obtained against derivative and SFTs, depending on the creditworthiness of the counterparty and/or nature of the transaction. Any non-cash collateral taken in respect of OTC trading exposures will be subject to a 'haircut', which is negotiated at the time of signing the collateral agreement. A haircut is the valuation percentage applicable to each type of collateral and will be largely based on liquidity and price volatility of the underlying security. The collateral obtained for derivatives is predominantly either cash, direct debt obligation government (G14+) bonds denominated in the domestic currency of the issuing country, debt issued by supranationals or letters of credit issued by an institution with a long-term unsecured debt rating of A+/A3 or better. Where BBI has ISDA master agreements, the collateral document will be the ISDA CSA. The collateral document must give Barclays the power to realise any collateral placed with it in the event of the failure of the counterparty.

Management of market risk

This section describes the governance structure specific to the management of market risks, as well as a discussion of measurement techniques.

- **Market risks are varied, and a range of techniques must be used to manage them. From page 116 we provide an overview of the market risks we incur across BBI.**
- **The governance structure specific to market risks is discussed on page 116.**
- **Market risk, the risk of loss arising from potential adverse changes in the value of the Bank's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations, is covered on pages 116 to 122. Measurement techniques such as VaR, are discussed, as well as techniques applied when statistical techniques are not appropriate.**

Management of market risk

Market risk

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

Overview

Market risk arises primarily as a result of client facilitation in wholesale markets, involving market making activities, risk management solutions and execution of syndications. Upon execution of a trade with a client, BBI will look to hedge against the value of the trade moving in an adverse direction. Mismatches between client transactions and hedges result in market risk due to changes in asset prices, volatility or correlations.

Organisation and structure

Barclays Bank Ireland PLC Board Risk Committee

- Reviews and recommends the Bank's risk appetite for market risk to the Board
- Reviews material events impacting market risk

Barclays Bank Ireland PLC Risk Committee

- Monitors the risk profile with respect to financial risk appetite;
- Debates and agrees actions on the financial risk profile and risk strategy across the Bank; and
- Considers issues escalated by risk type heads and business risk directors.

Barclays Bank Ireland PLC Market Risk Sub Committee

- Oversees the management of the Bank's market risk profile; and
- Reviews arising market or regulatory issues.

Market risk resides primarily in the Markets and Treasury businesses. These businesses have the mandate to assume market risk. Market risk oversight and challenge is provided by business committees and BBI committees, including the Market Risk Sub Committee. The front office and Treasury trading desks are responsible for managing market risk on a day-to-day basis, where they are required to understand and adhere to all limits applicable to their businesses. The Market Risk team oversee the trading desks with the day-to-day limit management of market risk exposures through governance processes which are outlined in supporting market risk policies and standards.

Roles and responsibilities

The objectives of market risk management are to:

- identify, understand and control market risk by robust measurement, limit setting, reporting and oversight;
- facilitate business growth within a controlled and transparent risk management framework; and
- control market risk in the businesses according to the allocated appetite.

To meet the above objectives, a governance structure is in place to manage these risks consistent with the ERMF.

The Board approves market risk appetite. The CRO is responsible for the Market Risk control processes and agrees with the business a limit framework within the context of the approved market risk appetite.

The BBI Market Risk Sub Committee reviews and makes recommendations concerning the BBI market risk profile. This includes reviewing market dynamics, regulatory issues, and limit utilisation levels. The committee is chaired by the Head of Market Risk and attendees include business aligned market risk managers and the Heads of the Markets business.

Risk management in the setting of strategy

Appetite for market risk is recommended by the risk function to BRC for approval by the Board. Mandate and scale limits are set to control levels of market risk and ensure that BBI remains within the Board approved risk appetite. Barclays Group runs an annual Group-wide stress testing exercise which covers all entities including BBI. The aim is to measure the impact of a severe but plausible stress to BBI's business and capital plan, and is used to manage the wider strategy.

 See page 82 for more detail on the role of risk in the setting of strategy.

Market risk culture

Market risk managers are independent from the businesses they cover, and their line management reports into the CRO. This embeds a risk culture with strong adherence to limits that support the BBI risk appetite constraint.

 See page 78 for more detail on risk culture.

Management of market risk (continued)

Management of market risk, mitigation and hedging policies

The risk management governance structure informs the risk identification process and governs the management and measurement for market risk. Market risk is generated primarily as a result of client facilitation in wholesale markets, involving market making activities, risk management solutions and execution of syndications. Treasury supports the businesses in managing their non-traded market risk. Positions will contribute both to market risk limits and regulatory capital if relevant.

As part of the continuous monitoring of the risk profile, Market Risk meets with the businesses to discuss the risk profile on a regular basis. The outcome of these reviews includes further detailed assessments of event risk via stress testing, risk mitigation and risk reduction.

Market risk measurement – management view

Market risk measures

A range of complementary approaches to measure market risk are used which aim to capture the level of losses that BBI is exposed to due to unfavourable changes in asset prices. The primary tools to control the exposures are:

Measure	Description
Management Value at Risk ('VaR')	An estimate of the potential loss arising from unfavourable market movements, if the current positions were to be held unchanged for one business day.
Primary stress tests	An estimate of the potential losses that might arise due to liquid risk factors from extreme market moves or scenarios.
Secondary stress tests	An estimate of the potential losses that might arise due to illiquid risk factors from extreme market moves of scenarios.
Business scenario stresses	Multi-asset scenario analysis of severe, but plausible events that may simultaneously impact market risk exposures across all primary and secondary stresses.

The use of Management VaR for market risk is broader than the application of VaR for regulatory capital, and captures standardised, advanced and certain banking books where market risks are deemed to exist. The wider scope of Management VaR includes positions whose accounting treatment is Fair Value through Profit or Loss ('FVTPL') in the banking book as defined in the Market Risk Framework. The scope used in Regulatory VaR is narrower as it applies only to trading book and FX and Commodity risk on banking book positions as defined by CRR and the ECB.

Stress testing and scenario analysis are also an important part of the risk management framework, to capture potential losses that may arise in severe but plausible events.

Management VaR

- estimates the potential loss arising from unfavourable market movements, over one day for a given confidence level;
- differs from the Regulatory VaR used for capital purposes in scope and confidence level.

VaR is an estimate of the potential loss arising from unfavourable market movements if the current positions were to be held unchanged for one business day. For internal market risk management purposes, a historical simulation methodology with a one-year equally weighted historical period, at the 95% confidence level, is used for all trading books and some banking books. Risk factors driving VaR are grouped into key risk types as summarised below:

Risk factor	Description
Interest rate	Risk arises from changes in the level or shape of interest rate curves and volatilities can impact the price of interest rate sensitive assets, such as bonds and derivatives instruments. For example, the price of an interest rate swap will vary due to changes in the absolute level of interest rates and/or in the shape of the yield curve.
Foreign exchange	Risk arises from changes in foreign exchange rates and volatilities.
Equity	Risk due to changes in equity prices, volatilities and dividend yields, for example as part of market making activities, syndication or underwriting of initial public offerings.
Commodity	Risk arises from providing clients and investors with access to a range of commodity products on both a derivative and physical basis.
Traded credit	Risk arises from changes in credit quality impacting the prices of assets, for example positions such as corporate bonds, securitised products and credit based derivative instruments, including credit default swaps. Similar to interest rate risk, the price of these assets will change as the credit quality of the asset (or its pricing index in the case of credit based derivative instruments) changes.
Securitised products	Risk arises from structured cash flow positions predominantly of an asset-backed nature, and their derivatives. The market value of these positions is influenced by the interplay of the cash-flow structure with changes in credit quality and value of assets backing the positions, as well as changes in the level and shape of interest rate curves.

The Management VaR model in some instances may not appropriately measure some market risk exposures, especially for market moves that are not directly observable via prices, especially for risks that are not suitable for capture within VaR, such as correlation risk. Market risk managers are required to identify risks which are not adequately captured in VaR ('Risks Not In Model Engines' or 'RNIMEs', discussed below).

When reviewing VaR estimates, the following considerations are taken into account:

- the historical simulation uses the most recent year of past data to generate possible future market moves, but the past may not be a good indicator of the future;
- the one-day time horizon may not fully capture the market risk of positions that cannot be closed out or hedged within one day;
- VaR is based on positions as at close of business and consequently, it is not an appropriate measure for intra-day risk arising from a position bought and sold on the same day; and
- VaR does not indicate the potential loss beyond the VaR confidence level.

Management of market risk (continued)

Limits are applied at the total level as well as by risk factor type, which are then cascaded down to particular trading desks and businesses by the market risk management function.

Primary stress tests

Primary stress tests are key tools used by management to measure liquid market risks from extreme market movements or scenarios in each major trading asset class.

Stress testing provides an estimate of potential significant future losses that might arise from extreme market moves or scenarios.

Primary stress tests apply stress moves to key liquid risk factors for each of the major trading asset classes, namely:

- interest rates: shock to the level and structure of interest rates and inflation across currencies;
- credit: impact on traded corporate credit exposures and securities structures, including across rating grades, geography, sectors and products;
- foreign exchange: impact of unfavourable moves in currency prices and volatility;
- equity: shocks to share prices including exposures to specific markets and sectors; and
- commodities: adverse commodity price changes across both physical and derivative markets.

Primary stresses apply moves to liquid assets incorporating up to 10 days holding period. Shock scenarios are determined by a combination of observed extreme historical moves and forward looking elements as appropriate.

Primary stresses are calculated for each asset class on a standalone basis. Risk managers calculate several stress scenarios and communicate the results to senior managers to highlight concentrations and the level of exposures. Primary stress loss limits are applied across the trading businesses and is a key market risk control.

Secondary stress tests

Secondary stress tests are key tools used by management to measure illiquid, directional or concentrated market risks from extreme market movements or scenarios in each major trading asset class.

Secondary stress tests are used in measuring potential losses arising from market risks that are not captured in the primary stress tests. These may relate to financial instruments or risk exposures which are not readily or easily tradable or markets that are naturally sensitive to a rapid deterioration in market conditions.

For each asset class, secondary stresses are aggregated to a single stress loss which allows the business to manage its liquid and illiquid risk factors.

Stresses are specific to the exposure held and are calibrated on both observed extreme moves and some forward-looking elements as appropriate.

Business scenario stresses

Business scenario stresses are key tools used by management to measure aggregated losses across the entire trading book as a result of extreme forward-looking scenarios encompassing simultaneous shocks to multiple asset classes.

Business scenario stresses apply simultaneous shocks to all risk factors assessed by applying changes to foreign exchange rates, interest rates, credit spreads, commodities and equities to the entire portfolio, for example, the impact of a rapid and extreme slowdown in the global economy. The measure shows results on a multi-asset basis across all trading exposures. Specific business scenarios are used for risk appetite monitoring purposes and are useful in identifying concentrations of exposures and highlighting areas that may provide some diversification.

The estimated impacts on market risk exposures are calculated and reported by the market risk management function on a frequent and regular basis. The stress scenario and the calibration on the shocks are also reviewed by market risk managers periodically for its relevance considering any market environment.

Scenarios focusing on adverse global recession, deterioration in the availability of liquidity, contagion effects of a slowdown in one of the major economies, easing of global growth concerns, and a historical event scenario are examples of business scenarios. If necessary, market event-specific scenarios are also calculated, such as:

- the impact of a large financial institution collapse; or
- a disorderly exit of quantitative easing programmes, including unexpected rapid and continuous interest rate rises as a result.

Market risk measurement – regulatory view

Regulatory view of traded positions

For regulatory purposes, the trading book is defined as one that consists of all positions in CRD financial instruments and commodities held either with trading intent, or in order to hedge other elements of trading, and which are either free of any restrictive covenants on their tradability, or able to be hedged. A CRD financial instrument is defined as a contract that gives rise to both a financial asset of one party and a financial liability or equity instrument of another party.

All of the below regulatory measures, including the standardised approach, generate market risk capital requirements, in line with the regulatory requirements set out in the Capital Requirements Directive ('CRD V') and Regulation. Positions which cannot be included in the trading book are included within the banking book and generate risk capital requirements in line with this treatment.

Inclusion of exposures in the regulatory trading book

The Barclays Group maintains a Trading Book Policy which BBI adopts, which defines the minimum requirements a business must meet to run trading positions and the process by which positions are allocated to trading or banking books. Trading intent is a key element in deciding whether a position should be treated as a trading or banking book exposure.

Management of market risk (continued)

Positions in the trading book are subject to market risk capital, computed using models where regulatory approval has been granted, otherwise the market risk capital requirement is calculated using standard rules as defined in the Capital Requirement Regulation ('CRR'), part of the CRD V package. If any of the criteria specified in the policy are not met for a position, then that position must be allocated to the banking book.

Most of BBI's market risk regulatory models are assigned the highest model materiality rating. Consequently, the Regulatory VaR model is subject to annual re-approval by the Independent Validation Unit. The Independent Validation Unit makes an assessment of model assumptions and considers evidence of model suitability provided by the model owner. The following table summarises the models used for market risk regulatory purposes and the applicable regulatory thresholds.

Valuation standards

CRR article 105 defines regulatory principles which need to be applied to fair value assets and liabilities, in order to determine a prudent valuation.

The Prudent Valuation Adjustment ('PVA') is applied to accounting fair values where there are a range of plausible alternative valuations. It is calculated in accordance with Article 105 of the CRR, and includes (where relevant) adjustments for the following factors: unearned credit spreads, close-out costs, operational risk, market price uncertainty, early termination, investing and funding costs, future administrative costs and model risk. The PVA includes adjustment for all fair valued financial instruments and commodities, irrespective of whether they are in the trading or banking book.

Regulatory measures for Market risk

There are a number of regulatory measures which the Group has permission to use in calculating regulatory capital (internal models approval):

Measure	Definition
Regulatory Value at Risk ('VaR')	An estimate of the potential loss arising from unfavourable market movements calibrated to 99% confidence interval and ten-day holding period.
Stressed Value at Risk ('SVaR')	An estimate of the potential loss arising from a twelve-month period of significant financial stress calibrated to 99% confidence interval and ten-day holding period.
Incremental Risk Charge ('IRC')	An estimate of the incremental risk arising from rating migrations and defaults, beyond what is already captured in specific market risk VaR for the non-correlation trading portfolio. Uses a 99.9% confidence level and a one-year horizon.

Regulatory VaR

- Estimates the potential loss arising from unfavourable market movements.
- Regulatory VaR differs from the management approach in the following respects:

VaR Variable	Regulatory	Management
Confidence interval	99%	95%
Scope	As approved by the regulator	Management view of market risk exposures. Includes trading books and banking books exposed to price risk
Look-back period	1 year	1 year
Liquidity Horizon (holding period)	10 days	1 day

Regulatory VaR allows oversight of the total potential losses, at a given confidence level, of those trading books which received approval from the regulator to be covered via an internal model. BBI uses a Regulatory VaR model that diversifies general and specific market risk for regulatory capital. Market risks are captured in the Regulatory VaR model using either full revaluation or an approximate revaluation approach depending on the type of product. When simulating potential movements in risk factors, returns are modelled using a combination of absolute changes, proportional changes or a blended mix of these two approaches.

Management VaR allows BBI to supervise the total market risk across BBI, including all trading books and some banking books.

Regulatory VaR is calculated using a historical simulation method similar to Management VaR (see page 117), with the key differences listed above.

Stressed Value at Risk ('SVaR')

- Estimates the potential loss arising from unfavourable market movements in a stressed environment.
- Identical in scope to Regulatory VaR, but calibrated over a one-year stressed period.
- For regulatory capital calculation purposes BBI computes a market risk capital requirement based on a one-day scaled to ten-day, 99% VaR metric calibrated to a period of significant financial stress. This SVaR capital requirement is added to the market risk capital requirement arising from regulatory VaR and the Incremental Risk Charge on an undiversified basis.

The SVaR model is similar to the VaR model used by BBI, with the exception that the SVaR model must be calibrated to a one-year period of significant financial stress for the entity ('the SVaR period'). BBI selects the SVaR period to be a one-year period that maximises Regulatory VaR for positions in scope of regulatory approval. The SVaR period is reviewed on a monthly basis or when required by material changes in market conditions or the trading portfolio.

SVaR cannot be meaningfully back-tested as it is not sensitive to current market conditions. Many market risk factors with complete historical data over a one-year period may not have complete data covering the SVaR period and consequently, more proxies may be required for SVaR than for VaR. The SVaR metric itself has the same strengths and weaknesses as BBI's VaR model.

Management of market risk (continued)

Incremental Risk Charge ('IRC')

- Captures risk arising from rating migrations and defaults for traded debt instruments incremental to that already captured by Regulatory VaR and SVaR.

IRC captures the risk arising from ratings migrations or defaults in the traded portfolio. IRC measures this risk at a 99.9% confidence level with a one-year holding period and applies to all positions in scope for specific risk including sovereign exposure.

BBI's IRC model simulates default and ratings transition events for individual names. The behaviour of names is correlated with one another to simulate a systemic factor to model the possibility of multiple downgrades or defaults. The correlations between non-sovereign names are based on the Basel-defined correlations stipulated in the IRB approach to measuring credit risk capital, with a fixed correlation between sovereign names.

BBI's IRC model simulates the impact of a ratings transition by estimating the improvement or deterioration in credit spreads resulting from the transition and assumes that the historically observed average change in credit spreads (measured in relative terms) resulting from ratings transitions provides an accurate estimate of likely widening or tightening of credit spreads in future transitions. For each position, the model computes the impact of spread moves up or down at pre-specified relative movements, and the actual impact is obtained by interpolating or extrapolating the actual spread move from these pre-computed values.

BBI's IRC model assumes that ratings transitions, defaults and any spread increases occur on an instantaneous basis.

Table 58: Market risk models selected features

Component modelled	Number of significant models and sizes of associated portfolio (RWAs)	Model description and methodology	Applicable regulatory thresholds
As at 31 December 2022			
Regulatory VaR	1 model; €1,281m	Equally-weighted historical simulation of potential daily P&L arising from market moves	Regulatory VaR is computed with ten-day holding period and 99% confidence level
SVaR	1 model; €3,412m	Same methodology as used for VaR model, but using a different time series	Regulatory SVaR is computed with ten-day holding period and 99% confidence level
IRC	1 model; €616m	Monte Carlo simulation of P&L arising from ratings migrations and defaults	IRC is computed with one-year holding period and 99.9% confidence level
RNIV	1 model; €873m	N/A	Commensurate with stress testing liquidity horizons

Regulatory back-testing

Back-testing is the method by which BBI checks and affirms that its procedures for estimating VaR are reasonable and serve its purpose of estimating the potential loss arising from unfavourable market movements. The back-testing process is a regulatory requirement and seeks to estimate the performance of the regulatory VaR model.

Performance is measured by the number of exceptions to the model i.e. actual or hypothetical P&L loss in one trading day is greater than the estimated VaR for the same trading day.

BBI procedures could be underestimating VaR if exceptions occur more frequently than expected (a 99% confidence interval indicates that one exception will occur in 100 days). Back-testing is performed at a legal entity level using BBI's regulatory VaR model.

Regulatory back-testing compares Regulatory VaR at 99% confidence level (one-day holding period equivalent) to actual and hypothetical¹ changes in portfolio value as defined in CRR Article 366.

A back-testing exception is generated when a loss is greater than the daily VaR for any given day. As defined in the CRR, a green status is consistent with a good working VaR model and is achieved for models that have four or fewer back-testing exceptions in a 250-day period. Back-testing counts the number of days when a loss exceeds the corresponding VaR estimate, measured at the 99% regulatory confidence level.

The table below shows BBI's VaR back-testing exceptions as at 31 December 2022. Model performance determines regulatory capital. Disclosure is also relevant from a management perspective as the VaR model and model performance are key metrics.

BBI's regulatory VaR model was in green status for the year to 31 December 2022.

Legal Entity	Actual P&L		Hypo P&L	
	Total Exceptions	Status ^a	Total Exceptions	Status ^a
BBI	3	Green	2	Green

Note

a. Status is accurate as at year end.

Note

¹ Hypothetical ('Hypo') changes in portfolio value are the change in the value of the portfolio held at the end of the previous day using market data at the end of the current day.

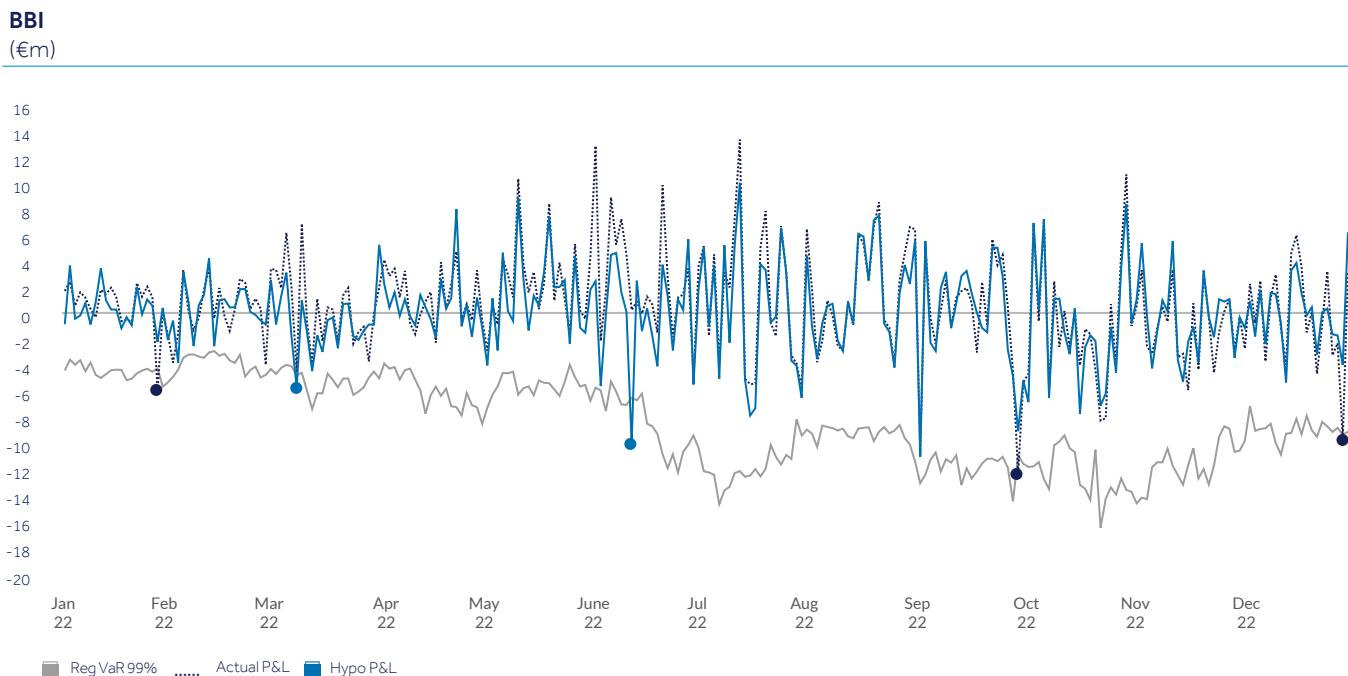
Management of market risk (continued)

The chart below shows VaR for BBI. The dark blue point on the chart indicates the losses on the day on which actual P&L respectively exceeded the VaR amount.

In addition to being driven by market moves in excess of the 99% confidence level, back testing exceptions can be caused by risks that impact P&L not captured directly in the VaR itself but separately captured as non VaR-type, namely Risks Not in Model Engine ('RNIMEs').

Exceptions are reported to internal management and regulators on a regular basis and investigated to evaluate the model performs as expected.

MR4-Comparison of VaR estimates with gains/losses



Management of risks not fully captured in models, including Risks Not in Model Engine ('RNIMEs')

BBI's risk identification process captures risks that either have been observed to, or have the capacity to, produce material losses in normal and stressed market conditions. To maintain risk coverage, the range of core risks is continually assessed for completeness using either market convention, regulatory guidance, or portfolio monitoring; and for new products or changes to existing products, is considered as part of the New and Amended Product Approval ('NAPA') process.

In some instances, the Management and Regulatory VaR model may not appropriately measure some market risks, especially where market moves are not directly observable via prices. Barclays Group has policies (which BBI adopts) to apply add-ons where risks are not captured by the model. RNIMEs refer to those core risks that are not captured, or not adequately captured, in VaR and SVaR. RNIMEs can include:

- risks not fully captured elsewhere and/or illiquid risk factors such as cross-risks;
- basis risks;
- higher-order risks;
- calibration parameters, for instance to model parameter uncertainty; and
- potential losses in excess of fair valuation adjustments taken in line with the Valuation Control Framework. Please see Note 15 in the BBI PLC Annual Report 2022 'Fair value of assets and liabilities' for more details of fair value adjustments.

The treatment of RNIMEs follows whether the risks are considered VaR type or non-VaR type, which depends on, and can change with, the evolving state of financial markets:

- VaR-type RNIMEs: Typically represent risks that are not well captured in VaR, mainly because of infrastructure limitations or methodology limitations. In this instance two metrics are calculated, a VaR RNIME and a SVaR RNIME, using the same confidence level, capital horizon and observation period as VaR and SVaR respectively and are capitalised using the same multipliers as VaR and SVaR
- Non VaR-type RNIMEs: Typically represent risks which would not be well captured by any VaR model either because it represents an event not historically observed in the VaR time series (e.g., currency peg break) or a market risk factor which is not seen to move frequently (e.g. correlation). These are typically estimated using stress scenarios. The stress methodology is calibrated equivalently to at least 99% confidence level and a capital horizon of at least 10 days over an appropriate observation period, depending on the liquidity of the risk. For the purpose of regulatory capital, the capital charge is equal to the loss arising from the stress test except when these risks are already adequately captured elsewhere e.g. via the IRC model, which is intended to capture certain risks not adequately covered by VaR.

For regulatory capital these RNIMEs are aggregated without any offsetting or diversification benefit.

Management of market risk (continued)

Market risk control

The metrics that are used to measure market risk are controlled through the implementation of appropriate limit frameworks. Limits are set at the total BBI level, asset class level e.g. interest rate risk, and at business level e.g. rates trading. Stress limits and portfolio sensitivity limits are also used to control risk appetite.

BBI limits are reported to the BBI BRC and are set at the BBI level for total management VaR, primary stresses, secondary stresses and scenario stress. Lower level limits by business are set by risk managers to monitor and control overall risk appetite utilisation.

Each limit is set after consideration is given to revenue generation opportunities and overall risk appetite approved by the Board. Compliance with limits is monitored by the independent control functions in the trading businesses with oversight provided by BBI Market Risk.

Throughout 2022, BBI Market Risk continued its ongoing programme of control testing and conformance testing on the trading businesses' market risk management practices. These reviews are intended to verify the business's conformance with the Market Risk Control Framework and best practices.

Market risk reporting

Trading businesses market risk managers produce a number of detailed and summary market risk reports daily, weekly, fortnightly and monthly for business and risk managers. Summaries are presented at Market Risk Sub Committee and the trading businesses' various market risk committees. The overall market risk profile is also presented to BRC on a regular basis.

Management of securitisation exposures

Securitisations give rise to credit, market and other risks. This section discusses the types of business activities and exposures that we incur in the course of activities related to securitisations.

- The objectives pursued in securitisation activities and the types of activities undertaken are discussed on page 124.
- A description of the risks incurred in the course of securitisation activities, and how we manage them, is contained on pages 124 to 126.

Management of securitisation exposures

This section discloses information about BBI's securitisation activities, distinguishing between the various functions performed in supporting its customers and managing its risks.

For the purposes of the Pillar 3 disclosures on pages 58 to 62, a securitisation is defined as a transaction or scheme where the payments are dependent upon the performance of a single exposure or pool of exposures and where the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme. Such transactions are ordinarily undertaken to transfer risk for BBI or on behalf of a client.

Certain transactions undertaken by BBI are not disclosed in the quantitative section (pages 58 to 62) as they do not fall under the regulatory securitisation framework (the new securitisation Regulation (EU) 2017/2402 (the Securitisation Regulation) and Regulation (EU) 2017/2401 (amendments to Capital Requirements Regulation or CRR)). These include funding transactions for the purposes of generating term liquidity, and certain government guaranteed transactions.

Objectives of securitisation activities

In the course of its business, BBI has undertaken securitisations of third party assets via special purpose vehicles.

BBI participates in primary securitisations and distributes bonds to the market to facilitate term liquidity for its clients.

BBI also purchases asset backed loans and securities for the purpose of supporting its client franchise. BBI makes a secondary market on behalf of Barclays International ('BI') for its European clients for a range of securitised products formally under the Day One markets booking model¹. This may include securitisations that would meet the relevant STS criteria.

The role and involvement of Barclays Bank Ireland in securitisations in 2022

BBI adopts the following roles in the securitisation processes in which it is involved:

Originator of assets prior to securitisation

BBI does not originate assets specifically for the purpose of securitising them. BBI will, from time to time, purchase assets and originate securitisations.

Providing warehousing facilities collateralised by third party assets prior to securitisation or exit via whole-loan sale

BBI provides warehouse financing to third party loan originators and aggregators.

Executor of securitisation trades including bond marketing and syndication

BBI executes across the following products Residential Mortgage Back Securities ('RMBS'), Asset Back Securities ('ABS'), Collateralized Loan Obligation ('CLO') and Commercial Mortgage Back Securities ('CMBS') with institutional investors and other broker-dealers on behalf of BI reflecting the Day One booking model. In certain instances, BBI also holds a portion of securitisations or securitised exposures, which is required for risk retention purposes.

Funding transactions to generate term liquidity

No funding securitisations were arranged in 2022².

Risk transfer transactions

BBI has not entered into synthetic or cash securitisations of corporate or commercial loans (originated in the ordinary course of business) for the purposes of the transfer of credit risk to third party investors. Where transactions are entered into whereby BBI purchases assets for the purpose of securitising them, it will seek to claim risk transfer in line with SRT and commensurate risk processes. These are notified to the Joint Supervisory Team ('JST') as appropriate.

BBI does however employ a financial guarantee structure to transfer corporate loan credit risk from BBI to BBPLC in respect of loans held by BBI and which have been hedged under BBPLC's Colonnade risk transfer programme.

Securitisation risks, monitoring and hedging policies

Capital requirements against securitisation exposures are subject to a separate framework under CRR to account for the particular characteristics of this asset class. For risk management purposes, however, a securitisation is aligned to the risk type to which it gives rise.

Credit risks

In a securitisation structure, the payments are dependent upon the performance of a single exposure or pool of exposures. As these underlying exposures are usually credit instruments, the performance of the securitisation is exposed to credit risk.

Securitisation exposures are subject to BBI Credit Risk policies and standards and business level procedures. This includes the requirement to review in detail each transaction at a minimum on an annual basis. As collateral risk is the primary driver, the analysis places a particular focus on the underlying collateral performance, key risk drivers, service due diligence and cash flows, and the impact of these risks on the securitisation notes. The risk is addressed through the transaction structure and by setting an appropriate modelled tolerance level. Structural features incorporate wind-down triggers set against factors including, but not limited to, defaults/charge-offs, delinquencies, excess spread, dilution, payment rates and yield, all of which help to mitigate potential credit deterioration. Qualitative aspects such as counterparty risk and ancillary issues (operational and legal risk) are also considered. Changes to the credit risk profile of securitisation exposures will also be identified through ongoing transaction performance monitoring. In addition, periodic stress tests of the portfolio as part of ongoing risk management are conducted as well as in response to BBI-wide or regulatory requests.

The principal committee responsible for the monitoring of the credit risk arising from securitisations is Wholesale Credit Risk Management Committee ('WCRMC') at Group level and BE CRMF at BBI level.

The provision of implicit support to any securitisation vehicle is strictly prohibited under CRR and under Barclays' internal policies and standards.

Notes:

¹ Day One markets booking model follows a back to back model, where market risk is transferred to a Barclays affiliate (BBPLC, BCSL and/or BCI) or a Third party on a one to one, trade by trade basis.

² Alstertal is a retained securitisation with no immediate funding benefit. It will however be used for the purposes of generating contingent liquidity.

Management of securitisation exposures (continued)

Market and liquidity risks

Market risk for securitised products is measured, controlled and limited through a suite of VaR, non-VAR and stress metrics in accordance with BBI's and Group Market Risk Policies and Procedures. The key risks of securitisation structures are interest rate, credit spread, prepayment and liquidity risk. Interest rate and spread risk are hedged with standard liquid interest rate instruments including interest rate swaps, Government bonds and futures). The universe of hedging instruments for credit and prepayment risk is limited and relatively illiquid, resulting in basis risks because, in practice, credit spread risk is typically macro-hedged via liquid credit index hedges. In providing warehouse financing, BBI is exposed to mark to market (if counterparty defaults on related margin call).

Hedging

Securitisation and re-securitisation exposures benefit from the relative seniority of the exposure in the capital structure. Due to lack of availability in the credit default swap market for individual asset backed securities, there are no material CDS hedge counterparties relating to the securitisation and re-securitisation population.

Operational risks

Operational risks are incurred in all of BBI's operations. In particular, all securitised (and re-securitised) assets are subject to a degree of risk associated with documentation and the collection of cash flows.

The BBI Risk Committee oversees the management of operational risks for the entire range of BBI's activities.

Rating methodologies, ECAs and RWA calculations

RWAs reported for securitised and re-securitised banking book and trading book assets at 31 December 2022 are calculated in line with CRR rules and guidance. Securitisation positions therefore attract RWAs under either the standardised approach (Sec-SA) or external-ratings-based approach (Sec-ERBA). With BBI no longer using an IRB model, it cannot use the internal-ratings-based approach (Sec-IRBA). Where the exposures meet the STS criteria, the methodology for risk weighting will not change, but the resulting risk weight may change, in line with CRR.

BBI employs eligible ratings issued by nominated External Credit Assessment Institutions ('ECAs') to risk weight its securitisation and re- securitisation exposure where their use is permitted and required as per the hierarchy. Ratings are considered eligible for use based on their conformance with the internal Barclays rating standard which is compliant with both CRR and European Credit Rating Agency regulation. The ECAs nominated by BBI for this purpose are Standard & Poor's, Moody's, Fitch, DBRS and Kroll.

As required by CRR, BBI uses credit ratings issued by these ECAs consistently for all exposures within the securitisation exposure class. For that reason, there is no systematic assignment of particular agencies to types of transactions within the securitisation exposure class.

Summary of the accounting policies for securitisation activities

Certain BBI sponsored entities have issued debt securities or have entered into funding arrangements with lenders in order to finance specific assets. An entity is consolidated by BBI when BBI has control over the entity. BBI controls an entity if it has all three elements of control which are i) power over the entity; ii) exposure, or rights, to variable returns from its involvement with the entity; and iii) the ability to use its power over the entity to affect the amount of BBI's returns. The consolidation treatment must be initially assessed at inception and is reassessed if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The accounting measurement of assets initially recognised for the purpose of securitisation will depend on whether the securitisation entity is consolidated by BBI and whether the assets transferred to the securitisation entity meet the accounting derecognition test, meaning whether the transfer will be accounted for as a sale.

- Where assets on initial recognition are expected to be securitised by a transfer to an unconsolidated BBI entity, the accounting will depend on whether the transfer is expected to meet the accounting derecognition test. Assets will remain on BBI balance sheet, and consideration received will be treated as financings, unless the following criteria apply:
 - substantially all the risks and rewards associated with the assets have been transferred, in which case, they are derecognised in full; or
 - if a significant portion, but not all, of the risks and rewards have been transferred, the assets are derecognised in full if the transferee has the ability to sell the financial asset, otherwise the assets continue to be recognised only to the extent of BBI's continuing involvement.
- Where assets are expected to be derecognised in full as a result of pending securitisation, those assets will typically be measured at fair value through the income statement.
- Where a securitisation entity is consolidated by BBI or the assets fail to meet the derecognition test, such that BBI balance sheet includes the assets held for securitisation prior to and post transfer to the securitisation entity, the assets will typically be part of a 'Hold to Collect' business model, and if the contractual cash flows characteristics are solely payments of principal and interest ('SPPI'), the assets will be measured at amortised cost.

Any financial support or contractual arrangements provided to unconsolidated entities, over securitised assets, would be recognised as a liability on balance sheet if it meets the relevant IFRS criteria, or gives rise to a provision under IAS 37, and have to be disclosed (see Note 33 in the BBI PLC Annual Report 2022). Note, however, that BBI has a Significant Risk Transfer policy that does not allow for any support to be provided to any transactions that fall under the Significant Risk Transfer framework.

Assets may be transferred to a third party through a legal sale or an arrangement that meets the 'pass-through' criteria where the substance of the arrangement is principally that BBI is acting solely as a cash collection agent on behalf of the eventual recipients.

Where the transfer applies to a fully proportionate share of all or specifically identified cash flows, the relevant accounting treatment is applied to that proportion of the asset.

When the above criteria support the case that the securitisation should not be accounted for as financing, the transaction will result in sale treatment or partial continued recognition of the assets to the extent of BBI's continuing involvement in those assets. Gains are recognised to the extent that proceeds that can be measured using observable market data exceed the assets derecognised.

Management of securitisation exposures (continued)

Any retained interests, which will consist of loans and/or securities depending on the nature of the transaction, are valued in accordance with BBI's Accounting Policies, as set out in the BBI PLC Annual Report 2022. To the extent that these interests are measured at fair value, they will be included within the fair value disclosures in the financial statements in the Annual Report. As outlined in these disclosures, key valuation assumptions for retained interests of this nature will include spreads to discount rates, default and recovery rates and prepayment rates that may be observable or unobservable.

In a synthetic securitisation transaction, the underlying assets are not sold into the relevant special purpose entity ('SPE'). Instead, their performance is transferred into the vehicle through a synthetic instrument such as a CDS, a credit linked note or a financial guarantee. The accounting policies outlined above will apply to synthetic securitisations.

The following tables show the information required by CRR2 article 449 (d).

Securitisation Special Purpose ('SSPE') which acquire exposures originated by the institution:

Name of entity	Role of institution	Securitisation type	IFRS10 Classification
DELPHI SECURITIES DAC SERIES 1	Originator	Traditional transactions	Third Party Other Financial Institution
GLENBEIGH 1 ISSUER 2021-1 DESIGNATED ACTIVITY COMPANY	Originator	Traditional transactions	Third Party Other Financial Institution
LAST MILE LOGISTICS PAN EURO FINANCE	Originator	Traditional transactions	Third Party Other Financial Institution
MONAGHAN SECURITIES RMBS DESIGNATED ACTIVITY COMPANY	Originator	Traditional transactions	Third Party Other Financial Institution
ROSSBEIGH 1 WAREHOUSE DAC	Originator	Traditional transactions	Non Consolidated Structured Entity (Special Purpose Entity)

Management of treasury and capital risk

This section provides an overview of the management of liquidity risk, capital risk and interest rate risk in the banking book.

- Liquidity risk, with a focus on how it is managed so that high quality liquid assets are adequate to meet all its contractual and contingent funding obligations at all times, is discussed on pages 128 to 130.
- Capital risk, including how the risks of insufficient capital and leverage ratios and pension risk are managed, is discussed on pages 130 to 132.
- The management of Interest rate risk in the banking book is discussed on pages 132 to 133.

Management of treasury and capital risk

Treasury and capital risk

Liquidity risk: The risk that the Bank 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.

Capital risk: The risk that the Bank has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments and stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the Bank's pension plans.

Interest rate risk in the banking book: The risk that the Bank is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.

Overview

BBI Treasury manages treasury and capital risk exposure on a day-to-day basis, with the Asset and Liability Committee ('ALCO') acting as the principal management body. To enforce effective oversight and segregation of duties and in line with the ERMF, the Treasury and Capital Risk function is responsible for oversight of key capital, liquidity, interest rate risk in the banking book ('IRRBB') and pension risk management activities. The following describes the structure and governance associated with the risk types within the Treasury and Capital Risk function.

Organisation and structure

Barclays Bank Ireland PLC Board Risk Committee

- Reviews and recommends the Bank's risk appetite for treasury and capital risk to the Board
- Reviews material issues impacting treasury and capital risk
- Recommends the approval of Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP') to the Board

BBI Risk Committee

- Reviews and recommends risk appetite to the Board Risk Committee
- Escalates material issues impacting treasury and capital risk to the Board Risk Committee
- Reviews and recommends the ICAAP and ILAAP to the Board Risk Committee for approval

Liquidity risk management

Overview

The efficient management of liquidity is essential to the Bank in retaining the confidence of the financial markets and maintaining the sustainability of the business. There is a control framework in place for managing liquidity risk and this is designed to maintain liquidity resources that are sufficient in amount, quality and funding tenor profile to remain within the liquidity risk appetite as expressed by the Board based on internal and regulatory liquidity metrics.

This is achieved via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

Roles and responsibilities

The Treasury and Capital Risk function is responsible for the management and governance of the liquidity risk mandate defined by the Board. Treasury has the primary responsibility for managing liquidity risk within the set risk appetite and for the production of the ILAAP.

BBI's comprehensive control framework for managing the Bank's liquidity risk is designed to deliver the appropriate term and structure of funding, consistent with the liquidity risk appetite set by the Board.

The control framework incorporates a range of ongoing business management tools to monitor, limit and stress test the Bank's balance sheet and contingent liabilities and the Recovery Plan. Limit setting and transfer pricing are tools that are designed to control the level of liquidity risk taken and drive the appropriate mix of funds. Together, these tools reduce the likelihood that a liquidity stress event could lead to an inability to meet the Bank's obligations as they fall due. The control framework is subject to internal conformance testing and internal audit review.

The Board approves the Bank's funding plan, internal stress tests and results of regulatory stress tests, Contingency Funding Plan and the Bank's Recovery Plan. The ALCO is responsible for monitoring and managing liquidity risk in line with the Bank's funding management objectives, funding plan and risk frameworks. The Risk Committee monitors and reviews the liquidity risk profile and control environment, providing second line oversight of the management of liquidity risk. The Board Risk Committee reviews the risk profile, and annually reviews risk appetite and the impact of stress scenarios on the Bank's funding plan/forecast in order to agree its projected funding abilities.

BBI maintains a range of management actions for use in a liquidity stress, these are documented in the Contingency Funding Plan. Since the precise nature of any stress event cannot be known in advance, management actions are designed to be flexible to the nature and severity of the stress event and provide a menu of options that can be drawn upon as required.

Management of treasury and capital risk (continued)

The Bank's Recovery Plan contains more severe recovery options to generate additional liquidity in order to facilitate recovery in a severe stress. Any stress event would be regularly monitored and reviewed using key management information by Treasury, Risk and business representatives.

Ongoing management business	Scenario design and parameter setting	Severe stress	Recovery
<ul style="list-style-type: none"> • Stress testing and planning • Liquidity limits • Early warning indicators 	<ul style="list-style-type: none"> • Monitoring and review • Management actions requiring minimal business rationalisation 	<ul style="list-style-type: none"> • Monitoring and review • Management actions with limited impact on franchise 	<ul style="list-style-type: none"> • Activate appropriate recovery options to restore the capital and/or liquidity position of the entity

Risk Appetite and planning

The Bank has established a liquidity risk appetite ('LRA') over internally derived liquidity stress tests to represent the level of liquidity risk it chooses to take in pursuit of its business objectives and in meeting its regulatory obligations.

The key expression of the liquidity risk is through both external (Liquidity Coverage Ratio ('LCR') and Net Stable Funding Ratio ('NSFR')) and internal stress tests. Internal stress tests comprise of three short term scenarios and one long term scenario. The internal scenarios are measured with reference to the liquidity pool compared to anticipated net stressed outflows under each respective stress.

The Long Term LRA stress test is based on a one-year macroeconomic scenario represented by an increased risk aversion against financial institutions driven by a global recession.

The LRA for internal stress tests is approved by the Board. The LRA is reviewed on a continuous basis and is subject to formal review at least annually as part of the ILAAP.

Statement of LRA: For 2022, the Board had approved that BBI should maintain an amount of available liquidity resources to meet modelled and prescribed regulatory liquidity stress outflows over a period of time (minimum buffer duration):

- 30 days in a Barclays specific stress
- 90 days in a market wide stress
- 30 days in a combined stress
- 1 year in a market wide stress
- LCR 30 days minimum ratio 110%
- In addition, the regulatory NSFR is also captured in Liquidity Risk Appetite which requires a minimum amount of stable funding relative to the amount of required stable funding over a one-year time horizon. This minimum is set at 100%.

The stress outflows are used to determine the size of the Bank's Liquidity Pool, which represents those resources immediately available to meet outflows in a stress. In addition to the liquidity pool, the control framework and policy provides for other management actions, including generating liquidity from other liquid assets on BBI's balance sheet in order to meet additional stress outflows, or to preserve or restore the Liquidity Pool in the event of a liquidity stress.

Liquidity limits

The Bank manages limits on a variety of on and off-balance sheet exposures. These limits serve to control the overall extent and composition of liquidity risk taken by managing exposure to the cash outflows.

Early warning indicators

Treasury monitors a range of market indicators for early signs of liquidity risk either in the market or specific to the Bank, a sample of which are shown in the table below. These are designed to immediately identify the emergence of increased liquidity risk to maximise the time available to execute appropriate mitigating actions. Early Warning Indicators ('EWIs') are used as part of the assessment of whether to invoke the Bank's Contingency Funding Plan, which provides a framework for how the liquidity stress would be managed.

Examples of early warning indicators					
Reduction in 'sticky' deposits	Deterioration in stress test surplus	Rising funding costs			
Widening CDS Spreads	Change in maturity profile	Stress in financial markets			

Management of treasury and capital risk (continued)

Recovery and resolution planning

Barclays maintains a Group Recovery Plan ('GRP') designed to provide a framework to effectively manage a severe financial stress. The GRP is proportionate to the nature, scale and complexity of the business and is tested on a regular basis to ensure it is operationally robust. The GRP details the escalation and invocation process for the plan, including integration with:

- i) BAU monitoring of capital and liquidity EWIs to detect signs of approaching financial stress;
- ii) existing processes within Treasury and Risk to respond to mild/moderate stress; and
- iii) a governance process for executing recovery options.

The GRP is legal entity aware and includes considerations for Barclays Bank Ireland in addition to Barclays Bank UK Group and Barclays Bank PLC including entity-specific EWIs, recovery options, recovery strategies and governance arrangements.

Significant financial stress will be managed holistically by Barclays, with appropriate senior management coming together to deal with stress, and key entities/branches remaining involved and able to manage stress locally and continuing to meet local regulatory requirements. The financial crisis process is centred around a hierarchy based on the structure of the Barclays Group, so that stress is managed both locally and at the highest level at which it manifests. The procedures for BBI include the convening of the Group-wide Capital and Liquidity Crisis Management Team ('CLCMT') and the Group Executive Committee ('ExCo') as Barclays' most senior crisis leadership committee, the use of a crisis playbook of detailed management information, and a range of management actions that can be taken to restore Barclays' capital and/or liquidity position. This coordinated process provides a more consistent and therefore more effective crisis response.

The GRP includes a range of recovery options to respond to financial stresses of varying severity and includes detailed information on financial and non-financial impacts of exercising the recovery options. The GRP is updated annually and fully embedded within Barclays' existing processes.

Liquidity risk governance

Treasury and Capital Risk have created a framework for liquidity risk under which the Treasury function operates. The control framework describes liquidity risk management processes, associated policies and controls that Barclays Group and BBI have implemented to manage liquidity risk within the LRA and is subject to annual review. Internal architecture is in place to record and measure our Group-wide liquidity metrics reporting.

The Board sets the LRA based on the internal liquidity stress test and external regulatory requirements, namely LCR and NSFR. The LRA is represented as the level of liquidity risk the Bank is prepared to accept in pursuit of its business objectives and in meeting its regulatory obligations. The approved LRA is implemented in line with the control framework and policy for liquidity risk.

Capital risk management

Overview

Capital risk is managed through ongoing monitoring and management of the capital position, regular stress testing and a robust capital governance framework.

Roles and responsibilities

The management of capital risk is integral to the Bank's approach to financial stability and sustainability management, and is embedded in the way businesses and legal entities operate.

Capital risk management is underpinned by a control framework and policy. The capital management strategy, outlined in BBI capital plans, is developed in alignment with the control framework and policy for capital risk, and is implemented consistently in order to deliver on BBI's objectives.

The Board approves the Bank's capital plan, internal stress tests and results of regulatory stress tests, and the Bank's recovery plan. The ALCO is responsible for monitoring and managing capital risk in line with the Bank's capital management objectives, capital plan and risk frameworks. The Risk Committee monitors and reviews the capital risk profile and control environment, providing second line oversight of the management of capital risk. The Board Risk Committee reviews the risk profile, and annually reviews risk appetite and the impact of stress scenarios on the Bank's capital plan/forecast in order to agree BBI's projected capital adequacy.

Local management assures compliance with an entity's minimum regulatory capital requirements by reporting to the local Asset and Liability Committees with oversight also from the Risk Committee.

Treasury has the primary responsibility for managing and monitoring capital adequacy. The Treasury and Capital Risk function provides oversight of capital risk. Production of the Bank's ICAAP is the responsibility of BBI Finance.

In 2022, the Bank complied with all regulatory minimum capital requirements.

Capital risk management strategy

The Bank's capital management strategy is driven by its strategic aims and the risk appetite set by the Board. BBI's objectives are achieved through well embedded capital management practices.

Capital planning and allocation

The Bank assesses its capital requirements on multiple bases, with the capital plan set in consideration of its risk profile and appetite, strategic and performance objectives, regulatory requirements, international financial reporting standards (including IFRS 9), and market and internal factors, including the results of stress testing. The capital plan is managed on a top-down and bottom-up basis through both short-term and medium-term financial planning cycles, and is developed with the objective that Barclays Bank Ireland maintains an adequate level of capital in line with internal and regulatory requirements. The planning process captures the impact of IFRS 9 to the capital plan, both including and excluding the impacts of transitional regulatory adjustments.

Management of treasury and capital risk (continued)

The ECB determines the regulatory capital requirements for BBI. Under these regulatory frameworks, capital requirements are set in consideration of the level of risk that BBI is exposed to and the factors described above, and are measured through both risk-based Risk Weighted Assets ('RWAs') and leverage-based metrics.

The Bank expects to meet the minimum requirements for capital and leverage at all times and also holds an internal buffer sized according to its assessment of capital risk.

Through the capital planning process, capital limits allocations are approved by the Executive Committee, taking into consideration the risk appetite and strategic aims of the Bank.

Internal capital adequacy assessment process ('ICAAP')

The purpose of the ICAAP is to review the Bank's business strategy as reflected in its medium term plan, against the risks the bank faces and the performance constraints set by the Board. It assesses whether the bank is adequately capitalised under a variety of scenarios.

Capital adequacy is assessed by verifying the following conditions:

- a. Regulatory and supervisory capital requirements are met through the assessment of a credible baseline scenario and an adverse scenario / internal stress test;
- b. The internal stress test passes the risk appetite constraints set by the Board; and
- c. The Bank holds sufficient loss absorbing capital to cover economic risks. To assess this, capital supply, based on an internal definition approved by the Board, is compared to total economic capital demand for all risks, Pillar 1 and Pillar 2, to which the bank is exposed.

Monitoring and reporting

Capital is managed and monitored to maintain that BBI's capital plans remain appropriate and that risks to the plans are considered. Limits are set by Risk to control the level of capital risk within the Bank. Treasury are responsible for complying with these limits as the first line of defence for the management of capital risk. Limits are monitored through appropriately governed committees in the first and second line of defence.

To support compliance with risk limits, Treasury monitor capital risks against Bank-specific and macroeconomic early warning indicators and report on these to the ALCO. This enables a consistent and objective approach to monitoring the capital outlook against the capital plan, and supports the early identification when outlooks deteriorate.

Capital management information is readily available to support management's strategic and day-to-day business decision making.

Stress testing and risk mitigation

Internal Group-wide stress testing is undertaken to quantify and understand the impact of sensitivities on the capital plan and capital ratios arising from stressed macroeconomic conditions. Recent economic, market and peer institution stresses are used to inform the assumptions developed for internal stress tests and to assess the effectiveness of mitigation strategies.

The Bank is expected to be subject to supervisory stress testing exercises, designed to assess the resilience of banks to adverse economic or financial developments and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. Assessment by regulators is on both a quantitative and qualitative basis, the latter focusing on such elements as data provision, stress testing capability including model risk management and internal management processes and controls.

Actions are identified as part of the stress tests that can be taken to mitigate the risks that may arise in the event of material adverse changes in the current economic and business outlook. As an additional layer of protection, Barclays Bank Ireland Recovery Plan defines the actions and implementation strategies available to the Bank to increase or preserve capital resources in the situation that a stress occurs that is more severe than anticipated.

Transferability of capital

Where capital is surplus to internal capital ratio targets, the Board may consider if a repatriation to the immediate parent is appropriate. This repatriation would be in the form of dividends and/or capital repatriation. All dividends and capital repatriations would require both Board and regulatory approval. This approach provides optimal flexibility on the re-deployment of capital across legal entities. At Barclays Group, capital is managed as a whole as well as for its operating subsidiaries to allow fungibility and redeployment of capital while meeting relevant internal and regulatory targets at entity levels.

Foreign exchange risk

The Bank has capital resources solely in euro. Its risk weighted assets are mainly denominated in euro currency. Changes in foreign exchange rates result in changes in the euro equivalent value of foreign currency denominated RWAs. Due to the composition of the balance sheet being largely euro, BBI's CET1 ratio is not materially sensitive to foreign currency movements.

Pension risk

The Bank maintains a number of defined benefit pension schemes for past and current employees. The ability of the pension fund to meet pension payments is maintained through investments and contributions.

Pension risk arises because the market value of the pension fund assets might decline; investment returns might reduce; or the value of the pension liabilities might increase. BBI monitors the pension risks arising from its defined benefit pension schemes and works with the relevant pension fund's trustees to address shortfalls. In these circumstances, BBI could be required, or might choose to make extra contributions to the pension fund. BBI's main defined benefit scheme was closed to future accrual in 2013, a plan in Hamburg was transferred to a multi-employer scheme during 2020, while another small plan in Portugal is closed to new members but still accruing benefits for a small number of employees.

Management of pension risk

Due to the legal structure of the Bank's defined benefits pension funds and the role of the Trustees, risk appetite cannot be determined or enforced with regard to pension risk. However, whilst risk appetite cannot be controlled for individual schemes, Barclays must ensure that the Risk Appetite at Group and entity levels is calibrated to accommodate exposure to pension risk.

Management of treasury and capital risk (continued)

Pension Forums

The Pension Executive Board ('PEB') has accountability for the effective operation of pensions across Barclays Group and Barclays Bank Ireland. It is the most senior executive body for pensions in Barclays.

The Pension Management Group ('PMG') is accountable for the oversight and management of the Barclays Group and the Bank's responsibilities relating to its pension arrangements. The PMG is accountable to the PEB.

The PEB and PMG are not created or mandated under the ERMF. However, these forums provide Risk the opportunity to discuss and comment on pension risk in a wider context with other relevant stakeholders from HR, Legal, Treasury and Finance.

Key Pension Risk controls and governance include:

- Annual review, challenge and proposal of the IAS19 financial assumptions used for the calculation of the pension scheme liabilities used in Barclays Bank Ireland disclosures.
- Representation and input at key pension forums.
- Input into Barclays Bank Ireland's ICAAP for pension risk.
- Input into Barclays Bank Ireland's strategic planning and stress test exercises.
- Provision of independent oversight of the pension risk profiles from Barclays Bank Ireland's perspective.
- Coordination of response to regulatory initiatives, developments and proposals on pensions, which may include inputs from material overseas schemes.

Interest rate risk in the banking book management

Definition

Interest rate risk in the banking book ('IRRBB') is defined as the risk that the firm is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.

Overview

IRRBB is driven by customer deposit taking and lending activities, investments in the liquid asset portfolio and funding activities. Hedging strategies are executed to manage IRRBB in line with the IRRBB policy and the Bank's defined risk appetite. Interest rate risk arises from a number of sources:

- **Interest rate and repricing risk (Gap Risk):** the adverse impact of a change in interest rates, resulting from the differences in the timing of interest rate changes between assets and liabilities.
- **Customer behavioural risk (Option Risk):** the adverse impact of the discretion that customers and counterparties may have in respect of being able to vary their contractual obligations with the Bank. This risk is often referred to by industry regulators as 'embedded option risk'.
- **Basis Risk:** the risk that arises when floating rate products are linked to different interest rate indices, which are imperfectly correlated, especially under stressed market conditions.

Roles and responsibilities

The Bank's ALCO is responsible for monitoring and managing IRRBB risk in line with the Bank's management objectives and risk frameworks. The Bank's Risk Committee and Group Treasury and Capital Risk Committee monitors and reviews the IRRBB risk profile and control environment, providing second line oversight of the management of IRRBB. The Bank's Board Risk Committee reviews the interest rate risk profile, including annual review of the risk appetite and the impact of stress scenarios on the Bank's IRRBB position.

In addition, the IRRBB policy sets out the processes and key controls required to identify all IRRBB risks arising from banking book operations, to monitor the risk exposures via a set of metrics with a frequency in line with the risk management horizon, and to manage these risks within agreed risk appetite and limits.

Management of IRRBB

IRRBB management begins with the identification of risk across the balance sheet, where it is modelled and measured to reflect any behavioural assumptions such as customer optionality and duration. IRRBB management also forms part of new product approval processes and/or product design, the terms of which may be formally revised in response to a changing interest rate environment (e.g. to allow for negative rate charging). Hedging strategies are designed and implemented to manage the IRRBB within the business and entity risk appetite. External hedges may be entered into to manage within the risk appetite and the accounting treatment of these hedges will be aligned to the accounting treatment of the assets and liabilities being hedged to best manage any accounting volatility.

Summary of measures for non-traded market risk

IRRBB is measured monthly using the following risk metrics:

Measure	Definition
Net Interest Income ('NII')	A measure of the potential change in Net Interest Income ('NII') due to an adverse interest rate movement over a specified time horizon.
Economic Value of Equity ('EVE')	A measure of the potential change in the present value of expected future cash flows due to an adverse interest rate movement, based on the existing balance sheet expected run-off profile.
Behavioural Stress Loss	A measure of the potential loss from an adverse shock to market variables, combined with changes in customer behaviour and mismatches between product and hedge profiles (residual risk).

Management of treasury and capital risk (continued)

Net Interest Income ('NII')

NII measures the sensitivity of net interest income over a specified time horizon, typically one-year, although multi-year projections are also run. It is calculated as the difference between the estimated income using the expected rate forecast and the lowest estimated income following a parallel increase or decrease in interest rates. This metric provides a measure of how interest rate risk may impact the Bank's earnings, providing a simple comparison between risk and returns.

The main model assumptions are:

- The balance sheet is kept at the current level, i.e. no growth is assumed, and run-off balances are reinvested to maintain a constant balance sheet. Contractual positions are adjusted for an assumed behavioural profile, to align with the expected product life-cycle.
- Forecast net interest income accounts for expected pricing changes to managed rate products, both in the base and shocked scenarios, including the impact of either implied or explicit product rate floors, in line with product terms and conditions.
- Market rates are floored in line with the EBA guidance for the prescribed shocks. Further management actions in response to interest rate shocks are excluded.

NII sensitivity is measured against a range of instantaneous parallel shocks (both up and down) on a monthly basis, in all yield curves. Limits are set against some of these shocks for the purposes of risk appetite monitoring.

As NII provides a view on the earnings impacts of interest rate risk over a defined time horizon, Economic Value of Equity metrics are also monitored to complement the view, as this captures the IRRBB impact of risk exposures over the full expected behavioural life.

Economic Value of Equity ('EVE')

EVE calculates the change in the present value of the Bank's expected future cash-flows across the six prescribed scenarios as defined by EBA guidelines. The EVE calculation measures sensitivity in terms of present value, while NII measures income sensitivity, and as such are complimentary.

The EVE measure is calculated on a monthly basis and is applied to the full life of transactions and hedges allowing the risk over the whole life of positions to be considered. It does not capture the impact of business growth or management actions, and is based on the expected balance sheet run-off profile.

The main model assumptions are:

- All cash flows are included within EVE scenarios, with commercial margins excluded and discounted at the relevant risk-free interest rate. Market rates are floored in line with EBA guidance for the six prescribed shocks.
- CET1 instruments and other perpetual own funds without a call date are excluded from the calculation. Deposits which have no defined maturity date have been profiled according to their relevant behavioural maturity which aligns to the Bank's hedging strategy. The profile of non-maturing deposits is constant between the base and shock scenarios as the baseline profile is prudently managed to mitigate changing customer behaviour in shocked scenarios.
- Fixed-rate customer balances, where customers have the option to adjust repayments, include expected customer behaviours, with the baseline Conditional Prepayment Rate adjusted by 20% in shocked scenarios.
- EVE is calculated by currency and aggregated with positive changes weighted by 50%.

Limits are set against an appropriate range of shocks for the purposes of risk appetite monitoring. EVE scenarios are run which include and exclude commercial margins, so that this impact can be isolated. Risk appetite is reviewed annually.

Management of operational risk

The sources of operational risks, and how those risks are managed, are detailed in this section.

- The types of risks that are classified as operational risks are described on page 135.
- Governance, management and measurement techniques are covered on pages 135 to 137.

Management of operational risk

Operational risk

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

Overview

The management of operational risk has three key objectives:

- Deliver an operational risk capability owned and used by business leaders.
- Provide the frameworks and policies to enable management to meet their risk management responsibilities while the second line of defence provides robust, independent, and effective oversight and challenge.
- Deliver a consistent and aggregated measurement of operational risk that will provide clear and relevant insights, so that the right management actions can be taken to keep the operational risk profile consistent with BBI and Barclays Group strategy, the stated risk tolerance and stakeholder needs.

BBI has regulatory approval to use the Standardised Approach ('TSA') for operational risk regulatory capital purposes. BBI and the Barclays Group operates within a strong system of internal controls that enables business to be transacted and risk taken without exposing Barclays Group to unacceptable potential losses or reputational damages. Barclays Group has an overarching Enterprise Risk Management Framework ('ERMF') that sets out the approach to internal governance, and which is adopted by BBI.

Organisation and structure

Barclays Bank Ireland PLC Business Risk & Control Forum

- Manage and oversee the risk and control environments at BBI business unit / function /country level
- Escalate to Barclays Bank Ireland PLC Risk and Control Committees

Barclays Bank Ireland PLC Board Risk Committee

- Approves the operational risk framework
- Oversees operational risk capital
- Recommends and monitors operational risk appetite and the residual risk position, supported by feedback from the Barclays Bank Ireland PLC Board Audit Committee

Barclays Bank Ireland PLC Board Audit Committee

- Oversees the operating effectiveness of the control environment
- Oversees remediation of control issues
- Gives feedback to the Barclays Bank Ireland PLC Board Risk Committee where concerns exist over the impact on residual risk through either the design or operating effectiveness of the control environment

Barclays Bank Ireland PLC Risk Committee

- Reviews and recommends risk appetite across operational risk to the Barclays Bank Ireland PLC Board
- Monitors the BBI risk profile and the utilisation of risk appetite
- Reviews deep dives of specific risks as requested
- Reviews remediation plan and actions taken, and agrees any further action required
- Escalates to the Barclays Bank Ireland PLC Board level

Barclays Bank Ireland PLC Controls Committee

- Oversees the effectiveness of the control environment
- Reviews and recommends the control framework
- Oversees control remediation activities
- Oversees the execution of the Operational Risk Management Framework consistently across BBI
- Oversees risk and internal control matters including significant issues
- Escalates to Barclays Bank Ireland PLC Board level

BBI adopts the Barclays Group Operational Risk Framework, leveraging Barclays Group-wide and implementing BBI – specific processes as appropriate: Operational risk comprises a number of specific risk categories defined as follow:

- **Data Management & Information Risk:** The risk that Barclays data and records are not defined, captured, stored or managed in accordance with their value and legal and regulatory requirements.
- **Financial Reporting Risk:** The risk of a material misstatement or omission within Barclays' external financial reporting, regulatory reporting or internal financial management reporting.
- **Fraud Risk:** The risk of financial loss when an internal or external party acts dishonestly with the intent to obtain an undue benefit, cause a loss to, or to expose either Barclays Group or its customers and clients to a risk of loss.
- **Information Security Risk:** The risk that Barclays information is not protected against potential unauthorised access, use, modification, disruption or destruction.
- **Operational Recovery Planning Risk:** The risk that Barclays does not understand the impact of operational disruption on its business services, is unable to recover business services within agreed timeframes, or does not have the ability to effectively respond to a crisis.
- **Payments Process Risk:** The risk of payments being processed inaccurately, with delays, without appropriate authentication and authorisation. It also covers the risk associated with ineffective management associated with Payment/Card Scheme membership.
- **People Risk:** The set of risks associated with employing and managing people, including compliance with regulations, appropriate resourcing for requirements, recruitment and development risks.

Management of operational risk (continued)

- **Premises Risk:** The risk of business detriment or harm to people due to premises and infrastructure issues.
- **Physical Security Risk:** The risk of business detriment, financial loss or harm to people as a result of any physical security incident impacting Barclays Group or a Barclays Group's employee - relating to harm to people, unauthorised access, intentional damage to premises or theft or intentional damage to moveable assets.
- **Change Delivery Management Risk:** The risk of failing to deliver and implement the agreed change initiatives and business outcomes required to deliver the Group and Business Unit Strategy within agreed timelines. Change Delivery Management Risk exists whenever there is change in flight (delivery risk) and, or, fails to recognise incremental risk to the business that the change may introduce once it is delivered (delivered risk).
- **Supplier Risk:** The risk that is introduced to the firm or entity as a consequence of obtaining services or goods from another legal entity or entities whether External or Internal as a result of inappropriate and/or inadequate selection, management, or exit management.
- **Tax Risk:** The risk of unexpected tax cost in relation to any tax for which Barclays is liable, or of reputational damage on tax matters with key stakeholders such as tax authorities, regulators, shareholders or the public. Tax cost includes tax, interest or penalties levied by a taxing authority.
- **Technology Risk:** The risk to Barclays that comes about through its dependency on Technological solutions.
- **Transaction Operations Risk:** The risk of an unintentional error in the execution of a customer transaction resulting in delayed or inaccurate processing.

In addition to the above, operational risk encompasses risks associated with prudential regulation. This includes the risk of a breach of prudential regulatory requirements relating to maintaining Group Resolution Plan.

These risks may result in financial and/or non-financial impacts including legal/regulatory breaches or reputational damage.

Connected Risks

Barclays also recognises that there are certain threats/risk drivers which are interconnected and have the potential to impact the Group's strategic objectives. These are referred to as Connected risks and require an overarching and integrated risk management and / or reporting approach. Including:

- **Cyber:** The potential loss or detriment to Barclays caused by individuals or groups (threat actors) with the capabilities and intention to cause harm or to profit from attacks committed via network information systems against us, our suppliers, or customers/clients.
- **Data:** The risks associated with the management, quality and control of data, its protection and confidentiality and its correct usage.
- **Resilience:** The risk of the organisation's ability to anticipate, prevent, adapt, respond to, recover and learn from internal or external disruption, continuing to provide important business services to customers and clients, and minimise any impact on the wider financial system.
- **Third-Party Service Management:** The risk associated with Third-Party Service Providers - defined as all entities that have entered into an arrangement with Barclays in order to provide business functions, activities, goods, and/or services.

Roles and Responsibilities

The prime responsibility for the management of operational risk and the compliance with control requirements rests with the legal entities, business and functional units where the risk arises. The operational risk profile and control environment is reviewed by business management through specific meetings which cover these items. Operational risk issues escalated from these meetings are considered through the second line of defence review meetings. Depending on their nature, the outputs of these meetings are presented to the Operational Risk Profile Forum, the BBI Risk Committee, the BBI Board Risk Committee or the BBI Board Audit Committee.

Businesses and functions are required to report their operational risks on both a regular and an event-driven basis. The reports include a profile of the material risks that may threaten the achievement of their objectives and the effectiveness of key controls, operational risk events and a review of scenarios.

The Barclays Group Head of Operational Risk is responsible for establishing, owning and maintaining an appropriate Barclays Group-wide Operational Risk Management Framework and for overseeing the portfolio of operational risk across Barclays Group. The BBI Head of Operational Risk is responsible for recommending BBI's adoption of the Operational Risk Framework, ensuring BBI-specific requirements are recognised through BBI Addenda where appropriate, and is responsible for monitoring the portfolio of operational risk across BBI.

The Operational Risk function acts in a second line of defence capacity, and is responsible for defining and overseeing the implementation of the framework and monitoring Barclays' operational risk profile. The Operational Risk function alerts management when risk levels exceed acceptable tolerance in order to drive timely decision making and actions by the first line of defence.

Specific reports are prepared by Operational Risk on a regular basis for the BBI Risk Committee, and the BBI Board Risk Committee.

Operational Risk Framework

The Operational Risk Framework comprises a number of elements which allow BBI to manage and measure its operational risk profile and to calculate the amount of operational risk capital that BBI needs to hold to absorb potential losses. The minimum, mandatory requirements for each of these elements are set out in the Operational Risk Framework and supporting policies. This framework is implemented across Barclays Group with all businesses and functions required to implement and operate an Operational Risk Framework that meets, as a minimum, the requirements detailed in the operational risk policies.

The Operational Risk Framework is a key component of the ERMF and has been designed to improve risk management and meet a number of external governance requirements including the Basel Capital Accord, the Capital Requirements Directive and Turnbull guidance as an evaluation framework for the purposes of Section 404(a) of the Sarbanes-Oxley Act. It also supports the Sarbanes-Oxley requirements.

Management of operational risk (continued)

The Operational Risk Framework includes the following elements:

Risk and Control Self-Assessments

Risk and control self-assessments ('RCSAs') are the way in which BBI identifies and assesses the risks which are inherent in the material processes operated by BBI. Managers in the business use the RCSA approach to evaluate the key controls in place to mitigate those risks and assess the residual risk exposure to BBI. The businesses / functions are then able to make decisions on what action, if any, is required to reduce the level of residual risk to BBI. These risk assessments are monitored on a regular basis to maintain that each business understands the risks it faces.

Risk Events

An operational risk event is any circumstance where, through the lack or failure of a control, BBI has actually, or could have, made a loss. The definition includes situations in which BBI could have made a loss, but in fact made a gain, as well as incidents resulting in reputational damage or regulatory impact only.

A standard threshold is used across Barclays Group for reporting risk events and part of the analysis includes the identification of improvements to processes or controls, to reduce the recurrence and/or magnitude of risk events. For significant events, both financial and non-financial, this analysis includes the completion of a formal lessons learned report.

Barclays Group also maintains a record of external risk events which are publicly available and is a member of the Operational Risk data eXchange (ORX), a not-for-profit association of international banks formed to share anonymous loss data information. This external loss information is used to support and inform risk identification, assessment and measurement.

Operational Risk Appetite

The Barclays Bank Ireland PLC Board approves an Operational Risk Appetite Statement on an annual basis, establishing the level of operational risk that is acceptable in pursuit of the Bank's strategic objectives.

Operational risks are assessed and monitored against the Board approved Operational Risk Appetite statement, with Risk Reduction Plans established for any risks that are above the acceptable level.

The Operational Risk Profile is monitored through BBI Risk Committee in the context of Operational Risk Appetite.

Key Indicators

Key indicators ('KIs') are metrics which allow the Operational Risk Profile to be measured and monitored against Management's Risk Tolerance. KIs include defined thresholds and performance is reported regularly to Management to drive action when risk exceeds acceptable limits.

Risk Scenarios

Risk scenarios are a summary of the extreme potential risk exposures for Barclays Group covering the complete range of risks. The scenarios include an assessment of the key drivers for the exposure, occurrence and impact of the scenario and a review of the corresponding control environment. The risk scenario assessments are a key input to the calculation and benchmarking of economic capital requirements (see following section on operational risk measurement). The assessment considers analysis of internal and external loss experience, Key Risk Indicators, Risk and Control Self-Assessments and other relevant information. The businesses and functions analyse potential extreme scenarios, considering the:

- circumstances and contributing factors that could lead to an extreme event;
- potential financial impacts;
- controls that seek to limit the likelihood of such an event occurring; and
- the mitigating actions that would be taken if the event were to occur (for example crisis management procedures, business continuity or disaster recovery plans).

Management then determine whether the potential risk exposure is acceptable or whether changes in risk management control or business strategy are required.

The risk scenarios are regularly re-assessed, taking into account trends in risk factors.

Reporting

The ongoing monitoring and reporting of operational risk is a key component of the Operational Risk Framework. Reports and management information are used by the Operational Risk function and by legal entity and business management to understand, monitor, manage and control operational risks and losses.

The operational risk profile is reviewed by senior management at the BBI Risk Committee meetings as well as the Operational Risk Profile Forum and the relevant Barclays Bank Ireland PLC Board Risk Committees.

Operational Risk Measurement

The Bank assesses its Operational Risk Capital requirements using the Standardised Approach ('TSA').

Management of model risk

The types of model risk, and how they are managed, are detailed in this section.

- **Model risk is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.**

Management of model risk

Model risk

The potential for adverse consequences from decisions based on incorrect or misused model outputs and reports.

Overview

BBI uses models to support a broad range of activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures, conducting stress testing, assessing capital adequacy, managing client assets, and meeting reporting requirements.

Since models are imperfect and incomplete representations of reality, they may be subject to uncertainty, errors and inappropriate use affecting the accuracy of their output. This can result in inappropriate business decisions being made, financial loss, regulatory risk, reputational risk and/or inadequate capital reporting. Models may also be misused, for instance applied to products that they were not intended for, or not adjusted, where fundamental changes to their environment would justify re-evaluating their core assumptions.

Robust model risk management is crucial to assessing and managing model risk. Strong model risk culture, appropriate technological environment, and adequate focus on understanding and resolving model limitations are crucial components.

Organisation and structure

Barclays allocates substantial resources to identify and record models and their usage, document and monitor the performance of models, validate models and adequately address model limitations. Barclays manages model risk as an enterprise level risk similar to other Principal Risks.

Barclays Group has a dedicated Model Risk Management ('MRM') function that consists of five teams:

- (i) Independent Validation Unit ('IVU'), responsible for model validation and approval;
- (ii) Group Model Risk Governance, responsible for model risk governance, controls and reporting, as well as providing oversight for compliance of the Model Owner community with the Model Risk Framework;
- (iii) Framework team, responsible for the Model Risk Policy and associated standards;
- (iv) Strategy and Transformation responsible for inventory, strategy, communications and business management; and
- (v) Model Risk Measurement and Quantification ('MRMQ'), responsible for the design of the framework and methodology to measure and, where possible, quantify model risk. It is also responsible for the strategic Validation Centre of Excellence ('VCoE'), which is an independent quality assurance function within MRM with the mandate to review and challenge validation outcomes.

The primary responsibility for identifying and managing model risk and adherence to the control requirements sits with model users and support functions where the risk arises. Barclays Group's Global Head of Model Risk Management is responsible for providing effective oversight, management and escalation of model risk in line with the Model Risk Principal Risk Framework.

The Bank's Board has designated the Model Management Committee to provide executive oversight of model issues and model risk within the Bank. The Model Management Committee escalates issues to BBI's Executive Risk or Control Committees as appropriate, and regular updates are provided to the Bank's Board. The Model Management Committee is supported by the BBI Model Risk Governance & Review ('MRGR') function. The Head of MRGR reports (i) to the Head of BBI Model Risk Management, a role within the Group Model Risk Governance team; and (ii) locally to the Bank's CRO. The head of MRGR is accountable to ensure the suitability of models to BBI through review and challenge of model validations and approvals by the Group Model Risk Management function; and through review and challenge of the model risk frameworks, policies, standards and procedures.

The Model Risk Framework consists of the Model Risk Policy and standards. The policy prescribes Barclays Group-wide, end-to-end requirements for the identification, measurement and management of model risk, covering model documentation, development, monitoring, annual review, independent validation and approval, change and reporting processes. The policy is supported by global standards covering model inventory, documentation, validation, complexity and materiality, testing and monitoring, overlays, and stress testing challenger models.

Roles and responsibilities

The key model risk management activities include:

- Correctly identifying models across all relevant areas of Barclays Group, and recording models in the Barclays Group Models Database ('GMD'), the Barclays Group-wide model inventory. The heads of the relevant model ownership areas (typically, the business Chief Risk Officers, business Chief Executive Officers, Group Finance Director, Treasurer, etc.) annually attest to the completeness and accuracy of the model inventory.
- Enforcing that every model has a model owner who is accountable for the model. The model owner must sign off models prior to submission to IVU for validation. The model owner works with the relevant technical teams (model developers, implementation, monitoring, data services, and regulatory) to maintain that the model presented to IVU is and remains fit for purpose.
- Overseeing that every model is subject to validation and approval by IVU, prior to being used and on a continual basis. While all models are reviewed and re-approved for continued use each year, the validation frequency and the level of review and challenge applied by IVU is tailored to the materiality and complexity of each model. Validation includes a review of the model assumptions, conceptual soundness, data, design, performance testing, compliance with external requirements if applicable, as well as any limitations, proposed remediation and overlays with supporting rationale. Material model changes are subject to prioritised validation and approval.
- Maintaining specific standards that cover model risk management activities relating to stress testing challenger models, model overlays and vendor models.

Management of conduct risk

This section provides an overview of the management of conduct risk

- **Conduct risk is the risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Bank's products and services.**

Management of conduct risk

Conduct risk

The risk of poor outcomes for, or harm to, customers, clients and markets, arising from the delivery of the Bank's products and services.

Overview

The Bank defines, manages and mitigates conduct risk with the objective of providing good customer and client outcomes and protecting market integrity.

Conduct Risk incorporates market integrity, customer protection, financial crime and product design and review risks.

Organisation and structure

The governance of conduct risk within the Bank is fulfilled through management committees and forums operated by the first and second lines of defence with clear escalation and reporting lines to the Board.

The BBI Risk Committee is the primary second line governance committee for the oversight of the conduct risk profile. The Risk Committee's responsibilities include the identification and discussion of any emerging conduct risk exposures in the Bank.

The Board Risk Committee reviews, on behalf of the Board, the management of conduct risk and the conduct risk profile for the entity. The Committee also safeguards the independence of, and oversees the performance of, the BBI Compliance Function.

Roles and responsibilities

The Conduct Risk Management Framework ('CRMF') outlines how the Bank manages and measures its conduct risk profile. The Group Chief Compliance Officer is accountable for developing, maintaining and overseeing a Group-wide CRMF. This includes defining and owning the relevant conduct risk policies which detail the control objectives, principles and other core requirements for the activities of the Group. The Bank's Chief Compliance Officer oversees the performance of these responsibilities for BBI. This includes monitoring and reporting on the consistent application and effectiveness of the implementation of controls to manage conduct risk. It is the responsibility of the first line of defence to establish controls to manage its performance and assess conformance to these policies and controls as well as the CRMF.

Senior managers are accountable within their areas of responsibility for owning and managing Conduct Risk in accordance with the CRMF.

Compliance as an independent second line function oversees that conduct risks are effectively identified, managed, monitored and escalated, and has a key role in helping the Bank achieve the right conduct outcomes and evolve a conduct-focused culture.

Management of reputation risk

This section provides an overview of the management of reputation risk

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

Management of reputation risk

Reputation risk

The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the Bank's integrity and/or competence.

Overview

A reduction of trust in the Bank's integrity and competence may reduce the attractiveness of Barclays Bank Ireland to stakeholders and could lead to negative publicity, loss of revenue, regulatory or legislative action, loss of existing and potential client business, reduced workforce morale and difficulties in recruiting talent. Ultimately it may destroy shareholder value.

Organisation and structure

The Board is the most senior body responsible for reviewing and monitoring the effectiveness of the Bank's management of reputation risk.

Roles and responsibilities

The Group Chief Compliance Officer is accountable for developing a Reputation Risk Management Framework, and the Head of Public Policy and Corporate Responsibility is responsible for developing a reputation risk policy and associated standards, including tolerances against which data is monitored, reported on and escalated, as required. Reputation risk is by nature pervasive and can be difficult to quantify, requiring more subjective judgement than many other risks. The RRMF sets out what is required to manage reputation risk across the Bank.

The primary responsibility for identifying and managing reputation risk and adherence to the control requirements sits with the business and support functions where the risk arises.

The BBI Chief Compliance Officer is responsible for providing independent second line oversight of BBI Business' adherence to the RRMF.

BBI is required to operate within established reputation risk appetite, and the component businesses of BBI prepare regular updates highlighting their most significant current and potential reputation risks and issues and how they are being managed. These updates are a key internal source of information for the quarterly reputation risk reports which are prepared for the Bank's ExCo and reviewed by the BBI Board.

Management of legal risk

This section provides an overview of the management of legal risk

- Legal risk is the risk of loss or imposition of penalties, damages or fines from the failure of the Bank to meet its legal obligations, including regulatory or contractual requirements.

Management of legal risk

Legal risk

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

Overview

The Bank has no tolerance for wilful breaches of laws, regulations or other legal obligations. However, the multitude of laws and regulations across the globe are highly dynamic and their application to particular circumstances is often unclear. This results in a high level of inherent legal risk which the Bank seeks to mitigate through the operation of a Barclays Group-wide legal risk management framework, which requires identification of legal risks by legal professionals, engagement of legal professionals in situations that have the potential for legal risk, and escalation of legal risk as necessary. Notwithstanding these mitigating actions, the Bank operates with a level of residual legal risk, for which the Bank has limited tolerance.

Organisation, roles and responsibilities

The Bank's businesses and functions have responsibility for identifying and escalating to the Legal Function legal risk in their area, as well as responsibility for adherence to control requirements.

The Legal Function organisation and coverage model aligns legal expertise to businesses, functions, products, activities and geographic locations so that the Bank receives legal advice and support from appropriate legal professionals, working in partnership proactively to identify, manage and escalate legal risks as necessary. The Bank is supported specifically by the BBI General Counsel, who draws on the support of the wider Barclays Legal Function as appropriate.

The senior management of the Legal Function oversees, challenges and monitors the legal risk profile and effectiveness of the legal risk control environment across the Barclays Group. The Legal Function does not sit in any of the three lines of defence but supports them all. Except in relation to the legal advice it provides or procures, the Legal Function is subject to oversight from the second line of defence.

The Barclays Group General Counsel is responsible for developing and maintaining a Barclays Group-wide legal risk management framework. This includes defining the relevant legal risk policies, developing Barclays Group-wide risk appetite for legal risk and oversight of the implementation of controls to manage and escalate legal risk.

The legal risk profile and control environment is reviewed by management through business risk committees and control committees. The BBI Risk Committee is the most senior executive body responsible for reviewing and monitoring the effectiveness of risk management across the Bank. Escalation paths from this committee exist to the Barclays Group Risk Committee and BBI Board Risk Committee.

Organisation and structure

Barclays Bank Ireland PLC Board Risk Committee

- Considers and recommends to the Barclays Bank Ireland PLC Board legal risk appetite and tolerances for the bank
- Reviews the legal risk profile and the management of legal risk for the bank
- Commissions, receives and considers reports on key legal risk issues for the bank

Barclays Group Risk Committee

- Reviews and monitors the legal risk profile with respect to legal risk appetite and tolerances
- Reviews and recommends to the Barclays PLC Board Risk Committee legal risk appetite and tolerances
- Escalates and reports to Barclays Group Board level

Barclays Group Controls Committee

- Oversees the effectiveness of the Barclays Group legal risk control environment with respect to legal risk appetite and tolerances
- Escalates to Group Risk Committee and reports to Barclays Group Board level

Barclays Bank Ireland PLC Risk Committee

- Oversees the legal risk profile for their business with respect to its legal risk appetite and tolerances
- Escalate to Barclays Bank Ireland PLC Board level and Group Risk Committee

Legal Executive Committee

- Oversees, reviews and challenges, as appropriate, the legal risk profile and effectiveness of the legal risk control environment across the Barclays Group with respect to legal risk appetite and tolerances
- Escalates and reports to Barclays Group Risk and Controls Committees as appropriate

Barclays Bank Ireland PLC Controls Committee

- Oversee the effectiveness of the legal risk control environment for their business with respect to its legal risk appetite and tolerances
- Escalates to Barclays Bank Ireland PLC Board level and Barclays Group Controls Committee

Appendices

Appendix A – Countercyclical Capital Buffer

Table 59: CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

The below table shows the geographical distribution of credit exposures relevant to the calculation of the countercyclical buffer in line with CRR Article 440.

Note that exposures in the below table are prepared in accordance with CRD, Article 140 and hence exclude exposures to central governments/banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions, and as such the exposure values differ to those found in the Analysis of credit risk section.

As at 31 December 2022	General Credit Exposures		Relevant credit exposures – Market risk					Own Funds requirements					Own Funds Requirements weights	Counter-cyclical capital buffer rate
	Exposure Value for SA	Exposure Value for IRB	Sum of long and short positions for trading book exposures for SA	Value of trading book exposures for internal models	Securitisations exposure value for non-trading book	Total exposure value	Of which: Relevant credit risk exposures – Credit risk	Of which: Relevant credit exposures – Market risk	Of which: Relevant credit exposures – Securitisation positions in the non-trading book	Total	RWA			
											€m	%	%	
Breakdown by Country														
Norway	584	–	–	23	–	607	31	–	–	31	384	1.73 %	2.00 %	
Denmark	190	–	–	2	–	192	15	–	–	15	191	0.86 %	2.00 %	
Iceland	–	–	–	7	–	7	–	1	–	1	7	0.03 %	2.00 %	
Czech Republic	4	–	–	10	–	14	–	2	–	2	23	0.10 %	1.50 %	
United Kingdom	818	–	–	15	55	888	57	1	1	59	736	3.31 %	1.00 %	
Sweden	569	–	–	6	71	647	33	1	1	34	430	1.94 %	1.00 %	
Estonia	7	–	–	–	–	7	1	–	–	1	7	0.03 %	1.00 %	
Hong Kong	3	–	–	–	–	3	–	–	–	–	3	0.01 %	1.00 %	
Slovakia	–	–	–	–	–	–	–	–	–	–	–	– %	1.00 %	
Bulgaria	–	–	–	–	–	–	–	–	–	–	–	– %	1.00 %	
Luxembourg	2,344	–	–	15	–	2,359	188	–	–	188	2,350	10.57 %	0.50 %	
Romania	–	–	–	–	–	–	–	–	–	–	–	– %	0.50 %	
Total (countries with existing CCyB rate)	4,519	–	–	79	126	4,725	324	5	2	330	4,131	18.58 %		
Germany	7,362	–	–	223	–	7,585	484	4	–	488	6,093	27.41 %	n/a	
France	4,449	–	1	212	148	4,809	276	2	1	280	3,496	15.73 %	n/a	
Italy	5,807	–	9	22	–	5,838	228	2	–	229	2,868	12.90 %	n/a	
Netherlands	1,599	–	9	171	–	1,779	118	2	–	120	1,500	6.75 %	n/a	
Ireland	1,357	–	–	2	2	1,361	99	1	–	100	1,252	5.63 %	n/a	
Spain	947	–	–	88	9	1,044	75	–	–	76	947	4.26 %	n/a	
United States	1,131	–	–	29	–	1,160	69	1	–	70	875	3.93 %	n/a	
Finland	281	–	–	2	–	282	22	–	–	22	276	1.24 %	n/a	
Total (countries with own funds requirements weights 1% or above)	22,932	–	19	748	159	23,858	1,371	12	1	1,385	17,305	77.84 %		
Total (rest of the world less than 1% requirement)	861	–	24	177	–	1,062	56	7	–	64	796	3.58 %	n/a	
Total	28,312	–	43	1,004	285	29,645	1,751	24	3	1,779	22,232	100.00 %		

Appendix A – Countercyclical Capital Buffer (continued)

Table 60: CCyB2 - Amount of institution-specific countercyclical capital buffer

This table shows an overview of institution specific countercyclical exposure and buffer requirements.

As at 31 December 2022	
Total risk exposure amount (€m)	35,216
Institution specific countercyclical buffer rate (%)	0.16 %
Institution specific countercyclical buffer requirement (€m)	56

Appendix B – Disclosure on asset encumbrance

Asset encumbrance arises from collateral pledged against secured funding and other collateralised obligations. BBI funds a portion of trading portfolio assets and other securities via repurchase agreements and other similar borrowing, and pledges a portion of customer loans and advances as collateral for secured funding arrangements with central banks or in securitisations. BBI monitors the mix of secured and unsecured funding sources within the BBI funding plan and seeks to efficiently utilise available collateral to raise secured funding and meet other collateral requirements.

Assets are considered encumbered when they have been pledged or used to secure, collateralise or credit enhance a transaction which impacts their transferability and free use. This includes repurchase or other similar agreements predominately with market counterparties, and to a lesser extent with other entities of the Barclays group and through the issuance of securitisations. Assets may also be encumbered under secured funding arrangements with central banks. In advance of such encumbrance, assets are often positioned with central banks to facilitate efficient future draw down.

There may be occasions where agreements are in place to over-collateralise funding structures such as securitisations. This is on an individual transaction basis and will typically result in higher levels of encumbrance. Encumbered assets comprise a range of different currencies primarily EUR with minor encumbered assets comprising of GBP and USD.

As at 31 December 2022, the Bank has €5.1bn of underlying assets and securitised assets, of which €2.0bn of assets are encumbered and €3.1bn are unencumbered. In total, BBI has €1.0bn of retained securitisations.

The below tables (AE1, AE2 and AE3) are prepared on the regulatory scope of consolidation basis consistent with the regulatory scope of consolidation used to prepare other liquidity reporting. Each of the reported values are derived from the median of values of the quarterly submissions reported to the regulator via supervisory returns over the period 1 January 2022 to 31 December 2022 and will not agree to those disclosed in the BBI PLC Annual Report (on page 190) which are prepared on an IFRS scope of consolidation and reflects the 31 December 2022 position.

Table 61: AE1 - Encumbered and unencumbered assets

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
As at 31 December 2022	€m	€m	€m	€m	€m	€m	€m	€m
010 Assets of the institution	20,603	18,189			127,667	28,777		
030 Equity instruments	–	–	–	–	138	78	138	78
040 Debt securities	6,528	5,918	6,528	5,918	2,671	2,065	2,671	2,065
050 of which: covered bonds	597	532	597	532	376	359	376	359
060 of which: securitisations	–	–	–	–	65	27	65	27
070 of which: issued by general governments	5,042	4,948	5,042	4,948	1,206	1,194	1,206	1,194
080 of which: issued by financial corporations	597	296	597	296	612	224	612	224
090 of which: issued by non-financial corporations	201	139	201	139	231	175	231	175
120 Other assets	13,673	11,668			124,723	26,634		

Carrying amount of encumbered other assets of €13.7bn predominantly contains cash collateral posted for derivative margin requirements and loans and advances pledged as collateral in secured funding arrangements with central banks.

Carrying amount of unencumbered assets of €127.7bn contains;

- €2.7bn of debt securities that may be monetised to generate liquidity through use as collateral for secured funding or through outright sale.
- €26.6bn of balances at central banks,
- €14.4bn of loans and advances which would be suitable for use in secured funding, some of which are already in a form such that they can be used to raise funding without further management actions,
- €84.0bn of balances that are not readily available for encumbrance in the normal course of business that represents derivative assets, reverse repos, settlement balances, financial asset at fair value through the income statement, intangibles and deferred tax assets.

Appendix B – Disclosure on asset encumbrance (continued)

Table 62: AE2 - Collateral received and own debt securities issued

		Fair value of encumbered collateral received or own debt securities issued		Fair value of collateral received or own debt securities issued available for encumbrance	
		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA	
		€m	€m	€m	€m
As at 31 December 2022					
130	Collateral received by the institution	53,395	47,710	5,132	3,721
140	Loans on demand	–	–	–	–
150	Equity instruments	2,414	912	419	202
160	Debt securities	50,775	46,486	4,797	3,548
170	of which: covered bonds	1,673	725	978	436
180	of which: securitisations	–	–	1	–
190	of which: issued by general governments	42,929	42,518	2,789	2,639
200	of which: issued by financial corporations	3,323	1,692	519	205
210	of which: issued by non-financial corporations	2,610	1,551	497	237
220	Loans and advances other than loans on demand	–	–	–	–
230	Other collateral received	–	–	–	–
240	Own debt securities issued other than own covered bonds or securitisations	–	–	–	–
241	Own covered bonds and asset-backed securities issued and not yet pledged			1,275	–
250	Total assets, collateral received and own debt securities issued	75,286	66,981		

Table 63: AE3 - Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		€m	€m
As at 31 December 2022			
010	Carrying amount of selected financial liabilities	38,297	57,196
120	Other sources of encumbrance	18,090	18,090
170	Total source of encumbrance	55,252	75,286

Carrying amount of selected financial liabilities of €38.3bn primarily relates to repurchase agreements and cash collateral posted for derivatives margin requirements. €18.1bn of other sources of encumbrance represents trading portfolio liabilities and stock lending agreements.

Appendix C – Disclosures on remuneration

Barclays Bank Ireland PLC remuneration

The following disclosures are made in accordance with the EBA Implementing Technical Standards on public disclosures by institutions (2020).

Remuneration Governance

The mandate and responsibilities of Barclays Bank Ireland PLC ('BBIPLC') Board Remuneration Committee (the 'Committee') are included in the Directors' Report in the BBI PLC Annual Report 2022. Willis Towers Watson provided the Committee in 2022 with market data on compensation when considering incentive levels and remuneration packages. In the course of its deliberations, the Committee considers the views of the BBIPLC Chief Executive Officer, the BBIPLC Human Resources Director and the BBIPLC Reward Director. The BBIPLC Finance Director and Chief Risk Officer also provide regular updates on the entity's financial performance and risk profile respectively.

The Committee held five meetings during 2022 and all members were present at each meeting:

Member	Meetings attended
Eoin O'Driscoll (Chair)	5/5
Jennifer Allerton	5/5
Tom Huertas	5/5

The Committee has adopted the overarching principles and parameters of the remuneration policy set by the Barclays PLC Remuneration Committee, as disclosed in the Remuneration Report within the Barclays PLC Annual Report 2022 (the 'Remuneration Report').

The Committee reviewed the remuneration philosophy in 2022 prior to adopting it. For 2022 there were no substantive changes to the all-employee remuneration policy.

Performance management and remuneration

Barclays' remuneration philosophy (set out below) links remuneration to achieving sustained high performance and creating long-term value. Our remuneration philosophy applies to all employees of Barclays PLC globally (including those individuals identified as MRTs) and aims to reinforce our belief that effective performance management is critical to enabling the delivery of our business strategy in line with our Values. Employees who adhere to Barclays' Values and contribute to Barclays' success are rewarded accordingly.

This is achieved by basing performance assessment on clear standards of delivery and behaviour, which starts with employees aligning their objectives ('what' they will deliver) to business and team goals in order to support the delivery of the business strategy and good client/customer outcomes. Behavioural expectations ('how' people will achieve their objectives) are set in the context of our Values and Mindset.

Performance is assessed against both financial and non-financial criteria. Other factors are also taken into consideration within the overall performance assessment, including core job responsibilities, behaviours towards risk and control, colleague and stakeholder feedback as well as input from the Risk and Compliance functions, where appropriate. Details on Barclays' financial and non-financial performance, and how they relate to the bonus pool can be found as part the Barclays PLC Remuneration Committee Chair's statement in the Remuneration Report. Similar considerations were made by the BBIPLC Committee in respect of the BBIPLC incentive pool.

Through our approach to performance management, the equal importance of both what an individual has delivered and how the individual has achieved this is emphasised, encouraging balanced consideration of each dimension. Both of these elements are assessed and rated independently of each other. There is no requirement to have an overall rating. This allows for more robust and reflective conversations between managers and team members on the individual components of performance.

Barclays' remuneration philosophy

The remuneration philosophy below sets out the basis upon which Barclays made remuneration decisions and set remuneration policies during 2022.

Barclays' remuneration philosophy applies to all employees globally.

Attract and retain talent needed to deliver Barclays' strategy	Long-term success depends on the talent of our employees. This means attracting and retaining an appropriate range of talent to deliver against our strategy, and paying the right amount for that talent
Align pay with investor and other stakeholder interests	Remuneration should be designed with appropriate consideration of the views, rights and interests of stakeholders. This means listening to our shareholders, other investors, regulators, government, customers and employees and ensuring their views are appropriately considered in remuneration decision-making
Reward sustainable performance	Sustainable performance means making a positive and enduring difference to investors, customers and communities, taking pride in leaving things better than we found them, and playing a valuable role in society
Support Barclays' Values and culture	Results must be achieved in a manner consistent with our Values. Our Values, culture and Mindset should drive the way that business is conducted

Appendix C – Disclosures on remuneration (continued)

Align with risk appetite, risk exposure and conduct expectations	Designed to reward employees for achieving results in line with the Group's risk appetite and conduct expectations
Be fair, transparent and as simple as possible	We are committed to ensuring pay is fair, simple and transparent for all our stakeholders. This means all employees and stakeholders should understand how we reward our employees and fairness should be a lens through which we make remuneration decisions

The Barclays Group remuneration policy is reviewed annually by the Barclays PLC Remuneration Committee. The Committee is asked to review and adopt any changes to the policy, where appropriate.

Risk adjustment and remuneration

Another key feature of our remuneration philosophy is the alignment of remuneration with our risk appetite and with the conduct expectations of Barclays, our regulators and other stakeholders. The Committee takes risk and conduct events very seriously and ensures that there are appropriate adjustments to individual remuneration and, where necessary, the incentive pool.

The Remuneration Review Panel (the 'Panel'), which reports to the Committee, supports the Committee in this process. The Panel is chaired by the Group HR Director and includes the Group Heads of Risk, Compliance, Legal and Internal Audit as well as the CEO of Barclays Bank UK PLC and the President of Barclays Bank PLC. It applies our policies and processes for assessing compensation adjustments for risk and conduct events.

We have robust processes for considering risk and conduct as part of individual performance management, with outcomes reflected in individual remuneration decisions. Line managers have primary accountability for ensuring that risk and conduct issues are considered when assessing performance and making remuneration decisions. In addition, there is a secondary review by the control functions, for individuals involved in significant failures of risk management, conduct issues, regulatory actions or other major incidents that impact either the Group or a business area, to ensure these issues are also considered. When considering individual responsibility, a variety of factors are taken into account, such as whether an individual was directly responsible, or whether the individual could be deemed indirectly responsible by virtue of seniority, including staff who drive BBIPLC's culture and set its strategy.

Actions that may be taken where risk management and conduct falls below required standards include:

Adjustment	Current year annual bonuses may be adjusted downwards where individuals are found to be involved (either directly or indirectly) in a risk or misconduct event.
Malus	Unvested deferred bonuses from prior years are subject to malus provisions, which enable the Committee to reduce the vesting level of deferred bonuses (including to nil) at its discretion. Events that may lead the Committee to do this include, but are not limited to, employee misconduct or a material failure of risk management.
Clawback	Clawback applies to any variable remuneration awarded to a MRT on or after 1 January 2015 in respect of years for which they were a MRT. Barclays may apply clawback if, at any time during the seven-year period from the date on which variable remuneration is awarded to a MRT: <ul style="list-style-type: none"> (i) there is reasonable evidence of employee misbehaviour or material error, and/or (ii) the firm or the business unit suffers a material failure of risk management, taking account of the individual's proximity to and responsibility for that incident.

In addition to reductions to individuals' bonuses, the Committee considers and makes collective adjustments to the incentive pool for specific risk and conduct events. The Committee also adjusts the incentive pool to take account of an assessment of a wide range of future risks including conduct, non-financial factors that can support the delivery of a strong risk management, control and conduct culture, and other factors including reputation, and impact on customers, markets and other stakeholders. The Committee is supported in its consideration of this adjustment by the BBIPLC Board Risk Committee.

Remuneration structure

Employees receive salary, pension and other benefits and are eligible to be considered for an annual bonus. Some employees, including some MRTs, also receive Role Based Pay ('RBP'). Remuneration of all MRTs is subject to the 2:1 maximum ratio of variable to fixed remuneration.

The remuneration of employees engaged in control functions is determined independently from the business they support and within the parameters of the incentive pool allocated to them by the Committee. Remuneration for control function employees is less weighted towards variable remuneration compared to front-office employees, with the value of variable remuneration typically limited to one times fixed remuneration.

Fixed remuneration	
Salary	Salaries reflect individuals' skills and experience and are reviewed annually. They are increased where justified by role change, increased responsibility, to reflect a change in the market rate or maintain appropriate competitive positioning. Salaries may also be increased in line with local statutory requirements and union and works council commitments.
Role Based Pay	Some MRTs receive a class of fixed pay called RBP to recognise the seniority, scale and complexity of their role. RBP may be adjusted where justified by a role or responsibility change or a change in the appropriate market rate.
Pension and benefits	The provision of a competitive package of benefits is important to attracting and retaining the talented staff needed to deliver Barclays' strategy. Employees have access to a range of country-specific company-funded benefits, including pension schemes, healthcare, life assurance and Barclays' share plans, as well as other voluntary employee-funded benefits. The cost of providing these benefits is defined and controlled.

Appendix C – Disclosures on remuneration (continued)

Variable remuneration																			
Annual bonus		<p>Annual bonuses incentivise and reward the achievement of Group, business and individual objectives, and reward employees for demonstrating individual behaviours in line with Barclays' Values and Mindset.</p> <p>The ability to recognise performance through variable remuneration enables the Group and BBIPLC to control its cost base flexibly and to react to events and market circumstances. Bonuses remain a key feature of remuneration practice in the highly competitive and mobile market for talent in the financial services sector.</p> <p>Annual bonuses may be delivered in both 'up-front' and deferred components. For MRTs (excluding de minimis MRTs), both the up-front and deferred components have cash and share portions, in the case of the share portions subject to retention periods of either six or twelve months.</p>																	
Bonus deferral		<p>The Committee is careful to control the proportion of variable to fixed remuneration paid to individuals and also to ensure an appropriate amount is deferred to future years. The typical deferral structures are:</p> <table border="1"> <thead> <tr> <th>For MRTs:</th><th>For de minimis MRTs/non-MRTs</th></tr> </thead> <tbody> <tr> <td>Incentive award</td><td>Incentive award</td></tr> <tr> <td>< €500,000</td><td>Up to €65,000</td></tr> <tr> <td>€500,000 to €1,000,000</td><td>60% of total award</td></tr> <tr> <td>> €1,000,000</td><td>> €65,000</td></tr> <tr> <td></td><td>Graduated level of deferral</td></tr> <tr> <td></td><td>60% up to €1,000,000</td></tr> <tr> <td></td><td>100% above €1,000,000</td></tr> </tbody> </table>		For MRTs:	For de minimis MRTs/non-MRTs	Incentive award	Incentive award	< €500,000	Up to €65,000	€500,000 to €1,000,000	60% of total award	> €1,000,000	> €65,000		Graduated level of deferral		60% up to €1,000,000		100% above €1,000,000
For MRTs:	For de minimis MRTs/non-MRTs																		
Incentive award	Incentive award																		
< €500,000	Up to €65,000																		
€500,000 to €1,000,000	60% of total award																		
> €1,000,000	> €65,000																		
	Graduated level of deferral																		
	60% up to €1,000,000																		
	100% above €1,000,000																		
		<p>Deferred bonuses are generally delivered in equal portions as deferred cash and deferred shares subject to the rules of the deferred cash and share plans (as amended from time to time) and to continued service. Deferred bonuses are subject to either a 3, 4, 5 or 7-year deferral period in line with regulatory requirements.</p> <p>Where dividend equivalents cannot be delivered on deferred bonus shares, the number of deferred bonus shares awarded will be calculated using a share price discounted to reflect the absence of dividend equivalents during the vesting period.</p>																	

Shareholding

Share plans	Alignment of MRTs with shareholders is achieved through deferral of incentive pay. Additional shareholding is encouraged through the all-employee share plans.
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Awards of guaranteed variable remuneration are only made in exceptional circumstances in the context of hiring and typically only when a new hire starts in the last quarter of the year. When determining a termination payment, Barclays considers any applicable: (a) contractual requirements; (b) policies; (c) local legal and regulatory requirements; and (d) legal and reputational risk.

Key remuneration policies are reviewed annually, and were reviewed in 2022, to ensure that they are neutral in respect of gender and other protected characteristics.

Remuneration of MRTs in respect of the financial year

MRTs are BBIPLC employees whose professional activities could have a material impact on BBIPLC's risk profile, which includes (amongst others) members of the BBIPLC Board. A total of 135 individuals were MRTs in 2022 (2021: 135).

The following tables set out remuneration disclosures for individuals identified as MRTs for BBIPLC. In the tables, the terms below mean:

- 'MB' means BBIPLC's management body (i.e. the BBIPLC Board);
- 'MB Supervisory function' means those individuals who were Non-Executive Directors of BBIPLC during 2022;
- 'MB Management function' means those individuals who were Executive Directors of BBIPLC during 2022;
- 'Other senior management' means those individuals (excluding the Executive Directors of BBIPLC) who were members of the BBIPLC Executive Committee during 2022 in accordance with Article 3(1)(9) of CRDIV; and
- 'Other identified staff' means MRTs excluding MRTs included in MB Supervisory function, MB Management function and Other senior management.

39 MRTs in 2022 benefited from the derogation in point (b) of Article 94(3) of the Capital Requirements Directive in respect of the remuneration requirements in points (l) and (m) of Article 94(1). The aggregate fixed remuneration for these MRTs was €5.8m and the aggregate variable remuneration was €0.8m.

Appendix C – Disclosures on remuneration (continued)

Table 64: EU REM1: Remuneration awarded for the financial year (all figures are in €m except for 'Number of identified staff')

		MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Number of identified staff	6	2	11.0	115.8
2	Total fixed remuneration	1.0	1.9	6.5	40.5
3	Of which: cash-based	1.0	1.8	6.1	37.5
EU-4a	Of which: shares or equivalent ownership interests	—	—	—	—
Fixed remuneration					
5	Of which: share-linked instruments or equivalent non-cash instruments	—	—	—	—
EU-5x	Of which: other instruments	—	—	—	—
7	Of which: other forms ^a	—	0.1	0.4	3.0
9	Number of identified staff	—	2	11.0	104.8
10	Total variable remuneration	—	1.8	6.0	25.9
11	Of which: cash-based	—	0.9	3.0	13.4
12	Of which: deferred	—	0.5	1.8	6.4
EU-13a	Of which: shares or equivalent ownership interests	—	0.9	3.0	12.5
EU-14	Of which: deferred	—	0.5	1.8	6.4
EU-13b	Of which: share-linked instruments or equivalent non-cash instruments	—	—	—	—
EU-14	Of which: deferred	—	—	—	—
EU-14	Of which: other instruments	—	—	—	—
EU-14	Of which: deferred	—	—	—	—
15	Of which: other forms	—	—	—	—
16	Of which: deferred	—	—	—	—
17 Total remuneration (2+10)		1.0	3.7	12.5	66.4

Note

a. 'Other forms' of fixed remuneration represents an estimate for pensions and benefits during the year.

Table 65: EU REM2: Special payments to staff whose professional activities have a material impact on institution's risk profile (identified staff)

	MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards				
1 Guaranteed variable remuneration awards - Number of identified staff	—	—	—	—
2 Guaranteed variable remuneration awards - Total amount	—	—	—	—
3 Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	—	—	—	—
Severance payments awarded in previous periods, that have been paid out during the financial year				
4 Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	—	—	—	—
5 Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	—	—	—	—
Severance payments awarded during the financial year				
6 Severance payments awarded during the financial year - Number of identified staff	—	—	—	—
7 Severance payments awarded during the financial year - Total amount	—	—	—	—
8 Of which paid during the financial year	—	—	—	—
9 Of which deferred	—	—	—	—
10 Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	—	—	—	—
11 Of which highest payment that has been awarded to a single person	—	—	—	—

Appendix C – Disclosures on remuneration (continued)

Table 66: EU REM3: Deferred remuneration (all figures are in €m)

Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1 MB Supervisory function	—	—	—	—	—	—	—	—
2 Cash-based	—	—	—	—	—	—	—	—
3 Shares or equivalent ownership interests	—	—	—	—	—	—	—	—
4 Share-linked instruments or equivalent non-cash instruments	—	—	—	—	—	—	—	—
5 Other instruments	—	—	—	—	—	—	—	—
6 Other forms	—	—	—	—	—	—	—	—
7 MB Management function	4.1	1.0	3.1	—	—	(0.1)	0.9	0.2
8 Cash-based	1.8	0.4	1.4	—	—	—	0.4	—
9 Shares or equivalent ownership interests	2.3	0.6	1.7	—	—	(0.1)	0.5	0.2
10 Share-linked instruments or equivalent non-cash instruments	—	—	—	—	—	—	—	—
11 Other instruments	—	—	—	—	—	—	—	—
12 Other forms	—	—	—	—	—	—	—	—
13 Other senior management	13.0	2.6	10.4	—	—	(0.4)	2.4	0.2
14 Cash-based	5.1	1.1	4.0	—	—	—	1.1	—
15 Shares or equivalent ownership interests	7.9	1.5	6.4	—	—	(0.4)	1.3	0.2
16 Share-linked instruments or equivalent non-cash instruments	—	—	—	—	—	—	—	—
17 Other instruments	—	—	—	—	—	—	—	—
18 Other forms	—	—	—	—	—	—	—	—
19 Other identified staff	42.2	13.2	29.0	—	—	(1.5)	11.1	2.2
20 Cash-based	15.8	4.6	11.2	—	—	—	4.6	—
21 Shares or equivalent ownership interests	26.4	8.6	17.8	—	—	(1.5)	6.5	2.2
22 Share-linked instruments or equivalent non-cash instruments	—	—	—	—	—	—	—	—
23 Other instruments	—	—	—	—	—	—	—	—
24 Other forms	—	—	—	—	—	—	—	—
25 Total amount	59.3	16.8	42.5	—	—	(2.0)	14.4	2.6

Appendix C – Disclosures on remuneration (continued)

Table 67: EU REM4: Remuneration of 1 million EUR or more per year

EUR	Identified staff that are high earners as set out in Article 450(i) CRR
1 1 000 000 to below 1 500 000	21
2 1 500 000 to below 2 000 000	3
3 2 000 000 to below 2 500 000	2
4 2 500 000 to below 3 000 000	1
5 3 000 000 to below 3 500 000	1
6 3 500 000 to below 4 000 000	1

Table 68: EU REM 5: Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (all figures are in €m except for 'Total number of identified staff')

	Management body remuneration			Business areas ^a					Independent internal control functions	All other	Total
	MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions				
1 Total number of identified staff											134.8
2 Of which: members of the MB	6.0	2.0	8.0								
3 Of which: other senior management				3.0	3.0	—	3.0	2.0	—		
4 Of which: other identified staff				47.8	2.0	—	13.0	53.0	—		
5 Total remuneration of identified staff	1.0	3.7	4.7	55.0	3.1	—	8.6	12.2	—		
6 Of which: variable remuneration	—	1.8	1.8	25.7	1.4	—	2.6	2.2	—		
7 Of which: fixed remuneration	1.0	1.9	2.9	29.3	1.7	—	6.0	10.0	—		

Note

a. 'Investment banking' covers traditional Investment banking including 'Global Markets', 'Investment Banking', 'Research'. The other non-IB areas ('Corporate', 'Cards' and 'Private Banking') are combined within 'Retail Banking'.

Appendix D – Compliance to Pillar 3 requirements

CRR ref.	High-level summary	Compliance reference
Disclosure requirements and policies		
431 (1)	Requirement to publish Pillar 3 disclosures	BBI publishes Pillar 3 disclosures
431 (2)	Firms with permission to use specific modelled risk methodologies	Refer page 11 - Scope of permission for calculation approaches and BBI's approach to managing risks section for granular information.
431 (3)	Institution must have a formal policy to verify the comprehensiveness and overall appropriateness of the disclosures	BBI has a framework of disclosure controls and procedures in place to support the approval of the Bank's Pillar 3 disclosure.
431 (4)	Institutions to ensure that quantitative disclosures are accompanied by a qualitative narrative and any other supplementary information where deemed appropriate.	Quantitative disclosures are accompanied by a narrative to explain significant changes compared to previous disclosures.
431 (5)	Explanation of ratings decision upon request	BBI provides explanations of rating decisions to SMEs whose loan applications were declined in writing, and suggests alternative sources of finance. In the case of larger corporates, written explanations are not usually requested as direct discussions with relationship managers take place.
Non-material, proprietary or confidential information		
432 (1)	Institutions may omit information that is not material if certain conditions are respected.	Compliance with this provision is covered by BBI's framework.
432 (2)	Institutions may omit information that is proprietary or confidential if certain conditions are respected.	Compliance with this provision is covered by BBI's framework.
432 (3)	Where 432 (1) and (2) apply this must be stated in the disclosures, and more general information must be disclosed.	This table specifies where disclosures are omitted.
Frequency of disclosure		
433	Institutions are required to publish their disclosures in accordance with 433a, 433b or 433c, in conjunction with Article 4 (145), (146), (147) and (148).	Compliance with this provision is covered by BBI's framework. See under 'Basis of preparation' (page 6).
433a	Specifies the information to be disclosed by Large Institutions together with the frequency.	Compliance with this provision is covered by BBI's framework.
433b	Specifies the information to be disclosed by Small and Non-Complex Institutions together with the frequency.	Does not apply to BBI.
433c	Specifies the information to be disclosed by Other Institutions and the frequency.	Does not apply to BBI.
Means of disclosures		
434 (1)	To include disclosures in one appropriate medium, or provide clear cross-references.	Most disclosures are contained within this document. Signposting directs the reader to other publications where appropriate.
434 (2)	Institutions shall make available on their website an archive of the information required to be disclosed.	https://home.barclays/investor-relations/reports-and-events/latest-financial-results/
Uniform disclosure formats		
434a	EBA have developed uniform disclosure formats for use in publications	Compliance with this provision is covered by BBI's framework.
Risk management objectives and policies		
435 (1) (a)	Disclose information on strategies and processes; organisational structure, reporting systems and risk mitigation/hedging.	Page 11 / Table 2: Summary of the scope of application of regulatory methodologies for CVA, market and operational risk Risk management strategy: page 74 Climate Risk: page 83 Credit Risk: page 103 Market Risk: page 115 Securitisation Risk: page 123 Treasury and Capital Risk - Capital: page 130 Treasury and Capital Risk - Liquidity: page 128 Operational Risk: page 134 Model Risk: page 131 Conduct Risk: page 140 Reputation Risk: page 142 Legal Risk: page 144
435 (1) (b)		
435 (1) (c)		
435 (1) (d)		
435 (1) (e)	Inclusion of a declaration approved by the Board on adequacy of risk management arrangements.	See page 78. This statement covers all Principal Risks.

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference																											
435 (1) (f)	a concise risk statement approved by the management body succinctly describing the relevant institution's overall risk profile associated with the business strategy.	Please see page 5 and pages 74 to 82. This statement covers all Principal Risks.																											
435 (2)	Information on governance arrangements, including information on Board composition and recruitment, and risk committees.	See pages 76 and 77 for a description of the risk committees. Page 11 and 12 of the BBI PLC Annual Report 2022 contains information on Board composition, experience and recruitment.																											
435 (2) (a)	Number of directorships held by directors.	<table border="1"> <thead> <tr> <th>Director</th><th>Number of Directorships Effectively held as at 31 December 2022</th><th>Number of Directorships held for purposes of Article 91 (3) and (4) of Directive (EU) 2013/36 (CRD) as at 31 December 2022</th></tr> </thead> <tbody> <tr> <td>Tim Breedon</td><td>5</td><td>3</td></tr> <tr> <td>Tom Huertas</td><td>4</td><td>3</td></tr> <tr> <td>Etienne Boris</td><td>4</td><td>4</td></tr> <tr> <td>Jennifer Allerton</td><td>3</td><td>3</td></tr> <tr> <td>Joanna Nader</td><td>2</td><td>1</td></tr> <tr> <td>Eoin O'Driscoll</td><td>2</td><td>1</td></tr> <tr> <td>Francesco Ceccato</td><td>2</td><td>1</td></tr> <tr> <td>Jasper Hanebuth</td><td>2</td><td>1</td></tr> </tbody> </table>	Director	Number of Directorships Effectively held as at 31 December 2022	Number of Directorships held for purposes of Article 91 (3) and (4) of Directive (EU) 2013/36 (CRD) as at 31 December 2022	Tim Breedon	5	3	Tom Huertas	4	3	Etienne Boris	4	4	Jennifer Allerton	3	3	Joanna Nader	2	1	Eoin O'Driscoll	2	1	Francesco Ceccato	2	1	Jasper Hanebuth	2	1
Director	Number of Directorships Effectively held as at 31 December 2022	Number of Directorships held for purposes of Article 91 (3) and (4) of Directive (EU) 2013/36 (CRD) as at 31 December 2022																											
Tim Breedon	5	3																											
Tom Huertas	4	3																											
Etienne Boris	4	4																											
Jennifer Allerton	3	3																											
Joanna Nader	2	1																											
Eoin O'Driscoll	2	1																											
Francesco Ceccato	2	1																											
Jasper Hanebuth	2	1																											
435 (2) (b)	Recruitment policy of Board members, their experience and expertise.	Please see page 12 of the BBI PLC Annual Report 2022. The skills, experience and expertise held across the Board includes, but is not limited to, regulatory experience, Financial Services – including Relevant Banking Experience, Risk Management, Accounting & Auditing, Operations & Technology, Multinational Corporations, Financial Institutions, Transformation, Strategy Development & Implementation, Outsourcing & Supplier Management, Business/Financial performance, Capital and Liquidity Management.																											
435 (2) (c)	Policy on diversity of Board membership and results against targets.	Please see pages 14 and 19 of the BBI PLC Annual Report 2022. In terms of gender, the Board's current target is to ensure that the proportion of women on the Board is 33% by 2024.																											
435 (2) (d)	Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year.	Please see page 12 of the BBI PLC Annual Report 2022. The Board Risk Committee met seven times during 2022																											
435 (2) (e)	Description of information flow on risk to Board.	Figure on page 77 in the risk management strategy section illustrates the reporting structure to Board committees.																											
Scope of application																													
436 (a)	Name of institution	See under 'Foreword' page 3.																											
436 (b)	Difference in basis of consolidation for accounting and prudential purposes.	The Bank owns three nominee companies, each with a fully paid up share capital of €2. These companies are not included in the accounting or prudential consolidation of the Bank. BBI also controls two structured entities Mercurio Mortgage Finance s.r.l. and Alstertal Consumer Finance 2021-1 DAC, which are consolidated in BBI's regulatory returns.																											
436 (c)	Disclosure of the breakdown of assets and liabilities of the financial statements prepared in accordance with requirements on regulatory consolidation.	Page 12 / Table 3: Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (LI1).																											
436 (d)	Disclosure of the reconciliation of the carrying value amounts in the financial statements under regulatory scope of consolidation and the exposure amount used for regulatory purposes.	Page 13 / Table 4: Main sources of differences between regulatory exposure amounts and carrying values in financial statements (LI2) / Explanations of differences between accounting and regulatory exposure amounts (LIA).																											
436 (e)	Disclosure of the breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment.	Page 32 / Table 22: Prudential valuation adjustments (PV1).																											
436 (f)	Disclosure of any current or expected material practice or legal impediment to the prompt transfer of own funds or repayment of liabilities between parent and subsidiaries.	None noted																											

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
436 (g)	Disclosure of the aggregated amount by which the actual own funds are less than required in all subsidiaries.	Does not apply to BBI.
436 (h)	Application of the derogation referred to in Article 7 of the CRR or the individual consolidation method laid down in Article 9 of the CRR.	Does not apply to BBI.
Own funds		
437	Disclosure of requirements regarding capital resources table	Pages 16 - 17 / Table 6: Own funds disclosure template (CC1) / Table 7: Reconciliation of regulatory own funds to balance sheet in the audited financial statements (CC2).
437 (a)		
437 (d) (i)		
437 (d) (ii)		
437 (d) (iii)		
437 (e)		
437 (f)		
437 (b)		Standalone document: Summary of terms and conditions of own funds and eligible liabilities
437 (c)		
Disclosure of own funds and eligible liabilities		
437a	Disclosure of requirements regarding MREL / TLAC tables	Pages 25 - 26 / Table 17: Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs (iLAC) / Table 18: Creditor ranking - Entity that is not a resolution entity (TLAC2).
437a (a)		
437a (b)		
437a (c)		
437a (d)		
Own funds requirements and risk-weighted exposure amounts		
438 (a)	Summary of Bank's approach to assessing the adequacy of capital levels	Page 131 / ICAAP information.
438 (b)	Disclosure of additional own funds requirements based on supervisory review (SREP) and its capital related composition.	Page 15 / Table 5 : Key Metrics (KM1)
438 (c)	Result of the Bank's internal capital adequacy assessment process (ICAAP) on demand from authorities.	BBI has not received this request from its regulator. Page 131 / ICAAP information.
438 (d)	Disclosure of total risk-weighted exposure amount and the corresponding total own funds requirements by different risk categories	Page 19 / Table 10: Overview of risk-weighted exposure amount (OV1) Various other tables contain capital requirements throughout the report.
438 (e)	Disclosure of on and off-balance sheet exposures, risk weighted exposure amounts and associated expected losses for each category of specialised lending / equity exposures	Does not apply to BBI.
438 (f)	Disclosure of the exposure value and risk-weighted exposure amount of own funds instruments held in relation to insurance activities that institutions do not deduct from own funds.	Does not apply to BBI.
438 (g)	Disclosure of the supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate.	Does not apply to BBI.
438 (h)	The variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations.	Pages 20 & 21 / Table 11, 12 & 13: RWA flow statements across credit risk exposures under the IRB approach (CR8), Counterparty Credit Risk (CCR7) and Market Risk (MR2B)
Exposure to counterparty credit risk (CCR)		
439 (a)	Description of process to assign internal capital and credit limits to CCR exposures, including the methods to assign those limits to exposures to central counterparties	
439 (b)	Discussion of process to secure collateral and establishing reserves.	Pages 113 - 114
439 (c)	Discussion of management of wrong-way exposures.	
439 (d)	Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade.	
439 (e)	Disclosure of the composition of collateral between segregated and unsegregated received and posted.	Page 52 / Table 40: Composition of collateral for CCR exposures (CCR5)

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
439 (f)	Disclosure of the derivation of net derivative credit exposure.	Page 50 / Table 38: Analysis of CCR exposure by approach (CCR1)
439 (g)	Disclosure of the derivation of net securities financing transactions exposure.	
439 (h)	Disclosure of own funds requirements relating to credit valuation adjustment	Page 53 / Table 43: Transactions subject to own funds requirements for CVA risk (CCR2)
439 (i)	Disclosure of exposures to central counterparties	Page 53 / Table 42: Exposures to CCPs (CCR8)
439 (j)	Disclosure of credit derivative exposures	Page 53 / Table 41: Credit derivative exposures (CCR6)
439 (k)	Estimate of alpha, if applicable.	The alpha used by BBI is 1.55. See page 9 Page 50 / Table 38: Analysis of CCR exposure by approach (CCR1)
439 (l)	Disclosure of counterparty credit risk exposures by portfolio and PD range under standardised and internal ratings based (IRB) approaches.	Page 51 / Table 39: Standardised approach - CCR exposures by regulatory exposure class and risk weights (CCR3); From 1st July 2022, the Bank measures all of its credit risk exposures under the standardised approach following the removal of the temporary tolerance to use the advanced IRB approach.
439 (m)	Disclosure of the size of the on and off-balance sheet derivative business.	This covers disclosure on simplified SA-CCR and OEM which is not applicable to BBI.
Countercyclical capital buffers		
440 (a)	Disclosure of geographical distribution of relevant credit exposures.	BBI's countercyclical buffer is currently set at 0.16%. See pages 147 to 148 / Table 59: Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer (CCYB1) / Table 60: Amount of institution-specific countercyclical capital buffer (CCYB2)
Indicators of global systemic importance		
441	Disclosure of the indicators of global systemic importance	BBI is not a Globally Systemic Important Institution, although it was designated an Other Systemically Important Institution by the CBI in 2019.
Credit risk adjustments		
442 (a)	Disclosure of bank's definitions of past due and impaired and differences, if any, between the definitions for accounting and regulatory purposes	Pages 105 to 109 provide a complete description of credit quality measures. See also Note 8 'Definition of default, credit impaired assets, write-offs, and interest income recognition' on page 146 of the BBI PLC 2022 Annual Report.
442 (b)	Approaches for calculating credit risk adjustments.	Pages 104 to 109
442 (c)	Disclosure on the amount and quality of performing, non-performing and forborne exposures	Pages 38 to 46 / Tables 27 to 34 / Performing and non-performing exposures and related provisions (CR1) / Changes in the stock of non-performing loans and advances (CR2) / Credit quality of forborne exposures (CQ1) / Credit quality of performing and non-performing exposures by past due days (CQ3) / Quality of non-performing exposures by geography (CQ4) / Credit quality of loans and advances by industry (CQ5)
442 (d)	Disclosure of past due exposures by ageing profile	
442 (e)	Disclosure of breakdown of impaired, past due, specific and general credit adjustments, accumulated write-offs by geographical area and industry type	
442 (f)	Disclosure of reconciliation of changes to the gross amount of defaulted and non-defaulted exposures stock within the period.	The Bank's Non-performing loans and advances' ratio stands below 5%, hence additional NPL disclosure required in point (c) and (f) of Article 442 in templates CR2a and CQ6 are not published. Templates CQ2, CQ7 and CQ8 are also excluded from the report as the Bank had no reportable forborne exposures and no collateral obtained by taking possession and execution processes.
442 (g)	Breakdown of loans and debt securities by residual maturity.	Page 40 / Table 28 / Maturity of exposures (CR1-A)
Encumbered and unencumbered assets		
443	Disclosures on encumbered and unencumbered assets	See pages 149 to 150: Disclosures on asset encumbrance
Use of Standardised Approach		
444 (a)	Names of the ECAs used in the calculation of standardised approach RWAs, and reasons for any changes	Page 37: Qualitative disclosure requirements related to standardised model (CRD); Table 25: Relationship of long-term external credit ratings to credit quality steps under the standardised approach for non-securitised exposures / Table 26: Credit quality steps and risk weights under the standardised approach
444 (b)	Exposure classes associated with each ECAI	
444 (c)	Explanation of the process used to transfer the issuer and issue credit ratings onto items not included in the trading book.	
444 (d)	Mapping of external rating to credit quality steps	Issue and Issuer credit assessment are used to determine ratings in accordance with Article 139 of CRR.

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
444 (e)	Disclosure of exposure value pre- and post-credit risk mitigation, by credit quality step.	Page 34 / Table 23: Standardised approach - Credit risk exposure and CRM effects (CR4) ; Page 35 / Table 24: Analysis of exposures by asset classes and risk weight under the standardised approach (CR5) ; Page 51/ Table 39: Standardised approach - CCR exposures by regulatory exposure class and risk weights (CCR3)
Exposure to market risk		
445	Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk.	Page 56 / Table 46: Market risk under the standardised approach (MR1)
Operational risk		
446 (a)	Disclosure of the scope of approaches used to calculate operational risk, discussion of advanced methodology and external factors considered.	Pages 64 to 65 / Table 52: Operational risk own funds requirements and risk-weighted exposure amounts (OR1) / Qualitative information on operational risk (ORA)
446 (b)	Discussion on the advanced measurement approach where considered together with relevant internal / external factors.	Pages 134 to 137 : Management of operational risk
446 (c)	Discussion on the scope and coverage of the different methodologies used in case of partial use.	
Key Metrics		
447	Disclosure of Key Metrics	
447 (a)	Disclosure of the composition of own funds and own funds requirements.	
447 (b)	Disclosure of the total risk exposure amount.	
447 (c)	Disclosure of the composition of additional own funds required as part of the Supervisory Review (SREP) process.	
447 (d)	Disclosure of the combined buffer requirement.	
447 (e)	Disclosure of the leverage ratio and total exposure measure.	Page 15 / Table 5: Key Metrics (KM1)
447 (f)(i-iii)	Disclosure of the composition of the liquidity coverage ratio.	
447 (g)(i-iii)	Disclosure of the composition of the net stable funding requirement.	
447 (h)	Disclosure of the own funds and eligible liabilities ratios in relation to each resolution group.	
Exposure to interest rate risk on positions not held in the trading book		
448	Disclosure of quantitative and qualitative information of the risks arising from potential changes in interest rates.	
448 (1)(a)	Disclosure of the changes in the economic value of equity.	
448 (1)(b)	Disclosure of the changes in the net interest income.	
448 (1)(c)	Description of key modelling and parametric assumptions	
448 (1)(d)	Explanation of the significance of the risk measures in relation to the economic value of equity / net interest income including variations since previous disclosure date.	Page 31 / Table 21: Quantitative information on IRRBB (IRRBB1) Page 131 / IRRBB risk management objectives and policies.
448 (1)(e)(i-v)	Description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities.	
448 (1)(f)	Description of overall risk management in relation to interest rate risk.	
448 (1)(g)	Average and longest repricing maturity assigned to non-maturity deposits.	

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
448 (2)	Derogation of the requirements under 448(1) in relation to institutions applying standardised methodology or simplified standardised methodology.	This does not apply to BBI.
Exposure to securitisation positions		
449	Exposure to securitisations positions.	
449 (a)	Description of securitisation and re-securitisation activities	
449 (b)	The type of risk the Bank is exposed to in its securitisation and re-securitisation activities by level of seniority of the relevant securitisation positions, providing a distinction between STS and non-STS positions	
449 (b) (i)	Risk retained in own-originated transactions;	
449 (b) (ii)	Risk incurred in relation to transactions originated by third parties.	
449 (c)	Approaches to calculating the risk-weighted exposure amounts that the Bank applies to securitisation activities.	
449 (d)	List of SSPEs and types of exposures to those SSPEs, including derivatives contracts:	
449 (d) (i)	SSPEs which acquire exposures originated by the Bank;	
449 (d) (ii)	SSPEs sponsored by the Bank;	Pages 123 to 126: Qualitative disclosure requirements related to securitisations exposures (SECA).
449 (d) (iii)	SSPEs and other legal entities for which the Bank provides securitisation-related services, such as advisory, asset servicing or management services;	
449 (d) (iv)	SSPEs included in the Bank's regulatory scope of consolidation;	
449 (e)	List of any legal entities in relation to which the Bank have disclosed that it has provided support in accordance with Chapter 5 of Title II of Part Three.	
449 (f)	List of legal entities affiliated with the Bank and that invest in securitisations originated by the Bank or in securitisation positions issued by SSPEs sponsored by the Bank.	
449 (g)	Summary of accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions.	
449 (h)	Names of the ECAs used for securitisations and the types of exposure for which each agency is used.	
449 (i)	Description of the Internal Assessment Approach	
449 (j)	Disclosure of the carrying amount of securitisation exposures, shown separately for the trading book and the non-trading book.	Page 59 / Table 48: Securitisation exposures in the non-trading book (SEC1); BBI has no securitisation exposures in the trading book (SEC2)
449 (k)(i)	Disclosure of the aggregate amount of securitisation positions where institutions act as originator or sponsor and the associated risk-weighted assets and capital requirements.	Page 60 / Table 49: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (SEC3)
449 (k)(ii)	Disclosure of the aggregate amount of securitisation positions where institutions act as investor and the associated risk-weighted assets and capital requirements.	Page 61 / Table 50: Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor (SEC4).
449 (l)	Disclosure of exposures in default relating to exposures securitised by the institution.	Page 62 / Table 51: Exposures securitised by the institution - Exposures in default and specific credit risk adjustments (SEC5).

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
Environmental, social and governance risks (ESG risks)		
449a	Prudential disclosures of environmental, social and governance (ESG) risks	<p>Applicable to BBI from 28th June 2022.</p> <p>Pages 66 to 73: Quantitative disclosures and accompanying narratives:</p> <p>Table 53: Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity (Template 1); Table 54: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral (Template 2); Table 55: Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms (Template 4); Table 56: Banking book - Climate change physical risk: Exposures subject to physical risk (Template 5); Table 57: Other climate change mitigating actions that are not covered in the EU Taxonomy (Template 10).</p> <p>Templates 6 to 8 will be covered in the next Full Year Pillar 3 disclosure as at 31st December 2023. Templates 9,9.1,9.2 and 9.3 will be covered in the report as at 30th June 2024.</p> <p>Pages 89 to 102: Qualitative information on ESG risk (Tables 1 - 3).</p>
Remuneration disclosures		
450	Remuneration	Appendix C - pages 151 to 156: Remuneration disclosures. See also Note 38 on Director's remunerations on page 194 of BBI PLC Annual Report 2022.
Leverage		
451 (1) (a)	Leverage ratio, and breakdown of total exposure measure, including reconciliation to financial statements, and derecognised fiduciary items	Pages 22 to 24 / Tables 14 to 16: LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (LR1) / LRCom: Leverage ratio common disclosure (LR2) / LRSpl: Split-up on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (LR3).
451 (1) (b)		
451 (1) (c)		
451 (1) (d)	Description of the risk management approach to mitigate excessive leverage, and factors that impacted the leverage ratio during the year.	See pages 130 to 132 : Capital risk management (LRA).
451 (1) (e)		
451 (2)	Disclosures for public development credit institutions	Page 23 / Table 15: LRCom: Leverage ratio common disclosure (LR2)
451 (3)	Disclosures for large institutions to be based on averages calculated in accordance with the implementing act referred to in Article 430(7).	
Disclosure of liquidity requirements		

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
451a	Disclosures on the liquidity coverage ratio, net stable funding ratio and liquidity risk management.	
451a (1)		
451a (2)		Pages 27 to 29 / Table 19: Quantitative and Qualitative information on LCR (LIQ1) and (LIQB)
451a (2)(a)		
451a (2)(b)		
451a (2)(c)		
451a (3)		Page 29 / Table 20: Net Stable Funding Ratio (LIQ2)
451a (3)(a)		
451a (3)(b)		
451a (3)(c)		
451a (4)		See pages 128 - 130 Liquidity risk management (LIQA)

Use of the IRB approach to credit risk

452	Disclosure of the use of the IRB Approach to credit risk
452 (a)	Permission for use of the IRB approach from authority
452 (b)	Disclosure on the scope of Internal Ratings Based and Standardised approaches
452 (c)	Description of the control around rating systems.
452 (c)(i)	
452 (c)(ii)	
452 (c)(iii)	
452 (c)(iv)	
452 (d)	Description of institution's process relating to the development and approval of credit risk models.
452 (e)	Description of reporting relating to credit risk models.
452 (f)	Description of the internal ratings process by exposure class.
452 (f)(i)	
452 (f)(ii)	
452 (f)(iii)	
452 (g)(i)	Disclosure of exposure values by internal ratings based (IRB) exposure class.
452 (g)(ii)	
452 (g)(iii)	
452 (g)(iv)	
452 (g)(v)	
452 (h)	Disclosure of back-testing of probability of default (PDs) by exposure class.

From 1st July 2022, the Bank measures all of its credit risk exposures under the standardised approach following the removal of the temporary tolerance to use the advanced IRB approach, therefore this section is not applicable to BBI.

Appendix D – Compliance to Pillar 3 requirements (continued)

CRR ref.	High-level summary	Compliance reference
Use of credit risk mitigation techniques		
453 (a)	Policies and processes for on- and off-balance sheet netting	
453 (b)	Policies and processes for eligible collateral evaluation and management	
453 (c)	Description of types of collateral used	Pages 112 to 113: Qualitative disclosure requirements related to CRM techniques (CRC)
453 (d)	Types of guarantor and credit derivative counterparty, and their creditworthiness	
453 (e)	Disclosure of market or credit risk concentrations within risk mitigation exposures	
453 (f)	CRM techniques overview	Page 38 / Table 30: CRM techniques overview (CR3)
453 (g)	Disclose corresponding conversion factor and credit risk mitigation techniques with and without substitution effect	
453 (h)	Exposures before and after the application of conversion factors and any associated credit risk mitigation	Page 34 / Table 23: Standardised approach - Credit risk exposure and CRM effects (CR4)
453 (i)	Under standardised approach, for each asset class, disclose the risk-weighted exposure amount and the ratio between that risk-weighted exposure amount and the exposure value after applying the corresponding conversion factor and the credit risk mitigation associated with the exposure	
453 (j)	Under IRB approach, the risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives. Disclosure to be made for each exposure class subject to permission to use own LGDs and conversion factors	From 1st July 2022, the Bank measures all of its credit risk exposures under the standardised approach following the removal of the temporary tolerance to use the advanced IRB approach, therefore this section is not applicable to BBI.
Disclosures of operational risk		
454	Description of the Bank's operational risk profile	Page 64 / Table 52: Operational risk own funds requirements and risk-weighted exposure amounts (OR1) / Qualitative information on operational risk (ORA)
Use of internal market risk models		
455 (a) (i)	Disclosure of the characteristics of the market risk models.	
455 (a) (ii)	Disclosure of the methodology and description of all-price risk measure and incremental risk charge.	
455 (a)(iii)	Description of stress testing applied to sub-portfolios.	Page 115 - 122 : Qualitative disclosure requirements for institutions using the IMA (MRB) / Table 58: Market risk models selected features
455 (a)(iv)	Description of approaches used for back-testing.	Page 11 / Table 2: Summary of the scope of application of regulatory methodologies for CVA, market and operational risk
455 (b)	Scope of permission for use of the models.	
455 (c)	Policies and processes to determine which exposures are to be included in the trading book, and to comply with prudential valuation requirements.	
455 (d)	High/Low/Mean values over the year of VaR, sVaR, all-price risk measure and incremental risk charge.	Page 55 / Table 44: IMA values for trading portfolios (MR3).
455 (d) (i)		
455 (d) (ii)		
455 (d) (iii)		
455 (e)	The elements of the own fund calculation.	Page 57 / Table 47: Market risk under the IMA (MR2A).
455 (f)	Weighted average liquidity horizons of portfolios covered by models.	Page 115 - 122: Qualitative disclosure requirements for institutions using the IMA (MRB) / Table 58: Market risk models selected features
		Page 11 / Table 2: Summary of the scope of application of regulatory methodologies for CVA, market and operational risk
455 (g)	Comparison of end-of-day VaR measures compared with one-day changes in portfolio's value.	Page 121 : Comparison of VaR estimates with gains/losses (MR4).

Location of risk disclosures

BBI's Risk disclosures are located across the Annual Report and Pillar 3 Report

	Annual Report	Pillar 3 Report
Risk management strategy		
Overview of BBI's approach to risk management. A detailed overview together with more specific information on policies that the Bank determines to be of particular significance in the current operating environment can be found in the BBI PLC Annual Report 2022 or at barclays.com		
Enterprise Risk Management Framework ('ERMF')	32	75
Segregation of duties – the 'Three Lines of Defence' model	32	75
Principal risks	32	75
Risk appetite for the principal risks	32	75
Risk committees	33	76
Frameworks, policies and standards	n/a	77
Assurance	n/a	78
Effectiveness of risk management arrangements	n/a	78
Learning from our mistakes	n/a	78
Barclays' risk culture	33	78
Group-wide risk management tools	n/a	79
Risk management in the setting of strategy	n/a	82
Material existing and emerging risks		
Insight into the level of risk across our business and portfolios, the material existing and emerging risks and uncertainties we face and the key areas of management focus.		
Material existing and emerging risks potentially impacting more than one principal risk	34	n/a
Climate risk	38	n/a
Credit risk	39	n/a
Market risk	40	n/a
Treasury and capital risk	40	n/a
Operational risk	41	n/a
Model risk	43	n/a
Conduct risk	44	n/a
Reputation risk	45	n/a
Legal risk and legal, competition and regulatory matters	45	n/a
Principal risk management		
BBI's approach to risk management for each principal risk with focus on organisation and structure and roles and responsibilities.		
Climate risk management	46	83
Disclosure on ESG risks	n/a	89
Credit risk management	51	103
Management of credit risk mitigation techniques and counterparty credit risk	n/a	112
Market risk management	52	115
Management of securitisation exposures	n/a	123
Treasury and capital risk management	52	127
Operational risk management	54	134
Model risk management	55	138
Conduct risk management	55	140
Reputation risk management	56	142
Legal risk management	56	144
Risk performance		
Climate risk: The risk of loss arising from Climate changes that potentially may affects the safety of the Bank through physical risks, such as extreme weather events, as well as transition risks, such as uncertainties relating to the shift towards a low-carbon economy.		
Climate risk performance	57	n/a

Location of risk disclosures (continued)

		Annual Report	Pillar 3 Report
Credit risk: The risk of loss to the Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the Group, including the whole and timely payment of principal, interest, collateral and other receivables.	Credit risk overview and summary of performance Maximum exposure and effects of netting, collateral and risk transfer Expected Credit Losses Movements in gross exposure and impairment allowance including provisions for loan commitments and financial guarantees Management adjustments to models for impairment Measurement uncertainty and sensitivity analysis Analysis of the concentration of credit risk The BBI's approach to management and representation of credit quality Analysis of specific portfolios and asset types	59 60 62 65 72 74 86 90 96	n/a n/a n/a n/a n/a n/a n/a n/a n/a
Market risk: The risk of a loss arising from potential adverse changes in the value of the BBI's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.	Market Risk overview and summary of performance Review of management measures Review of regulatory measures	97 97 n/a	54 56 55
Treasury and capital risk – Liquidity: The risk that BBI is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.	Liquidity risk overview and summary of performance Liquidity risk stress testing Liquidity pool Funding structure and funding relationships Contractual maturity of financial assets and liabilities Asset encumbrance	100 100 100 100 101 n/a	n/a n/a n/a n/a n/a 149
Treasury and capital risk – Capital: The risk that BBI has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes).	Capital risk overview and summary of performance Regulatory minimum capital and leverage requirements Analysis of capital resources Analysis of risk weighted assets Analysis of leverage ratio and exposures Minimum requirement for own funds and eligible liabilities	105 105 105 105 105 n/a	n/a n/a 16 19 22 25
Treasury and capital risk – Interest rate risk in the banking book: The risk that the Bank is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.	Interest rate risk in the banking book overview and summary of performance Net interest income sensitivity	n/a n/a	31 31
Operational risk: The risk of loss to the Bank from inadequate or failed processes or systems, human factors or due to external events (for example, fraud) where the root cause is not due to credit or market risks.	Operational risk overview and summary of performance Operational risk profile	107 107	63 64
Model risk: The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.	Model risk overview and summary of performance	110	n/a

Location of risk disclosures (continued)

		Annual Report	Pillar 3 Report
Conduct risk: The risk of detriment to customers, clients, market integrity, effective competition or BBI from the inappropriate supply of financial services, including instances of wilful or negligent misconduct.	Conduct risk overview and summary of performance	110	n/a
Reputation risk: The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in BBI's integrity and/or competence.	Reputation risk overview and summary of performance	110	n/a
Legal risk: The risk of loss or imposition of penalties, damages or fines from the failure of the Bank to meet its legal obligations including regulatory or contractual requirements.	Legal risk overview and summary of performance	110	n/a
Supervision and regulation	Supervision of BBI	112	n/a
	Global regulatory developments	112	n/a
The Bank's operations, including its overseas offices, subsidiaries and associates, are subject to a significant body of rules and regulations.	Financial regulatory framework	112	n/a
Pillar 3 Report	Summary of risk and capital profile	n/a	5
	Notes on basis of preparation	n/a	6
Contains extensive information on risk as well as capital management.	Scope of application of Basel framework	n/a	8
Risk and capital position review: Provides a detailed breakdown of BBI's regulatory capital adequacy and how this relates to the Bank's risk management.	Capital resources, requirements, leverage and liquidity	n/a	14
	Analysis of credit risk	n/a	33
	Analysis of counterparty credit risk	n/a	49
	Analysis of market risk	n/a	54
	Analysis of securitisation exposures	n/a	58
	Analysis of operational risk	n/a	63

Index of Tables

Table		Page
Table 1	The scope of the Standardised and IRB approaches for credit and counterparty credit risk excluding CVA	11
Table 2	Summary of the scope of application of regulatory methodologies for CVA, market and operational risk	11
Table 3	LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories	12
Table 4	LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements	13
Table 5	KM1 - Key metrics	15
Table 6	CC1 – Composition of regulatory own funds	16
Table 7	CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements	17
Table 8	IFRS 9/Article 468-FL – Comparison of institution's own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR2	18
Table 9	Risk weighted assets by risk type	19
Table 10	OV1 - Overview of risk-weighted exposure amounts	19
Table 11	CR8 - RWEA flow statements of credit risk exposures under the advanced IRB approach	20
Table 12	CCR7 - RWEA flow statements of CCR exposures under the IMM	20
Table 13	MR2-B - RWA flow statement of market risk exposures under the IMA	21
Table 14	LR1 - Summary of reconciliation of accounting assets and leverage ratio exposures	22
Table 15	LR2 - Leverage ratio common disclosure	23
Table 16	LR3 - Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	24
Table 17	iLAC - Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs	25
Table 18	TLAC2 - Creditor ranking - Entity that is not a resolution entity	26
Table 19	LIQ1 - Liquidity Coverage ratio	27
Table 20	LIQ2 - Net Stable Funding Ratio	29
Table 21	IRRBB1 - Quantitative information on IRRBB	31
Table 22	PV1 - Prudent valuation adjustments ('PVAs')	32
Table 23	CR4 - Standardised approach - Credit risk exposure and CRM effects	34
Table 24	CR5 - Standardised approach	35
Table 25	Relationship of long-term external credit ratings to credit quality steps under the standardised approach for non-securitised exposures	37
Table 26	Credit quality steps and risk weights under the standardised approach	37
Table 27	CR1 - Performing and non-performing exposures and related provisions	38
Table 28	CR1-A – Maturity of exposures	40
Table 29	CR2 - Changes in the stock of non-performing loans and advances	40
Table 30	CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	40
Table 31	CQ1- Credit quality of forborne exposures	41
Table 32	CQ3: Credit quality of performing and non-performing exposures by past due days	42
Table 33	CQ4 - Quality of non-performing exposures by geography	44
Table 34	CQ5 - Credit quality of loans and advances to non-financial corporations by industry	46
Table 35	Loans and advances subject to legislative and non-legislative moratoria	47
Table 36	Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria	48
Table 37	Newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis	48
Table 38	CCR1 - Analysis of CCR exposure by approach	50
Table 39	CCR3 - Standardised approach – CCR exposures by regulatory exposure class and risk weights	51
Table 40	CCR5 - Composition of collateral for CCR exposures	52
Table 41	CCR6 - Credit derivatives exposures	53
Table 42	CCR8 - Exposures to CCPs	53
Table 43	CCR2 - Transactions subject to own funds requirements for CVA risk	53
Table 44	MR3 - IMA values for trading portfolios	55
Table 45	Breakdown of the major regulatory risk measures by portfolio	56
Table 46	MR1 - Market risk under the standardised approach	56

Index of Tables (continued)

Table		Page
Table 47	MR2-A - Market risk under the internal model approach ('IMA')	57
Table 48	SEC1 - Securitisation exposures in the non-trading book	59
Table 49	SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor	60
Table 50	SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor	61
Table 51	SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments	62
Table 52	OR1 - Operational risk own funds requirements and risk-weighted exposure amounts	64
Table 53	Banking book- Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	67
Table 54	Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral	70
Table 55	Banking book - Climate change transition risk: Exposures to top 20 carbon-intensive firms	71
Table 56	Banking book - Climate change physical risk: Exposures subject to physical risk	72
Table 57	Other climate change mitigating actions that are not covered in the EU Taxonomy	73
Table 58	Market risk models selected features	120
Table 59	CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	147
Table 60	CCyB2 - Amount of institution-specific countercyclical capital buffer	148
Table 61	AE1 - Encumbered and unencumbered assets	149
Table 62	AE2 - Collateral received and own debt securities issued	150
Table 63	AE3 - Sources of encumbrance	150
Table 64	REM1 - Remuneration awarded for the financial year	154
Table 65	REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)	154
Table 66	REM3 - Deferred remuneration	155
Table 67	REM4 - Remuneration of 1 million EUR or more per year	156
Table 68	REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)	156

Note:

1 Pages 191 to 194 of the Annual Report (which is available at www.barclays.com/annualreport) includes information required to be disclosed on remuneration in accordance with CRR article 450.

Non-applicable disclosures

Disclosures that are not included in this report

Frequency	Template/Table	Name of template/table	Rationale for exclusion
Quarterly	EU KM2	Key metrics - MREL and, where applicable, G-SII Requirement for own funds and eligible liabilities	BBI is not a G-SII.
Semi annual	EU TLAC1	Composition - MREL and, where applicable, the G-SII Requirement for own funds and eligible liabilities	BBI is not a G-SII.
Semi annual	EU TLAC3	Creditor ranking - resolution entity	BBI is not a resolution entity.
Semi annual	CR7	Effect on RWA of credit derivatives used as CRM techniques (IRB)	BBI has no permission to use IRB models.
Semi annual	CR7-A	Disclosure of the extent of the use of CRM techniques (IRB)	BBI has no permission to use IRB models.
Annual	CR6-A	Scope of the use of IRB and SA approaches (IRB)	BBI has no permission to use IRB models.
Semi annual	CR6-B	Credit risk exposures by exposure class and PD range (IRB)	BBI has no permission to use IRB models.
Semi annual	CR10	Specialised lending and equity exposures under the simple risk-weighted approach	BBI has no permission to use IRB models.
Semi annual	CR2-A	Changes in the stock of non-performing loans and advances and related net accumulated recoveries	This table is not required as BBI has not breached the 5% NPL ratio.
Semi annual	CQ2	Quality of forbearance	There are no such reportable forbearance exposures.
Semi annual	CQ6	Collateral valuation - loans and advances	This table is not required as BBI has not breached the 5% NPL ratio.
Semi annual	CQ7	Collateral obtained by taking possession and execution processes	There was no collateral obtained by taking possession and execution processes.
Semi annual	CQ8	Collateral obtained by taking possession and execution processes – vintage breakdown	There was no collateral obtained by taking possession and execution processes for the vintage breakdown.
Semi annual	CCR4	Counterparty credit risk exposures by portfolio and PD range	BBI has no permission to use IRB models.
Semi annual	SEC2	Securitisation exposures in the trading book	BBI does not have securitised exposures in the trading book.
Annual	CR9/CR9.1	Back-testing of PD per exposure class (fixed PD scale) (IRB)	BBI has no permission to use IRB models.
Semi annual	Template 3 (ESG)	Banking book - Climate change transition risk: Alignment metrics	This table is not required as BBI does not yet estimate its sectoral alignment.

Abbreviations used

ABS	Asset Backed Securities	CRM	Credit Risk Mitigation
AIRB	Advanced Internal Ratings Based	CRMF	Conduct Risk Management Framework
ALCO	Asset and Liability Committee	CRO	Chief Risk Officer
ASA	Alternative Standardised Approach	CRR	Capital Requirements Regulation
ASF	Available Stable Funding	CRST	Climate Risk Stress Test
AT1	Additional Tier 1	CSA	Credit Support Annex
AVA	Additional Valuation Adjustments	CSRD	Corporate Sustainability Reporting Directive
B PLC	Barclays PLC	CToBs	Clearing Terms of Business
BAC	Board Audit Committee	CTRC	Climate Transaction Review Committee
BAU	Business as Usual	CVA	Credit Valuation Adjustment
BB PLC	Barclays Bank PLC	DTA	Deferred Tax Asset
BBI	Barclays Bank Ireland PLC	EAD	Exposure at Default
BBI RC	BBI Risk Committee	EBA	European Banking Authority
BCBS	Basel Committee on Banking Supervision	EC	European Commission
BI	Barclays International	ECAI	External Credit Assessment Institution
BIA	Basic Indicator Approach	ECB	European Central Bank
BNG	Biodiversity Net Gain	ECL	Expected Credit Losses
BoE	Bank of England	EEA	European Economic Area
BRG	Board Risk Committee	EEPE	Effective Expected Positive Exposure
Cairn	Cairn Homes plc	EPC	Energy Performance Certificate
CBE	Consumer Bank Europe	ERMF	Enterprise Risk Management Framework
CBES	Climate Biennial Exploratory Scenario	ESG	Environmental, Social and Governance
CBI	Central Bank Of Ireland	ESI	Environmental and Social Impact
CC&P	Consumer, Cards and Payments	EU	European Union
CCB	Capital Conservation Buffer	EVE	Economic Value of Equity
CCF	Credit Conversion Factor	EWIs	Early Warning Indicators
CCFOR	Climate Change Financial Risk and Operational Risk	FCA	Financial Conduct Authority
CCM	Climate Change Mitigation	FCCM	Financial Collateral Comprehensive Method
CCP	Central Counterparty	FINREP	Financial Reporting
CCR	Counterparty Credit Risk	FPIC	Free Prior Informed Consent
CCyB	Countercyclical Capital Buffer	FSB	Financial Stability Board
CDP	Carbon Disclosure Projects	FSC	Forest Stewardship Council
CDR	Climate Data Repository	FX	Foreign Exchange
CDS	Credit Default Swap	GDP	Gross Domestic Product
CEO	Chief Executive Officer	GHG	Greenhouse Gas
CET1	Common Equity Tier 1	GMD	Group Models Database
CFO	Chief Financial Officer	GRC	Group Risk Committee
CIB	Corporate and Investment Bank	GRI	Global Reporting Initiative
CLCMT	Capital and Liquidity Crisis Management Team	GRP	Group Recovery Plan
Climate- IST	Climate Internal Stress Test	GRRC	Group Reputation Risk Committee
CLO	Collateralized Loan Obligation	G-SIB	Global Systemically Important Banks
CMBS	Commercial Mortgage Back Securities	G-SII	Global Systemically Important Institution
CRC	Climate Risk Committee	HQLA	High Quality Liquid Assets
CRCF	Climate Risk Control Forum	IAA	Internal Assessment Approach
CRD	Capital Requirements Directive	IAS	International Accounting Standards

Abbreviations used (continued)

ICAAP	Internal Capital Adequacy Assessment Process	PF	Performing Forbearance
IEA	International Energy Agency	PFE	Potential Future Exposure
IFC	International Finance Corporation	PMA	Post-Model Adjustments
IFRS	International Financial Reporting Standard	PMG	Pension Management Group
ILAAP	Internal Liquidity Adequacy Assessment Process	PPCR	Public Policy and Corporate Responsibility
ILO	International Labour Organisation	PRA	Prudential Regulation Authority
IMA	Internal Model Approach	PVA	Prudent Valuation Adjustment
IMM	Internal Model Method	QCCP	Qualifying Central Counterparty
IPU	Intermediate Parent Undertaking	RCF	Revolving Credit Facility
IRB	Internal Ratings Based	RCSA	Risk and Control Self-Assessment
IRC	Incremental Risk Charge	RMBS	Residential Mortgage Back Securities
IRRBB	Interest Rate Risk in the Banking Book	RNIME	Risks Not In Model Engines
ISDA	International Swaps and Derivative Association	RoU	Right of Use
ITS	Implementing Technical Standards	RoW	Rest of World
IVU	Independent Valuation Unit	RPI	Retail Price Index
JRAD	Joint Risk and Assessment Decision	RRMF	Reputational Risk Management Framework
JST	Joint Supervisory Team	RSF	Required Stable Funding
KYC	Know Your Customer	RSPO	Roundtable on Sustainable Palm Oil
LCR	Liquidity Coverage Ratio	RWAs	Risk Weighted Assets
LGD	Loss Given Default	RWEA	Risk Weighted Exposure Amounts
LRA	Liquidity Risk Appetite	SA-CCR	Standardised Approach for Counterparty Credit Risk
LTIP	Long Term Incentive Plan	SASB	Sustainability Accounting Standards Board
MiFID	Markets in Financial Instruments Directive	SBTI	Science Based Targets Initiative
MREL	Minimum Requirement for Own Funds and Eligible Liabilities	SEC-ERBA	External-Ratings-Based Approach (Securitisation)
MRO	Main Refinancing Operations	SEC-irba	Internal-Ratings-Based Approach (Securitisation)
MRT	Material Risk Taker	SEC-SA	Standardised Approach (Securitisation)
MSR	Mortgage Servicing Right	SFT	Securities Financing Transaction
MTM	Mark to Market	SICR	Significant Increase In Credit Risk
MTP	Medium Term Planning	SLL	Sustainability Linked Term Loan
NACE	Nomenclature of Economic Activities	SME	Small or Medium Enterprise
NAPA	New and Amended Product Approval	SPG	Sustainable Product Group
NFRD	Non-Financial Reporting Directive	SPPI	Solely Payments of Principal and Interest
NGFS	Network for Greening the Financial System	SPTs	Sustainability Performance Targets
NII	Net Interest Income	SPVs	Special Purpose Vehicles
NPF	Non-Performing Forbearance	SRB	Single Resolution Board
NSFR	Net Stable Funding Ratio	SREP	Supervisory Review and Evaluation Process
NZBA	Net-Zero Banking Alliance	SRSs	Sustainability Reporting Standards
NZE	Net Zero Emissions	SRT	Significant Risk Transfer
OECD	Organisation for Economic Co-operation and Development	SSA	Sovereign, Supranational and Agency
O-SII	Other Systemically Important Institution	SSM	Single Supervisory Mechanism
OTC	Over The Counter	STS	Simple, Transparent and Standardised
P2R	Pillar 2 Requirement	SVaR	Stressed Value at Risk
PCAF	The Partnership for Carbon Accounting Financials	T1	Tier 1 Capital
PD	Probability of Default	T2	Tier 2 Capital
PEB	Pension Executive Board	TCFD	Task Force on Climate-Related Financial Disclosures

Abbreviations used (continued)

TLAC	Total Loss Absorbing Capacity
TLTRO	Targeted Long Term Refinancing Operations
TNFD	Taskforce on Nature-Related Financial Disclosures
TPCoC	Third Party Code of Conduct
TRC	Transaction Review Committee
TREA	Total Risk Exposure Amount
TSA	The Standardised Approach
UK	United Kingdom
UNEP FI	United Nations Environment Programme Finance Initiative
UNGPs	United Nations Guiding Principles
UNPRI	United Nations' Principles for Responsible Investment
US	United States
VaR	Value at Risk
WCRM	Wholesale Credit Risk Management Committee
WL	Watch List

Notes

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

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

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

Forward-looking statements

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

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

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

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by a number of factors, including, without limitation: changes in legislation, regulation and the interpretation thereof; changes in IFRS and other accounting standards, including practices with regard to the interpretation and application thereof and emerging and developing ESG reporting standards; the outcome of current and future legal proceedings and regulatory investigations; the policies and actions of governmental and regulatory authorities; the Bank's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; environmental, social and geopolitical risks and incidents and similar events beyond the Bank's control; the impact of competition; capital, leverage and other regulatory rules applicable to past, current and future periods; Eurozone and global macroeconomic and business conditions, including inflation; volatility in credit and capital markets; market related risks such as changes in interest rates and foreign exchange rates; higher or lower asset valuations; changes in credit ratings of the Bank or any securities issued by it; changes in counterparty risk; changes in consumer behaviour; the direct and indirect consequences of the Russian invasion of Ukraine on European and global macroeconomic conditions, political stability and financial markets; direct and indirect impacts of the coronavirus ('COVID-19') pandemic; instability as a result of the UK's exit from the European Union ('EU'), the effects of the EU-UK Trade and Cooperation Agreement and any disruption that may subsequently result in the UK, the EU and globally; the risk of cyber-attacks, information or security breaches or technology failures on the Bank's reputation, business or operations; the Bank's ability to access funding; and the success of acquisitions, disposals and other strategic transactions. A number of these factors are beyond the Bank's control. As a result, the Bank's actual financial position, results, financial and non-financial metrics or performance measures or its ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Bank's forward-looking statements. Additional risks and factors which may impact the Bank's future financial condition and performance are identified in the description of material existing and emerging risks on pages 34 to 45 of the Bank's 2022 Annual Report which is available on Barclays' website at home.barclays/investor-relations/.

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