

Key information about the business activities of Barclays Bank PLC following ring-fencing

What is the purpose of ring-fencing?

Ring-fencing of day-to-day banking services is one of the reforms brought in by the UK government, aiming to strengthen the UK financial system following the financial crisis that began in 2008.

Ring-fencing legislation requires each of the larger UK high street banks, including Barclays, to separate certain retail and smaller corporate banking activity and products, like savings accounts, current accounts and payments, from more complex, wholesale and investment banking activity and from certain activities outside of the UK and the European Economic Area. The separation has to be completed by 1 January 2019.

How has Barclays achieved ring-fencing?

Barclays satisfied this requirement by setting up our 'ring-fenced' bank, Barclays Bank UK PLC, in April 2018 which is separate from Barclays Bank PLC. The two entities operate alongside, but independently from, one another as part of the Barclays Group under the listed entity, Barclays PLC.

The separation was achieved by transferring the existing Barclays UK division of Barclays Bank PLC into the new ring-fenced bank, which offers everyday business and personal banking services in the UK to retail customers and smaller businesses. Products and services designed for our larger corporate, wholesale and international banking clients continue to be offered by Barclays Bank PLC and its subsidiaries.

What activities can Barclays Bank PLC undertake that the ring-fenced bank cannot undertake?

Barclays Bank PLC offers clients access to a wider range of investment, risk and finance products, and to the broader geographical reach which they may require. It is able to do this because it will be permitted to carry out certain activities and services which our ring-fenced bank will not be permitted to undertake. These activities are known as "Excluded Activities" and "Prohibited Actions" and are described below, along with the benefits and risks arising from such activities.

What are Excluded Activities and Prohibited Actions?

Excluded Activities are defined by legislation as including the activities of "dealing in investments as principal" and "dealing in commodities as principal". Dealing as principal means that Barclays Bank PLC faces risks of the sort detailed below, which arise from buying or selling securities and other financial products for clients and itself or other members of the Barclays Group, in its own name.

Prohibited Actions include incurring exposures to certain other financial institutions when executing transactions or payments; and establishing branches and/or subsidiaries in non-EEA jurisdictions.

The above is not exhaustive and does not represent all Excluded Activities or Prohibited Actions which are undertaken by Barclays Bank PLC. However, it provides an overview of the types of activities/actions Barclays Bank PLC undertakes which the ring-fenced bank is not permitted to undertake (except in very limited circumstances).

What are the benefits of Barclays Bank PLC undertaking Excluded Activities and Prohibited Actions?

As a result of being permitted to undertake these additional activities, Barclays Bank PLC has a broadly-diversified business model, both in terms of the nature of business it undertakes and its geographic spread.

In turn, this is beneficial to its clients that have banking and investment needs that span a wider range of products, services and geographies as their needs can be met through one strong and established financial services provider.

What are the relevant risks arising from undertaking Excluded Activities and Prohibited Actions?

As a consequence of carrying out Excluded Activities and Prohibited Actions, Barclays Bank PLC is exposed to the types of risks which generally arise from carrying out such activities. Below are examples of the key types of risk associated with such activities. Please note this is not an exhaustive list of all the risks that arise from carrying out such activity.

- By buying, selling, underwriting or making a market in securities, commodities, derivatives and other investments, Barclays Bank PLC is exposed to fluctuations in the value of such products
- By participating in foreign exchange markets inside or outside the EEA, Barclays Bank PLC is exposed to movements in foreign exchange rates
- Through its wider activities in the global financial markets, Barclays Bank PLC is exposed to risks of market disruption internationally, which may cause illiquidity or difficulty in selling products at their value prior to any disruption
- By incurring exposures to other financial institutions, Barclays Bank PLC may be adversely affected in the event of an insolvency or default affecting one or more of those financial institutions or the wider financial system
- By operating through branches or businesses which are outside the EEA, Barclays Bank PLC is exposed to risks arising in those regions and markets.