



BARCLAYS BANK PLC

*(Incorporated with limited liability in England and Wales)*

REGISTRATION DOCUMENT

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This registration document dated 1 June 2017 ("**Registration Document**") constitutes a registration document for the purposes of Article 5(3) of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU, "**Prospectus Directive**") and has been prepared for the purpose of giving information with respect to Barclays Bank PLC ("**Issuer**") which, according to the particular nature of the relevant transaction is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer.

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

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

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

**The date of this Registration Document is 1 June 2017.**

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## INTRODUCTION

### What is this document?

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

### How do I use this Registration Document?

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

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

## DEFINITIONS AND INTERPRETATION

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

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

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

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

## RISK FACTORS

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

### Principal Risks relating to the Issuer

Material risks and their impact are described below in two sections: i) risks which senior management believe are likely to affect more than one Principal Risk and ii) risks which senior management believe are likely to impact a single Principal Risk. An emerging risk is a risk that has the potential to have a significant detrimental effect on the Group's performance, but currently the outcome and the time horizon for the crystallisation of its possible impact is more uncertain and more difficult to predict than for other risk factors that are not identified as emerging risks. A revised Enterprise Risk Management Framework was approved by the Board in December 2016. This includes a revised risk taxonomy comprising eight Principal Risks (Model Risk, Reputation Risk and Legal Risk were not previously classified as Principal Risks).

### Material existing and emerging risks potentially impacting more than one Principal Risk

#### 1. Structural reform

The UK Financial Services (Banking Reform) Act 2013 (the UK Banking Reform Act) and associated secondary legislation and regulatory rules, require all UK deposit-taking banks with over £25bn of deposits (from individuals and small businesses) to separate certain day-to-day banking activities (e.g. deposit-taking) offered to retail and smaller business customers from other wholesale and investment banking services.

Through the creation of the Group's ring-fenced bank, the Group will ensure that core deposits placed within the European Economic Area (EEA) are ring-fenced to meet the requirements of the legislation by 2019. The implementation of these changes involves a number of risks which include:

- a) The Group must restructure its intra-group and external capital, funding and liquidity arrangements to meet regulatory requirements and support business needs. The changes will impact the sources of funding available to the different entities, including preventing the Issuer (as the non ring-fenced bank) from accessing certain categories of deposit funding. These changes may result in higher funding costs.
- b) The changes to the Group structure may negatively impact the assessment made by credit rating agencies and creditors. The risk profile and key risk drivers of the ring-fenced bank and the non ring-fenced bank will be specific to the activities and risk profile of each entity. As a result different Group entities are likely to be assessed differently and this may result in differences in credit ratings.
- c) Changes to the credit assessment at the Group or individual entity level, including the potential for ratings downgrades and ratings differences across entities, could impact access and cost of certain sources of funding.
- d) Implementation of ring-fencing introduces a number of execution risks. Technology change could result in outages or operational errors. Legal challenge to the ring-fence transfer scheme may delay the transfer of assets and liabilities to the ring-fenced bank. In particular, the setup of the Group Service Company as a separate legal entity servicing both trading entities (i.e. ring-fenced bank and non ring-fenced bank) will require a number of intra-group service level agreements to be established and agreed between the Group Service Company and the trading entities and will require the Group to set up a new approach to manage, fund and deliver the activities that will be provided by this entity. Delayed delivery could increase reputational risk or result in regulatory non-compliance. Uncertain customer preference (for placement in the ring-fenced or non ring-fenced bank) may result in changes to design and implementation plans.

- e) At the European level, structural reform regulation is still being developed as highlighted by the European Union proposal issued in November 2016 for Intermediate Holding Companies. The impact of final rules on the Group's businesses is still to be assessed once European regulation is finalised. Final rules will need to be considered alongside EU Referendum implications. The implementation date for these proposals will depend on the date on which any final legislation is agreed.
- f) There is a risk that the Group does not meet regulatory requirements across the new structure. Failure to meet these requirements may have an adverse impact on the Group's profitability, operating flexibility, flexibility of deployment of capital and funding, return on equity, ability to pay dividends, credit ratings, and/or financial condition.

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

The Group's performance could be adversely affected in relation to more than one Principal Risk by a weak or deteriorating global economy or political instability. These factors may also occur in one or more of the Group's main countries of operation.

The Group offers a broad range of services including to retail, institutional and government customers, in a large number of countries. The breadth of these operations means that deterioration in the economic environment, or an increase in political instability in countries where the Group is active, or in any other systemically important economy, could adversely affect the Group's performance and prospects.

For the Group, a deterioration of conditions in its key markets could affect performance in a number of ways including, for example: (i) deteriorating business, consumer or investor confidence leading to reduced levels of client activity, or indirectly, a material adverse impact on GDP growth in significant markets and therefore on Group performance; (ii) higher levels of default rates and impairment; (iii) mark to market losses in trading portfolios resulting from changes in factors such as credit ratings, share prices and solvency of counterparties; and (iv) lower levels of fixed asset investment and productivity growth overall.

Global growth is expected to remain modest in 2017, with low single digit growth in advanced economies alongside a slowdown in emerging markets. This moderate economic performance, lower commodity prices and increased geopolitical tensions mean that the distribution of risks to global economic activity continues to be biased to the downside. Commodity prices, particularly oil prices, remain depressed, but could fall further if growth in demand remains weak or supply takes longer than expected to adjust. At the same time, countries with high reliance on commodity-related earnings have already experienced a tightening of financial conditions. A sustained period of low prices risks triggering further financial distress, default and contagion, for the Group's customers, their suppliers and local communities, and resulting losses for the Group.

Moreover, sentiment towards emerging markets as a whole continues to be driven in large part by developments in China, where there is significant concern around the ability of authorities to manage growth whilst transitioning towards services. A stronger than expected slowdown could result if authorities fail to appropriately manage the end of the investment and credit-led boom, while the consequences from a faster slowdown would flow through both financial and trade channels into other economies, and affect commodity markets.

Whilst tightening of monetary policy by the US Federal Reserve was not as pronounced as expected during 2016, a moderate increase in activity is expected during 2017, the increasing divergence of policies between major advanced economies risks triggering further financial market volatility. Changes to interest rate expectations could ignite further volatility and US Dollar appreciation, particularly if the US Federal Reserve were to increase interest rates faster than markets currently expect.

Emerging markets have already seen growth slow following increased capital outflows, but growth may slow further if tighter US interest rate policy drives further reallocation of capital.

In several countries, reversals of capital inflows, as well as fiscal austerity, have already caused deterioration in political stability. This could be exacerbated by a renewed rise in asset price volatility or sustained pressure on government finances. In addition, geopolitical tensions in some areas of the world, including the Middle East and Eastern Europe are already acute, and are at risk of further deterioration.

In the US, the policy platform of the new administration is expected to be clarified during the early part of 2017. There is the possibility of significant changes in policy in sectors including trade, healthcare and commodities which may have an impact on the Group's portfolios. Proposed policy changes (including tax-cuts and significant infrastructure spending) are likely to result in higher global growth, further reinforcing the move towards global reflation. Political change may increase uncertainty as to regulatory trends, both in the US and the EU.

In the UK, the vote in favour of leaving the EU has given rise to political uncertainty with attendant consequences for investment and confidence (see also '*EU Referendum*' on pages 7 and 8).

### 3. **Change and execution risk**

The Group continues to drive changes to its functional capabilities and operating environment in order to allow the business to exploit emerging and digital technologies, and improve customer experience whilst also embedding enhanced regulatory requirements, strategic realignment, and business model changes. The complexity, increasing pace, and volume of changes underway simultaneously mean there is heightened execution risk and potential for change not being delivered to plan.

Failure to adequately manage this risk could result in extended outages and disruption, financial loss, customer detriment, legal liability, potential regulatory censure and reputational damage.

### 4. **Risks arising from regulation of the financial services industry**

The financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Group's business, financial performance, capital and risk management strategies. For further information on regulations affecting the Group, including significant regulatory developments, please see the section on Supervision and Regulation on page 182 of the Joint Annual Report.

#### a) **Regulatory change**

The Group, in common with much of the financial services industry, remains subject to significant levels of regulatory change and increasing scrutiny in many of the countries in which it operates (including, in particular, the UK and the US). This has led to a more intensive approach to supervision and oversight, increased expectations and enhanced requirements. As a result, regulatory risk will remain a focus for senior management and consume significant levels of business resources. Furthermore, this more intensive approach and the enhanced requirements, uncertainty and extent of international regulatory coordination as enhanced supervisory standards are developed and implemented may adversely affect the Group's business, capital and risk management strategies and/or may result in the Group deciding to modify its legal entity structure, capital and funding structures and business mix, or to exit certain business activities altogether or not to expand in areas despite otherwise attractive potential.

#### b) **Changes in prudential requirements, including changes to CRD IV**

The Group's results and ability to conduct its business may be negatively affected by changes or additions to supervisory and prudential expectations, including in relation to any minimum requirements for own funds and eligible liabilities, leverage or liquidity requirements, applicable buffers and/or add-ons to such minimum requirements and RWA calculation methodologies all as may be set by international, EU or national authorities from time to time (including, for example, through changes being proposed to the framework of the Capital Requirements Directive (CRD IV)).

Changes to or additional supervisory and prudential expectations, either individually or in aggregate, may lead to unexpected enhanced requirements in relation to the Group's capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated. This may result in, amongst other things, a need for further management actions to meet the changed requirements, such as: increasing capital or liquidity resources, reducing leverage and risk weighted assets; modifying legal entity structure (including with regard to issuance and deployment of capital and funding for the Group); changing the Group's business mix or exiting other businesses; and/or undertaking other actions to strengthen the Group's position.

See Treasury and Capital Risk on page 104 and Supervision and Regulation on page 184 of the Joint Annual Report for more information.

c) Market infrastructure reforms

Financial market infrastructure is subject to extensive and increasing regulation in many of the Group's markets. The derivatives market has been the subject of particular focus across the G20 countries, requiring the clearing of standardised derivatives and the mandatory margining of non-cleared derivatives. More broadly, the recast Markets in Financial Instruments Directive in Europe ("**MiFID II**") will fundamentally change the framework for market infrastructure, the Benchmarks Regulation will regulate the use of benchmarks in the EU, and regulation governing Central Securities Depositories will increase the requirements upon participants in the financial markets.

It is possible that these additional regulations, and the related expenses and requirements, will increase the cost of and therefore impact willingness of participation in the financial markets.

d) Recovery and resolution planning

In recent years, there has been a strong regulatory focus on 'resolvability' from regulators globally, and the Group continues to work with the relevant authorities to identify and address potential impediments to the Group's resolvability. As part of this work, the Group is required to submit formal Recovery and Resolution Plan ("**RRP**") submissions to UK, US and South African regulators describing the Group's strategy for recovery and rapid and orderly resolution. These submissions are evaluated by regulators on the basis of both qualitative and quantitative metrics, the specifics of which may become more rigorous over time.

Should the relevant authorities in any jurisdiction ultimately determine that a resolution plan were not credible or would not facilitate an orderly resolution, the Group or its subsidiaries could be made subject to more stringent capital, leverage or liquidity requirements, or restrictions on growth, activities or operations. The potential structural changes that may be required to address such a determination may negatively impact the financial or competitive position or results of operations of the Group, as well as increase the risk that the Group would be unable to maintain appropriate prudential ratios or be restricted from making intragroup or external capital contributions.

e) Stress testing

The Group and certain of its members are subject to supervisory stress testing exercises in a number of jurisdictions. These exercises currently include the programmes of the Bank of England ("**BoE**"), the EBA, the FDIC, the Federal Reserve Bank ("**FRB**") and the SARB. These exercises are designed to assess the resilience of banks to adverse economic or financial developments and ensure that they have robust, forward-looking capital and liquidity management processes that account for the risks associated with their business profile.

Assessment by regulators is on both a quantitative and qualitative basis, the latter focusing on the Group's or certain of its members' business model, data provision, stress testing capability and internal management processes and controls. The stress testing requirements to which the Group and its members are subject are becoming increasingly stringent, including in the US where the newly sub-consolidated operations and the IHC will be stress-tested and examined under the FRB's annual CCAR programme for the first time in 2017. Failure to meet requirements of regulatory stress tests, or the failure by regulators to approve the stress test results and capital plans of the Group, could result in the Group being required to enhance its capital position, limit capital distributions or position capital in specific subsidiaries. For more information on stress testing, please see Supervision and Regulation on page 184 of the Joint Annual Report.

## 5. Regulatory action in the event of a bank failure

As described under 'Supervision of the Group, Regulation in the EU and UK, Recovery and Resolution developments' on page 183 of the Joint Annual Report, UK resolution authorities have the right under



certain circumstances to intervene in the Group pursuant to the stabilisation and resolution powers granted to them under the Banking Act and other applicable legislation.

If any of the powers conferred on the BoE were to be exercised, or there were an increased risk of exercise, in respect of the Group or any entity within the Group, this might result in a material adverse effect on the rights or interests of shareholders and creditors including holders of debt securities and could have a material adverse effect on the market price of shares and other securities issued by the Group. Such effects could include losses of shareholdings or associated rights including, the dilution of percentage ownership of the Group's share capital, and may result in creditors, including debt holders, losing all or a part of the value of their investment in the Group's issued securities.

Please see "*Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail could materially adversely affect the value of the Securities*" below for further detail of the risks to holders of Securities of bank resolution actions in the event of the Issuer's failure.

## 6. **EU referendum**

The UK held a referendum on 23 June 2016 on whether it should remain a member of the EU. This resulted in a vote in favour of leaving the EU. The result of the referendum means that the long-term nature of the UK's relationship with the EU is unclear and there is uncertainty as to the nature and timing of any agreement with the EU on the terms of exit. In the interim, there is a risk of uncertainty for both the UK and the EU, which could adversely affect the economy of the UK and the other economies in which we operate. The potential risks associated with an exit from the EU have been carefully considered by the Board and include:

### *Market risk*

Potential for continued market volatility (notably FX and interest rates) given political uncertainty which could affect the value of Trading Book positions.

### *Credit risk*

Increased risk of a UK recession with lower growth, higher unemployment and falling UK house prices. This would likely negatively impact a number of the Group's portfolios, notably: higher Loan to Value home loans, UK unsecured lending including cards and Commercial Real Estate exposures.

### *Operational risk*

- a) Changes to current EU "Passporting" rights: the UK's withdrawal from the EU may result in the loss of cross-border market access rights which would require the Group to make alternative licensing arrangements in EU jurisdictions in which the Group continues to operate.
- b) Uncertainty over UK's future approach to EU freedom of movement will impact the Group's access to the EU talent pool, decisions on hiring from the EU of critical roles and rights to work of current non-UK EU citizens of the Group located in the UK and UK citizens located in the EU.

### *Legal risk*

The legal framework within which the Group operates could change and become more uncertain as the UK takes steps to replace or repeal certain laws currently in force, which are based on EU legislation and regulation. Certainty of existing contracts, enforceability of legal obligations and uncertainty around the outcome of disputes may be affected until the impacts of the loss of the current jurisdictional arrangements between UK and EU courts and the universal enforceability of judgements across the EU, are fully known (including the status of existing EU case law).

### *Treasury and capital risk*

- a) Potential for credit spread widening and reduced investor appetite for the Group's debt issuance, which could negatively impact the cost of and/or access to funding. Potential for continued market volatility could affect interest rate risk in the banking book, as well as securities held by the Group for liquidity purposes.

- b) Changes in the long-term outlook for UK interest rates might also adversely affect UK Pension IAS19 liabilities.

## 7. Impairment

The introduction of the impairment requirements of IFRS 9 Financial Instruments, due to be implemented on 1 January 2018, is expected to result in higher impairment loss allowances that are recognised earlier, on a more forward looking basis and on a broader scope of financial instruments than is the case under IAS 39. Measurement will involve increased complexity, judgement and is expected to have a material financial impact and impairment charges will tend to be more volatile. Unsecured products with longer expected lives, such as revolving credit cards, are expected to be most impacted. The capital treatment on the increased reserves is the subject of ongoing discussion with regulators and across the industry, but there is potential for significant adverse impact on regulatory capital ratios. In addition, the move from incurred to expected credit losses has the potential to impact the Group's performance under stressed economic conditions or regulatory stress tests. For more information please refer to Note 1 (Significant Accounting Policies) to the consolidated financial statements of Barclays PLC on pages 226 to 230 of the Joint Annual Report.

The Group has a jointly accountable risk and finance implementation and governance programme with representation from all impacted departments. During 2016, work continued on the design and build of impairment models, systems, processes, governance, controls and data collection and continues to be refined during 2017. During 2017, there is a planned parallel run which includes continued model, process and output validation, testing, calibration and analysis.

There will be three different layers of impairment committees. In addition to the existing Group and Business level committees, Legal Entity committees for Barclays UK and Barclays International will also be in place. Committees will be chaired by the Chief Risk Officer ("CRO"), with joint accountability by both CROs and Chief Financial Officers for signing off the results. The new IFRS 9 impairment committee structure, with underlying key controls, is expected to be in operation from Q2 2017. There will also be a Scenarios Management Committee to review and approve the scenario process. The scope of review will include the scenarios and scenario narratives, the core set of macroeconomic variables and any management overlays. The Scenario Management Committee will attest that the scenarios adequately account for the non-linearity and asymmetry of the loss distribution. Reported results and key messages will be communicated to the Board Audit Committee and Risk Executive Committee, who will have oversight roles and provide challenge of key assumptions, including the basis of the scenarios adopted.

## Material existing and emerging risks by Principal Risk

### Credit risk

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

The Group may suffer financial loss if any of its customers, clients or market counterparties fails to fulfil their contractual obligations to the Group. The Group may also suffer loss when the value of its investment in the financial instruments of an entity falls as a result of that entity's credit rating being downgraded. In addition, the Group may incur significant unrealised gains or losses due to changes in the Group's credit spreads or those of third parties, as these changes affect the fair value of the Group's derivative instruments, debt securities that the Group holds or issues, and loans held at fair value.

#### 1. Deterioration in political and economic environment

The Group's performance is at risk from deterioration in the political and economic environment (see also "*Business conditions, general economy and geopolitical issues*" on page 4), which may result from a number of uncertainties, including the following:

##### a) Specific regions

Adverse impacts on customers' ability to service debt may result in higher impairment charges for the Group.

*i. United Kingdom*

Following the EU referendum on 23 June 2016 (see also 'EU Referendum' on pages 7 and 8) the UK may experience a period of political and economic uncertainty throughout the negotiation period during which exit options are hard to fully and accurately predict. The initial impact has been the depreciation of Sterling resulting in higher costs for companies exposed to imports and a more favourable environment for exporters. Rising domestic costs resulting from higher import prices may impact household incomes and the affordability of consumer loans and home loans. In turn this may affect businesses dependent on consumers for revenue. There has also been a reduction in activity in both commercial and residential real estate markets which has the potential to impact value.

*ii. United States*

A significant proportion of the Group's portfolio is located in the US, including a major credit card portfolio and a range of corporate and investment banking exposures. Stress in the US economy, weakening GDP, rising unemployment and/or an increase in interest rates could lead to increased levels of impairment.

*Emerging Markets*

Slower growth in China continues to affect a number of emerging economies, particularly those with high fiscal deficits and those reliant on short-term external financing and/or material reliance on commodity exports. Their vulnerability has been further impacted by the fall, and sustained volatility in oil prices, the strong US dollar and the winding down of quantitative easing policies by some central banks. The impact on the Group may vary depending on the vulnerabilities present in each country, but the impact may result in increased impairment charges through sovereign defaults, or the inability or unwillingness of clients and counterparties in that country to meet their debt obligations.

*South Africa*

The negative economic outlook in South Africa continues, with a challenging domestic and external economic environment and ongoing political uncertainty. Real gross domestic product ("GDP") growth remains low resulting in these domestic and global factors impacting credit quality across the Group's portfolios. In the retail sector, concerns remain over the level of consumer indebtedness and affordability, particularly as interest rates rise.

- b) Interest rate rises, including as a result of slowing of monetary stimulus, could impact consumer debt affordability and corporate profitability

To the extent that central banks increase interest rates in certain developed markets, particularly in the Group's main markets, the UK and the US, they are expected to be small and gradual in scale during 2017, albeit following differing timetables. Recent increases in interest rates occurred in the US with a 0.25% rise in December 2015 and the same rise in December 2016. Whilst further increases may support Group income, future interest rate increases, if larger or more frequent than expectations could cause stress in the loan portfolio and underwriting activity of the Group. This would be particularly applicable to non-investment grade lending, leading to the possibility of the Group incurring higher impairment. Higher credit losses driving an increased impairment allowance would most notably impact retail unsecured and secured portfolios as a result of a reduction in recoverability and value of the Group's assets, coupled with a decline in collateral values.

Interest rate increases in developed markets may also negatively impact emerging economies, as capital flows to mature markets to take advantage of the higher returns and strengthening economic fundamentals.

**2. Specific sectors**

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

- a) UK property

With UK property representing a significant portion of the overall UK Corporate and Retail credit exposure, the Group is at risk from a fall in property prices in both the residential and commercial sectors in the UK. Strong house price growth in London and the South East of the UK, fuelled by foreign investment, strong buy-to-let demand and subdued housing supply, has resulted in affordability metrics becoming stretched. Average house prices as at the end of 2016 were more than 7.9 times average earnings.

However, the recent EU referendum has had a negative impact on home loan applications due to the increased uncertainty in the UK housing market, with ongoing concerns regarding the potential for falling house prices, particularly in London and the South East. Further, a weakening economy would impact the home loan portfolio as costs rise off the back of higher interest rates and customers are impacted by inflationary affordability pressures. Potential losses would likely be most pronounced in the higher Loan to Value (LTV) segments as falling house prices lead to higher impairment and negative capital impact as loss given default (LGD) rates increase.

b) Natural resources

Despite limited recovery in oil and commodities prices, the risk of losses and increased impairment is more pronounced where leverage is higher, or in sectors currently subject to strain, notably oil and gas, mining and metals and commodities. Sustained oil price depression from its recent high continues and is driven by ongoing global excess supply. The positioning of these portfolios focuses on investment grade customers or collateralised positions. Continued stress in this market does have the potential to further increase credit losses and impairment where a decline in the value of oil impacts both customer revenue and the value of the Group's underlying collateral.

c) Large single name losses

The Group has large individual exposures to single name counterparties. The default of such counterparties could have a significant impact on the carrying value of these assets. In addition, where such counterparty risk has been mitigated by taking collateral, credit risk may remain high if the collateral held cannot be realised, or has to be liquidated at prices which are insufficient to recover the full amount of the loan or derivative exposure. Any such defaults could have a material adverse effect on the Group's results due to, for example, increased credit losses and higher impairment charges.

d) Leverage finance underwriting

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

## **Market risk**

The risk of loss arising from potential adverse changes in the value of the firm'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.

Increased uncertainty across global markets from such factors as an unexpected slowdown in global economic growth, sudden changes in monetary policy, unexpected foreign exchange volatility, especially if accompanied by a significant deterioration in the depth of marketplace liquidity (emerging risk).

The trading business model is focused on client facilitation in wholesale financial markets, ranging from underwriting of debt and equity on behalf of issuers, to acting as a market maker in exchange-traded and over the counter products, to providing risk management solutions.

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

## **Treasury and capital risk**

The risk that the Group may not achieve its business plans because of the availability of planned liquidity, a shortfall in capital or a mismatch in the interest rate exposures of its assets and liabilities.

The Group may not be able to achieve its business plans due to: i) being unable to maintain appropriate capital ratios; ii) being unable to meet its obligations as they fall due; iii) rating agency downgrades; iv) adverse changes in foreign exchange rates on capital ratios; v) negative interest rates; and vi) adverse movements in the pension fund.

### **1. Inability to maintain appropriate prudential ratios**

Should the Group be unable to maintain or achieve appropriate capital ratios this could lead to: an inability to support business activity; a failure to meet regulatory capital requirements including any additional capital add-ons or the requirements set for regulatory stress tests; increased cost of funding due to deterioration in investor appetite or credit ratings; restrictions on distributions including the ability to meet dividend targets; and/or the need to take additional measures to strengthen the Group's capital or leverage position. While the requirements in CRD IV are now in force in the UK, further changes to regulatory capital requirements could occur, whether as a result of (i) further changes to European Union ("EU") legislation (for example, expected implementation of the Bank of International Settlements (BIS) regulatory update recommendations through CRD V, etc), (ii) relevant binding regulatory technical standards updates by the European Banking Authority ("EBA"), (iii) changes to UK legislation, (iv) changes to the rules of the UK Prudential Regulatory Authority ("PRA"), (v) additional capital requirements through Financial Policy Committee recommendations or (vi) changes to International Financial Reporting Standards ("IFRS"). Such changes, either individually and/or in aggregate, may lead to further unexpected additional requirements in relation to the Group's regulatory capital. For example, during 2016, the European Commission proposed substantial changes to the CRD IV framework (including the Capital Requirements Directive) in line with internationally-agreed standards. These include changes to the regulatory definition of trading activity, standardised and advanced RWA calculation methodologies for market risk and new standardised RWA rules for counterparty credit risk. The proposal also includes phase-in arrangements for the regulatory capital impact of IFRS9 and the ongoing interaction of IFRS9 with the regulatory framework. The Basel Committee has continued its post-crisis work on RWA and leverage reform. Further standards are expected during the course of 2017 on RWAs for credit risk and operational risk, limitations on the use of internal models for RWA purposes and possible floors based on standardised RWAs. The implementation timeframe for these changes is not yet certain.

Additional prudential requirements may also arise from other regulatory reforms, including UK, EU and the US proposals on bank structural reform and current proposals for 'Minimum Requirement for own funds and Eligible Liabilities' ("MREL") under the EU Bank Recovery and Resolution Directive ("BRRD"). Included within these reforms are the BoE's latest responses to consultation and statement of policy on MREL requirements for UK banks which were published in November 2016 and which remain subject to further changes. Many of the expected regulatory proposals are still subject to finalisation with calibration and timing of implementation still to be determined, and there is potential for the impacts to be different from those originally expected when in final form. Overall, it is likely that these changes in law and regulation will have an impact on the Group as they are likely, when implemented, to require changes to the legal entity structure of the Group and how businesses are capitalised and funded. Any such increased prudential requirements may also constrain the Group's planned activities, require balance sheet reductions and could increase the Group's costs, impact the Group's earnings and restrict the Group's ability to pay dividends. Moreover, if combined with a period of market dislocation or when there is significant competition for the type of funding that the Group needs, it may be more difficult and/or costly to increase the Group's capital resources.

### **2. Inability to manage liquidity and funding risk effectively**

Failure to manage its liquidity and funding risk effectively may result in the Group either not having sufficient financial resources to meet its payment obligations as they fall due or, although solvent, only being able to meet these obligations at excessive cost. This could cause the Group to fail to meet regulatory liquidity standards, be unable to support day-to-day banking activities, or no longer be a going concern.

### 3. **Credit rating changes and the impact on funding costs**

A credit rating assesses the creditworthiness of the Group, its subsidiaries and branches and is based on reviews of a broad range of business and financial attributes including risk management processes and procedures, capital strength, asset quality earnings, funding, liquidity, accounting and governance. Any adverse event to one or more of these attributes may lead to a downgrade, which in turn could result in contractual outflows to meet contractual requirements on existing contracts. Furthermore, outflows related to a multiple-notch credit rating downgrade are included in the liquidity risk appetite stress scenarios and a portion of the liquidity pool is held against this risk. There is a risk that any potential downgrades could impact the Group's performance should borrowing cost and liquidity change significantly versus expectations or the credit spreads of the Group be negatively affected. For further information please refer to the Credit Ratings in the Liquidity Risk Performance section on page 172 of the Joint Annual Report.

### 4. **Adverse changes in foreign exchange rates on capital ratios**

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

### 5. **Negative interest rates**

A fall in interest rates leading to an environment with negative nominal interest rates would adversely impact Group profitability as retail and corporate business income would decrease due to margin compression. This is because the significant reduction in asset income would not be offset by a reduction in cost in liabilities due to the presence of a floor in the Group's customer deposit and savings rates which are typically set at positive level of rates.

### 6. **Adverse movements in the pension fund**

Adverse movements between pension assets and liabilities for defined benefit pension schemes could contribute to a pension deficit. The liabilities discount rate is a key driver and, in accordance with IFRS (IAS 19), is derived from the yields of high quality corporate bonds (deemed to be those with AA ratings) and consequently includes exposure to both risk-free yields and credit spreads. Therefore, the Group's defined benefits scheme valuation would be adversely affected by a prolonged fall in the discount rate or a persistent low rate and/or credit spread environment. Inflation is another significant risk driver to the pension fund, as the liabilities are adversely impacted by an increase in long-term inflation expectations. However in the long term, inflation and rates risk tend to be negatively correlated and therefore partially offset each other.

## **Operational risk**

The risk of loss to the Group from inadequate or failed processes or systems, human factor or due to external events (for example fraud) where the root cause is not due to credit or market risks.

The Group is exposed to many types of operational risk. These include: fraudulent and other internal and external criminal activities; breakdowns in processes, controls or procedures (or their inadequacy relative to the size and scope of the Group's business); systems failures or an attempt, by an external party to make a service or supporting technological infrastructure unavailable to its intended users, known as a denial of service attack, and the risk of geopolitical cyber threat activity which destabilises or destroys the Group's information technology, or critical technological infrastructure the Group depends upon but does not control. The Group is also subject to the risk of business disruption arising from events wholly or partially beyond its control, for example natural disasters, acts of terrorism, epidemics and transport or utility failures, which may give rise to losses or reductions in service to customers and/or economic loss to the Group. All of these risks are also applicable where the Group relies on outside suppliers or vendors to provide services to it and its customers. The operational risks that the Group is exposed to could change rapidly and there is no guarantee that the Group's processes, controls, procedures and systems are sufficient to address, or could adapt promptly to, such changing risks to avoid the risk of loss.

1. **Cyber risk**

The risk posed by cyber attacks is growing, with financial institutions being a primary target of increasingly capable cyber crime groups, as demonstrated by sophisticated targeted attacks against global payment networks throughout 2016. The increased maturity of online marketplaces for criminal services and stolen data has reduced barriers to entry for criminals perpetrating financial attacks which carry high reward and low risk of law enforcement prosecution.

The cyber threat increases the inherent risk to the Group's data (whether it is held by the Group or in its supply chain), to the integrity of financial transactions of the Group, its clients, counterparties and customers, and to the availability of the Group's services. Failure to adequately manage this risk, and to continually review and update processes, could result in increased fraud losses, inability to perform critical economic functions, customer detriment, potential regulatory censure and penalty, legal liability and reputational damage.

2. **Infrastructure and technology resilience**

The failure of the Group's and its suppliers' technology infrastructures remain a material risk driver for the Group. The increased use of technologies to support business strategy, and customer and client demand, means any failures will be felt more immediately and with greater impact.

Failure to adequately manage resilience in the Group's technologies, real estate, and business and suppliers' processes, may result in disruption to normal service which could in turn result in significant customer detriment, cost to reimburse losses incurred by the Group's customers, potential regulatory censure or penalty, and reputational damage.

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

The Group requires a diverse mix of highly skilled and qualified colleagues to deliver its strategy and so is dependent on attracting and retaining appropriately qualified and experienced individuals. The Group's ability to attract and retain such talent is impacted by a range of external and internal factors.

External regulation such as the introduction of the Individual Accountability Regime and the required deferral and claw back provisions of the Group's compensation arrangements may make the Group a less attractive proposition relative to both the Group's international competitors and other industries. Similarly, the impact of the planned exit of the UK from the EU could potentially have an impact on the Group's ability to hire and retain key employees.

Failure to attract or prevent the departure of appropriately qualified employees who are dedicated to overseeing and managing current and future regulatory standards and expectations, or who have the necessary skills required to deliver the Group strategy, could negatively impact the Group's financial performance, control environment, level of employee engagement and may result in disruption to service which could in turn lead to customer detriment and reputational damage.

4. **Tax risk**

The Group is required to comply with the domestic and international tax laws and practice of all countries in which it has business operations. There is a risk that the Group could suffer losses due to additional tax charges, other financial costs or reputational damage as a result of failing to comply with such laws and practice or by failing to manage its tax affairs in an appropriate manner. The Group also faces emerging risks from domestic and international tax developments. For example, the OECD's Base Erosion and Profit Shifting ("**BEPS**") project, and the implementation of its recommendations into domestic law in countries around the world, has the potential to significantly increase the compliance burden on the Group, as well as to increase the incidence of double taxation on the Group as a result of different countries adopting different interpretations and approaches to the BEPS recommendations.

5. **Critical accounting estimates and judgements**

The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying relevant accounting policies. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated and individual financial statements include provisions for conduct and legal, competition

and regulatory matters, fair value of financial instruments, credit impairment charges for amortised cost assets, impairment and valuation of available for sale investments, and accounting for pensions and post-retirements benefits. There is a risk that if the judgement exercised, or the estimates or assumptions used, subsequently turn out to be incorrect, this could result in significant loss to the Group, beyond what was anticipated or provided for.

As part of the assets in the Non-Core business, the Group holds a UK portfolio of generally longer-term loans to counterparties in Education, Social Housing and Local Authorities (ESHLA) sectors, which are measured on a fair value basis. The valuation of this portfolio is subject to substantial uncertainty due to the long-dated nature of the portfolios, the lack of a secondary market in the relevant loans and unobservable loan spreads. As a result of these factors, the Group may be required to revise the fair values of these portfolios to reflect, among other things, changes in valuation methodologies due to changes in industry valuation practices and as further market evidence is obtained in connection with the Non-Core asset run-off and exit process. For further information refer to Note 18 (*Fair value of financial instruments*) to the consolidated financial statements of Barclays PLC on pages 246 to 262 of the Joint Annual Report.

Details of legal, competition and regulatory matters to which the Group is currently exposed are set out in Note 29 (Legal, competition and regulatory matters) to the consolidated financial statements of Barclays PLC on pages 272 to 280 of the Joint Annual Report.

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

#### 6. **Outsourcing**

The Group depends on suppliers for the provision of many of the Group's services, though the Group continues to be accountable for risk arising from the actions of such suppliers. Failure to monitor and control the Group's suppliers could potentially lead to client information, or the Group's critical infrastructures and services, not being adequately protected.

The dependency on suppliers and sub-contracting of outsourced services introduces concentration risk where the failure of specific suppliers could have an impact on the Group's ability to continue to provide services that are material to the Group.

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

#### 7. **Data quality**

The quality of the data used in models across the Group has a material impact on the accuracy and completeness of the Group's risk and financial metrics. The evolution of complex modelling underpinning risk decisions, forecasting and capital calculations, demands greater precision in the Group's data. Failure to manage data standards accordingly may have a material adverse effect on the quality of the Group's risk management.

#### 8. **Operational precision and payments**

The risk of material errors in operational processes, including payments, are exacerbated during the present period of significant levels of structural and regulatory change, the evolving technology landscape, and a transition to digital channel capabilities.

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

#### **Model risk**

The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.



The Group uses models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures, conducting stress testing, assessing capital adequacy, supporting new business acceptance and risk/reward evaluation, managing client assets, or meeting reporting requirements.

Models are imperfect and incomplete representations of reality, and so they may be subject to errors affecting the accuracy of their outputs. Models may also be misused. Model errors or misuse may result in the Group making inappropriate business decisions and being subject to financial loss, regulatory risk, reputational risk and/or inadequate capital reporting.

### **Conduct risk**

The risk of detriment to customers, clients, market integrity, competition or the Group from the inappropriate supply of financial services, including instances of wilful or negligent misconduct.

The Group is committed to ensuring that positive customer and client outcomes and protecting market integrity are integral to the way the firm operates. This includes taking reasonable steps to ensure the Group's culture and strategy are appropriately aligned to these objectives; the Group's products and services are reasonably designed and delivered to meet the needs of the Group's customers and clients, as well as maintaining the fair and orderly operation of the markets in which we do business.

Certain other risks referenced herein may result in detriment to customers, clients and market integrity if not managed effectively. These include but are not limited to: cyber risk; infrastructure and technology resilience; ability to hire and retain qualified people; outsourcing; data quality; operational precision and payments; regulatory change; structural reform; change and execution risk; and the exit of the UK from the EU.

#### **1. Execution of strategic divestment in Non-Core businesses**

As the Group executes strategic decisions to exit products, businesses or countries, the firm must consider and mitigate any potential detriment to customers, clients and market integrity. There is a risk some customers and clients may have reduced market access and a limited choice of alternative providers, or transitions to alternate providers could cause disruptions. There is also a risk the firm's strategic divestments may impact market liquidity or result in adverse pricing movements. In connection with any country exits, there is a risk that any ongoing crossborder activities into those countries are not conducted in accordance with local laws and regulations. The crystallisation of any of these risks could cause detriment to customers, clients and market integrity, as well as regulatory sanctions, financial loss and reputational damage.

#### **2. Product governance and sales practices**

Effective product governance, including design, approval and periodic review of products, and appropriate controls over various internal and third-party sales channels are critical to ensuring positive outcomes for customers and clients. In particular, the Group must ensure that its remuneration practices and performance management framework are designed to prevent conflicts of interest and inappropriate sales incentives. Failure of product governance and sales controls could result in the sale of products and services that fail to meet the needs of, or are unsuitable for, customers and clients, regulatory sanctions, financial loss and reputational damage.

#### **3. Trading controls and benchmark submissions**

Maintaining controls over trading activities and benchmark submissions is critical to ensuring the trust of the Group's customers, clients and other market participants. These controls must be designed to ensure compliance with all applicable regulatory requirements, as well as to prevent market manipulation, unauthorised trading and inadvertent errors. A failure of these controls could result in detriment to customers and clients, disruptions to market integrity, regulatory sanctions, financial loss and reputational damage. The risk of failure could be enhanced by the changes necessary to address various new regulations, including but not limited to the MiFID II.

#### **4. Financial Crime**

The management of financial crime remains a key area of regulatory focus. Delivering a robust control environment to ensure that the Issuer effectively manages the risks of money laundering, terrorist

financing, sanctions and bribery and corruption protects the Issuer, its customers and its employees, as well as society at large, from the negative effects of financial crime. Failure to maintain an effective control environment may lead to regulatory sanctions, financial loss and reputational damage.

**5. Data protection and privacy**

The proper handling of data and protection of data privacy is critical to developing trust and sustaining long-term relationships with the Group's customers and clients. Inadequate protection of data (including data held and managed by third party suppliers) could lead to security compromise, data loss, financial loss and other potential detriment to the Group's customers and clients, as well as regulatory sanctions, financial loss and reputational damage. The risk of failure could be enhanced by the changes necessary to address various new regulations, including but not limited to the EU Data Protection Initiative.

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

Various regulators around the world have emphasised the importance of culture and personal accountability in helping to ensure appropriate conduct and drive positive outcomes for customers, clients and markets integrity. Regulatory changes such as the new UK Senior Managers Regime and Conduct Rules coming into effect in 2017, along with similar regulations in other jurisdictions, will require the Group to enhance its organisational and operational governance to evidence its effective management of culture and accountability. Failure to meet these new requirements and expectations may lead to regulatory sanctions, financial loss and reputational damage.

**Reputation risk**

The risk that an action, transaction, investment or event will reduce trust in the firm's integrity and competence by clients, counterparties, investors, regulators, employees or the public.

**1. Climate change, human rights and support for the defence sector**

Any one transaction, investment or event that, in the perception of key stakeholders reduces their trust in the firm's integrity and competence, may have the potential to give rise to risk to the Group's reputation. The Group's association with sensitive sectors is often an area of concern for stakeholders and the following topics have been of particular interest:

Fossil fuels: As the Paris agreement on CO2 emissions comes into force, banks are coming under increased pressure from civil society, shareholders and potentially national governments regarding the management and disclosure of their climate risks and opportunities, including the activities of certain sections of their client base;

Human Trafficking: The UK Modern Slavery Act came into force in October 2015 and with the scrutiny of global business investments rising, the risks of association with human rights violations are growing within the banking sector, through the perceived indirect involvement in human rights abuses committed by clients and customers. Campaigners have been seeking to hold all parties in the value chain to account for environmental and human rights violations where they occur; and

Defence Sector: Supporting the manufacture and export of military and riot control goods and services continues to require significant review internally in order to ensure compliance with all relevant requirements and to avoid reputational damage.

**Legal risk**

The risk of loss or imposition of penalties, damages or fines from the failure of the firm to meet its legal obligations including regulatory or contractual requirements.

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

The Group conducts diverse activities in a highly regulated global market and therefore is exposed to the risk of fines and other sanctions relating to the conduct of its business. In recent years authorities have increasingly investigated past practices, pursued alleged breaches and imposed heavy penalties on financial services firms.

This trend is expected to continue. A breach of applicable legislation and/or regulations could result in the Group or its staff being subject to criminal prosecution, regulatory censure, fines and other sanctions in the jurisdictions in which it operates, particularly in the UK and the US. Where clients, customers or other third parties are harmed by the Group's conduct this may also give rise to legal proceedings, including class actions. Other legal disputes may also arise between the Group and third parties relating to matters such as breaches, enforcement of legal rights or obligations arising under contracts, statutes or common law. Adverse findings in any such matters may result in the Group being liable to third parties seeking damages, or may result in the Group's rights not being enforced as intended.

Details of legal, competition and regulatory matters to which the Group is currently exposed are set out in Note 29 (*Legal, competition and regulatory matters*) to the consolidated financial statements of Barclays PLC on pages 272 to 280 of the Joint Annual Report. In addition to matters specifically described in Note 29, the Group is engaged in various other legal proceedings in the UK, US and a number of other overseas jurisdictions which arise in the ordinary course of business. The Group is also subject to requests for information, investigations and other reviews by regulators, governmental and other public bodies in connection with business activities in which the Group is or has been engaged. The Group is keeping all relevant agencies briefed as appropriate in relation to these matters on an ongoing basis. In light of the uncertainties involved in legal, competition and regulatory matters, there can be no assurance that the outcome of a particular matter or matters will not be material to the Group's results of operations or cash flow for a particular period, depending on, amongst other things, the amount of the loss resulting from the matter(s) and the amount of income otherwise reported for the period.

The outcome of legal, competition and regulatory matters, both those to which the Group is currently exposed and any others which may arise in the future, is difficult to predict. However, in connection with such matters the Group may incur significant expense, regardless of the ultimate outcome, and any such matters could expose the Group to any of the following: substantial monetary damages and/or fines; remediation of affected customers and clients; other penalties and injunctive relief; additional litigation; criminal prosecution in certain circumstances; the loss of any existing agreed protection from prosecution; regulatory restrictions on the Group's business operations including the withdrawal of authorisations; increased regulatory compliance requirements; suspension of operations; public reprimands; loss of significant assets or business; a negative effect on the Group's reputation; loss of investor confidence and/or dismissal or resignation of key individuals.

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

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

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

The majority of the requirements of the European Union directive 2014/59/EU of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms of 15 May 2014, as amended ("**BRRD**") (including the bail-in tool) were implemented in the UK by way of amendments to the Banking Act. For more information on the bail-in tool, see "*The relevant UK resolution authority may exercise the bail-in tool in respect of the Issuer and the Securities, which may result in holders of the Securities losing some or all of their investment*" and "*Under the terms of the Securities, you have agreed to be bound by the exercise of any UK Bail-in power by the relevant UK resolution authority*" below.

On 23 November 2016, the European Commission published, among other proposals, proposals to amend the BRRD. These proposals are in draft form and are still subject to the EU legislative process and national

implementation. Therefore, it is unclear what the effect of such proposals may be on the Group, the Issuer or the Securities.

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

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

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

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

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

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

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

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

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

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

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

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

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

Where the relevant statutory conditions for use of the bail-in tool have been met, the relevant UK resolution authority would be expected to exercise these powers without the consent of the holders of the Securities. Any such exercise of the bail-in tool in respect of the Issuer and the Securities may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Securities and/or the conversion of the Securities into shares or other securities or other obligations of the Issuer or another person, or any other modification or variation to the terms of the Securities.

The Banking Act specifies the order in which the bail-in tool should be applied, reflecting the hierarchy of capital instruments under CRD IV and otherwise respecting the hierarchy of claims in an ordinary insolvency. In addition, the bail-in tool contains an express safeguard (known as "no creditor worse off") with the aim that shareholders and creditors do not receive a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity.

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

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

As part of the reforms required by the BRRD, amendments have been made to relevant legislation in the UK (including the UK Insolvency Act 1986) to establish in the insolvency hierarchy a statutory preference (i) firstly, for deposits that are insured under the UK Financial Services Compensation Scheme ("insured deposits") to rank with existing preferred claims as 'ordinary' preferred claims and (ii) secondly, for all other deposits of individuals and micro, small and medium sized enterprises held in EEA or non-EEA branches of an EEA bank ("other preferred deposits"), to rank as 'secondary' preferred claims only after the 'ordinary' preferred claims. In addition, the UK implementation of the EU Deposit Guarantee Scheme Directive increased, from July 2015, the nature and quantum of insured deposits to cover a wide range of deposits, including corporate deposits (unless the depositor is a public sector body or financial institution) and some temporary high value deposits. The effect of these changes is to increase the size of the class of preferred creditors. All such preferred deposits will rank in the insolvency hierarchy ahead of all other unsecured senior creditors of the Issuer, including the holders of the Securities. Furthermore, insured deposits are excluded from the scope of the bail-in tool. As a result, if the bail-in tool were exercised by the relevant UK resolution authority, the Securities would be more likely to be bailed-in than certain other unsubordinated liabilities of the Issuer such as other preferred deposits.

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

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

the relevant UK resolution authority of such UK Bail-in power. Each holder of the Securities further acknowledges and agrees that the rights of the holders of the Securities are subject to, and will be varied, if necessary, solely to give effect to, the exercise of any UK Bail-in Power by the relevant UK resolution authority.

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

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

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

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

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

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

## INFORMATION INCORPORATED BY REFERENCE

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

- the sections set out below from the joint Annual Report of Barclays PLC and the Issuer, as filed with the US Securities and Exchange Commission (the "**SEC**") on Form 20-F on 23 February 2017 in respect of the years ended 31 December 2015 and 31 December 2016 (the "**Joint Annual Report**");
- the Annual Reports of the Issuer containing the audited consolidated financial statements of the Issuer in respect of the years ended 31 December 2015 (the "**2015 Issuer Annual Report**") and 31 December 2016 (the "**2016 Issuer Annual Report**"), respectively;
- the announcement of Barclays PLC and Barclays Bank PLC as filed with the SEC on Form 6-K on 10 April 2017 in respect of the FCA and PRA investigations (the "**April Announcement**"); and
- the joint unaudited Q1 2017 results announcement of Barclays PLC and the Issuer as filed with the SEC on Form 6-K on 28 April 2017 in respect of the three months ended 31 March 2017 (the "**Q1 2017 Results Announcement**").

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

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

Barclays PLC's financial statements contain material information for investors as Barclays PLC is the listed entity and holding company of the Group. In addition, Barclays PLC publishes quarterly financial information (unlike the Issuer).

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Each of the Issuer and Barclays PLC has applied IFRS as issued by the International Accounting Standards Board and as adopted by the EU in the financial statements incorporated by reference above. A summary of the significant accounting policies for each of the Issuer and Barclays PLC is included in each of the Joint Annual Report, the 2015 Issuer Annual Report and the 2016 Issuer Annual Report.

## FORWARD-LOOKING STATEMENTS

This Registration Document and certain documents incorporated by reference herein contain certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Group. The Issuer cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Examples of forward-looking statements include, among others, statements or guidance regarding the Group's future financial position, income growth, assets, impairment charges, provisions, notable items, business strategy, structural reform capital, leverage and other regulatory ratios, payment of dividends (including dividend pay-out ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, original and revised commitments and targets in connection with the strategic cost programme and the group strategy update as announced by Barclays PLC on 1 March 2016, rundown of assets and businesses within Barclays Non-Core, sell-down of the Group's interest in Barclays Africa Group Limited, estimates of capital expenditures and plans and objectives for future operations, projected employee numbers and other statements that are not historical fact.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. These may be affected by changes in legislation, the development of standards and interpretations under IFRS, evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, future levels of notable items, the policies and actions of governmental and regulatory authorities, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules (including with regard to the future structure of the Group) applicable to past, current and future periods; UK, US, Africa, Eurozone and global macroeconomic and business conditions; the effects of continued volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entities within the Group or any securities issued by such entities; the potential for one or more countries exiting the Eurozone; the implications of the exercise by the United Kingdom of Article 50 of the Treaty of Lisbon and the disruption that may result in the UK and globally from the withdrawal of the United Kingdom from the European Union; the implementation of the strategic cost programme; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual future results, dividend payments, and capital and leverage ratios may differ materially from the plans, goals, expectations and guidance set forth in the Group's forward-looking statements. Additional risks and factors which may impact the Group's future financial condition and performance are identified in the Group's filings with the SEC which are available on the SEC's website at [www.sec.gov](http://www.sec.gov).

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

Subject to the Group's obligations under the applicable laws and regulations of the UK and the US in relation to disclosure and on-going 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.

## THE ISSUER AND THE GROUP

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

The Group is a transatlantic consumer, corporate and investment bank offering products and services across personal, corporate and investment banking, credit cards and wealth and management, with a strong presence in the Group's two home markets of the UK and the US. The Group is focused on two core divisions – Barclays UK and Barclays International. Barclays UK comprises the UK retail banking operations, UK consumer credit card business, UK wealth management business and corporate banking for smaller businesses. Barclays International comprises the corporate banking franchise, the Investment Bank, the US and international cards business and international wealth management. Assets which do not fit the Group's strategic objectives will continue to be managed in Barclays Non-Core and designated for exit or run-down over time.

The short term unsecured obligations of the Issuer are rated A-2 by Standard & Poor's Credit Market Services Europe Limited, P-1 by Moody's Investors Service Ltd. and F1 by Fitch Ratings Limited and the long-term unsecured unsubordinated obligations of the Issuer are rated A- by Standard & Poor's Credit Market Services Europe Limited, A1 by Moody's Investors Service Ltd. and A by Fitch Ratings Limited.

Based on the Bank Group's audited financial information for the year ended 31 December 2016, the Bank Group had total assets of £1,213,955m (2015: £1,120,727m), total net loans and advances of £436,417m (2015: £441,046m), total deposits of £472,917m (2015: £465,387m), and total equity of £70,955m (2015: £66,019m) (including non-controlling interests of £3,522m (2015: £1,914m)). The profit before tax of the Bank Group for the year ended 31 December 2016 was £4,383m (2015: £1,914m) after credit impairment charges and other provisions of £2,373m (2015: £1,762m). The financial information in this paragraph is extracted from the audited consolidated financial statements of the Issuer for the year ended 31 December 2016.

### Legal Proceedings

For a description of the governmental, legal or arbitration proceedings that the Issuer and the Group face, see (i) Note 27 (*Provisions*) and Note 29 (*Legal, competition and regulatory matters*) to the financial statements of Barclays PLC on pages 270 to 271 and pages 272 to 280, respectively, of the Joint Annual Report and (ii) the April Announcement.

### Directors

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

<i>Name</i>	<i>Function(s) within the Issuer</i>	<i>Principal outside activities</i>
John McFarlane	Chairman	Chairman, Barclays PLC; Director, Westfield Corporation; Director, Old Oak Holdings Limited; Chairman, The CityUK
James Staley	Chief Executive Officer	Group Chief Executive Officer, Barclays PLC
Tushar Morzaria	Group Finance Director	Group Finance Director, Barclays PLC

<i>Name</i>	<i>Function(s) within the Issuer</i>	<i>Principal outside activities</i>
Mike Ashley	Non-Executive Director	Non-Executive Director, Barclays PLC; Member, International Ethics Standard Board for Accountants; Member, Institute of Chartered Accountants in England & Wales' Ethics Standards Committee; Chairman, Government Internal Audit Agency; Member, Board of The Charity Commission
Tim Breedon CBE	Non-Executive Director	Non-Executive Director, Barclays PLC; Chairman, Apax Global Alpha; Chairman, The Northview Group
Sir Ian Cheshire	Non-Executive Director	Non-Executive Director, Barclays PLC; Chairman, Debenhams plc, Chairman, Maisons du monde; Senior Independent Director, Whitbread plc; Chairman, Menhaden plc
Mary Francis CBE	Non-Executive Director	Non-Executive Director, Barclays PLC; Non-Executive Director, EnSCO plc; Non-Executive Director, Swiss re Group
Crawford Gillies	Non-Executive Director	Non-Executive Director, Barclays PLC; Chairman, Control Risks International; Senior Independent Director, SSE plc; Director, The Edrington Group
Sir Gerry Grimstone	Deputy Chairman and Senior Independent Director	Deputy Chairman and Senior Independent Director, Barclays PLC; Chairman, Standard Life plc; Non-Executive Board Member, Deloitte LLP; Lead non-executive, Ministry of Defence; Financial Services Trade and Investment Board
Reuben Jeffery III	Non-Executive Director	Non-Executive Director, Barclays PLC; Chief Executive Officer, President and Director, Rockefeller & Co., Inc. and Rockefeller Financial Services Inc.; Member, Advisory Board of Towerbrook Capital Partners LP; Director, Financial Services Volunteer Corps; Advisory Board, J. Rothschild Capital Management Limited; Trustee, The Asia Foundation
Dambisa Moyo	Non-Executive Director	Non-Executive Director, Barclays PLC; Non-Executive Director, Barrick Gold Corporation; Non-Executive Director, Seagate Technology; Non-Executive Director, Chevron Corporation
Diane de Saint Victor	Non-Executive Director	Non-Executive Director, Barclays

<u>Name</u>	<u>Function(s) within the Issuer</u>	<u>Principal outside activities</u>
		PLC; General Counsel, Company Secretary and Executive Director of ABB Limited; Member, American Chamber of Commerce in France
Diane Schueneman	Non-Executive Director	Non-Executive Director, Barclays PLC
Stephen Thieke	Non-Executive Director	Non-Executive Director, Barclays PLC

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

## GENERAL INFORMATION

### Significant Change Statement

There has been no significant change in the financial or trading position of the Bank Group since 31 March 2017.

### Material Adverse Change Statement

There has been no material adverse change in the prospects of the Issuer since 31 December 2016.

### Legal Proceedings

Save as disclosed under Note 27 (*Provisions*) and Note 29 (*Legal, competition and regulatory matters*) to the financial statements of Barclays PLC as set out on pages 270 to 271 and pages 272 to 280, respectively, of the Joint Annual Report, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have or have had during the 12 months preceding the date of this Registration Document, a significant effect on the financial position or profitability of the Issuer and/or the Bank Group.

### Auditors

The annual consolidated and unconsolidated financial statements of the Issuer for the two years ended 31 December 2015 and 31 December 2016 have been audited without qualification by PricewaterhouseCoopers LLP ("**PricewaterhouseCoopers**") of 1 Embankment Place, London WC2N 6RH, United Kingdom, chartered accountants and statutory auditors (authorised and regulated by the Financial Conduct Authority for designated investment business). The financial information contained in this Registration Document in relation to the Issuer does not constitute its statutory accounts for the two years ended 31 December 2016. The Issuer's annual report and accounts (containing its consolidated and unconsolidated audited financial statements), which constitute the Issuer's statutory accounts within the meaning of section 434 of the Companies Act 2006 relating to each complete financial year to which such information relates, have been delivered to the Registrar of Companies in England. PricewaterhouseCoopers has reported on the Issuer's statutory accounts, and such reports were unqualified and did not contain a statement under section 498(2) or section 498(3) of the Companies Act 2006. PricewaterhouseCoopers' report contained the following statement: "Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law as ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practice Board's Ethical Standards for Auditors. This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose to any person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing."

### Ratings

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

As of the date of this Registration Document, the short-term unsecured obligations of the Issuer are rated A-2 by Standard & Poor's<sup>1</sup>, P-1 by Moody's<sup>2</sup>, and F1 by Fitch<sup>3</sup> and the long-term obligations of the Issuer

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

are rated A- by Standard & Poor's<sup>4</sup>, A1 by Moody's<sup>5</sup>, and A by Fitch<sup>6</sup>.

### Documents Available

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

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

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<sup>1</sup> A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

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

<sup>3</sup> An 'F1' rating indicates the highest short-term credit quality and the strongest intrinsic capacity for timely payment of financial commitments; may have an added '+' to denote any exceptionally strong credit feature.

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

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

<sup>6</sup> An 'A' rating indicates high credit quality and denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.



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