

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2020

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report \_\_\_\_\_

Commission file number                  Barclays Bank PLC                  1-10257

**BARCLAYS BANK PLC**

(Exact Name of Registrant as Specified in its Charter)

ENGLAND

(Jurisdiction of Incorporation or Organization)

1 CHURCHILL PLACE, LONDON E14 5HP, ENGLAND

(Address of Principal Executive Offices)

**GARTH WRIGHT, +44 (0)20 7116 3170, GARTH.WRIGHT@BARCLAYS.COM**

**1 CHURCHILL PLACE, LONDON E14 5HP, ENGLAND**

(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

As a wholly-owned subsidiary of Barclays PLC, which is a reporting company under the Securities Exchange Act of 1934, Barclays Bank PLC meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K, as applied to annual reports on Form 20-F, and is therefore filing this Form 20-F with a reduced disclosure format.

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange On Which Registered
1.700% Fixed Rate Senior Notes due 2022	BCS22A	New York Stock Exchange
iPath® Bloomberg Commodity Index Total Return <sup>SM</sup> ETN	DJP	NYSE Arca
iPath® Series B Bloomberg Agriculture Subindex Total Return <sup>SM</sup> ETN	JJA	NYSE Arca
iPath® Series B Bloomberg Aluminum Subindex Total Return <sup>SM</sup> ETN	JJU	NYSE Arca
iPath® Bloomberg Cocoa Subindex Total Return <sup>SM</sup> ETN	NIB	NYSE Arca
iPath® Series B Bloomberg Coffee Subindex Total Return <sup>SM</sup> ETN	JO	NYSE Arca
iPath® Series B Bloomberg Copper Subindex Total Return <sup>SM</sup> ETN	JJC	NYSE Arca
iPath® Series B Bloomberg Cotton Subindex Total Return <sup>SM</sup> ETN	BAL	NYSE Arca
iPath® Series B Bloomberg Energy Subindex Total Return <sup>SM</sup> ETN	JJE	NYSE Arca
iPath® Series B Bloomberg Grains Subindex Total Return <sup>SM</sup> ETN	JJG	NYSE Arca
iPath® Series B Bloomberg Industrial Metals Subindex Total Return <sup>SM</sup> ETN	JJM	NYSE Arca
iPath® Bloomberg Lead Subindex Total Return <sup>SM</sup> ETN	LD	NYSE Arca
iPath® Series B Bloomberg Livestock Subindex Total Return <sup>SM</sup> ETN	COW	NYSE Arca
iPath® Series B Bloomberg Nickel Subindex Total Return <sup>SM</sup> ETN	JJN	NYSE Arca
iPath® Series B Bloomberg Platinum Subindex Total Return <sup>SM</sup> ETN	PGM	NYSE Arca
iPath® Series B Bloomberg Precious Metals Subindex Total Return <sup>SM</sup> ETN	JJP	NYSE Arca
iPath® Series B Bloomberg Softs Subindex Total Return <sup>SM</sup> ETN	JJS	NYSE Arca
iPath® Series B Bloomberg Sugar Subindex Total Return <sup>SM</sup> ETN	SGG	NYSE Arca
iPath® Series B Bloomberg Tin Subindex Total Return <sup>SM</sup> ETN	JJT	NYSE Arca
iPath® Series B Bloomberg Natural Gas Subindex Total Return <sup>SM</sup> ETN	GAZ	NYSE Arca
iPath® S&P GSCI® Total Return Index ETN	GSP	NYSE Arca
iPath® Pure Beta Broad Commodity ETN	BCM	NYSE Arca
iPath® Pure Beta Crude Oil ETN	OLEM	NYSE Arca
iPath® Series B Carbon ETN	GRN	NYSE Arca
Pacer® iPath® Gold ETN	GBUG	NYSE Arca
iPath® Silver ETN	SBUG	NYSE Arca
Barclays ETN+ Shiller CAPE <sup>TM</sup> ETNs	CAPE	NYSE Arca
iPath® Series B S&P 500 VIX Short-Term Futures <sup>TM</sup> ETNs	VXX	CBOE BZX Exchange
iPath® Series B S&P 500 VIX Mid-Term Futures <sup>TM</sup> ETNs	VXZ	CBOE BZX Exchange
iPath® S&P MLP ETN	IMLP	CBOE BZX Exchange
iPath® S&P 500 Dynamic VIX ETN	XVZ	CBOE BZX Exchange
Barclays ETN+ Select MLP ETN	ATMP	CBOE BZX Exchange
Barclays Women in Leadership ETN	WIL	CBOE BZX Exchange

Barclays Return on Disability ETN	RODI	CBOE BZX Exchange
iPath® US Treasury 5-year Bull ETN	DFVL	CBOE BZX Exchange
iPath® US Treasury 5-year Bear ETN	DFVS	CBOE BZX Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

£1 ordinary shares	2,342,558,515
£1 preference shares	1,000
€100 preference shares	31,856
\$100 preference shares	58,133

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act 1934.

Yes  No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer  Accelerated Filer  Non-Accelerated Filer  Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act.

† The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

\*Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued by the International Accounting Standards Board

Other

\*If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17

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If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No

SEC Form 20-F Cross reference information

Page and caption references  
in this document\*

Form 20-F item number

<b>1</b>	<b>Identity of Directors, Senior Management and Advisers</b>	Not applicable
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<b>3</b>	<b>Key Information</b>	
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\* Certain items are indicated as omitted as Barclays Bank PLC is a wholly owned subsidiary of Barclays PLC, which is a reporting company under the Securities Exchange Act of 1934, and meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K, as applied to annual reports on Form 20-F, and is therefore filing this Form 20-F with a reduced disclosure format.

## Notes

The term Barclays Bank Group refers to Barclays Bank PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the year ended 31 December 2020 to the corresponding twelve months of 2019 and balance sheet analysis as at 31 December 2020 with comparatives relating to 31 December 2019. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively; the abbreviations '\$m' and '\$bn' represent millions and thousands of millions of US Dollars respectively; and the abbreviations '€m' and '€bn' represent millions and thousands of millions of Euros respectively.

## Forward-looking statements

This document contains 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 Barclays Bank Group. Barclays 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. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Barclays Bank Group (including, without limitation, during management presentations to financial analysts) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Bank Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, capital distributions (including dividend payout ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets, estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, IFRS impacts and other statements that are not historical fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. The forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by changes in legislation, the development of standards and interpretations under IFRS, including evolving practices with regard to the interpretation and application of accounting and regulatory standards, the outcome of current and future legal proceedings and regulatory investigations, future levels of conduct provisions, the policies and actions of governmental and regulatory authorities, the Group's ability along with government and other stakeholders to manage and mitigate the impacts of climate change effectively, geopolitical risks and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; UK, US, Eurozone and global macroeconomic and business conditions; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entity within the Barclays Bank Group or any securities issued by such entities; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the exit by the UK from the European Union (EU), the effects of the EU-UK Trade and Cooperation Agreement and the disruption that may subsequently result in the UK and globally; the risk of cyber-attacks, information or security breaches or technology failures on the Group's business or operations; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Barclays Bank Group's control. As a result, the Barclays Bank Group's actual financial position, future results, capital distributions, capital, leverage or other regulatory ratios or other financial and non-financial metrics or performance measures may differ materially from the statements or guidance set forth in the Barclays Bank Group's forward-looking statements.

Subject to our obligations under the applicable laws and regulations of any relevant jurisdiction, (including, without limitation, the UK and the US), in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## Market and other data

This document contains information, including statistical data, about certain Barclays markets and its competitive position. Except as otherwise indicated, this information is taken or derived from Datastream and other external sources. Barclays cannot guarantee the accuracy of information taken from external sources, or that, in respect of internal estimates, a third party using different methods would obtain the same estimates as Barclays.

## Uses of Internet addresses

This document contains inactive textual addresses to internet websites operated by us and third parties. Reference to such websites is made for information purposes only, and information found at such websites is not incorporated by reference into this document.





# Governance

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Our corporate governance processes and the role they play in supporting the delivery of our strategy.

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# Governance

## Chairman's introduction

The 2020 corporate governance report (Governance Report) for Barclays Bank PLC (BBPLC or the Company) provides an overview of how the BBPLC governance framework operates and of the Board's key areas of focus during the year.

### Strategy and performance

Barclays Bank PLC is the non ring-fenced bank within the Barclays Group (Barclays PLC together with its subsidiaries). The Barclays Bank Group (Barclays Bank PLC together with its subsidiaries) contains the majority of the Barclays Group's Barclays International division, which is comprised of the CIB and CC&P businesses. The Board of BBPLC comprises a subset of the BPLC Board, with all members of the BPLC board, except the Senior Independent Director, the Chairman of Barclays Bank UK PLC and one other Non-Executive Director, serving on the Board of BBPLC.

During a challenging year due to the COVID-19 pandemic, the businesses in our CIB have seen heightened activity from our clients and customers during 2020, with our Markets business in particular benefitting from increased trading volumes and wider margins. At the same time, our CC&P businesses have faced challenges as a result of the economic shock and long-term low interest rate environment.

Looking ahead, across our CIB we will remain focused on maintaining our client-centric approach and, in doing so, developing opportunities to grow our business and increase returns. Within our CC&P businesses, we intend to accelerate our strategy to invest in and build world-class technology and digital capabilities.

### The Board

I am very grateful for the support and hard work of all my Board colleagues during 2020, not least for the additional commitment required of each of them in order to oversee our response to the COVID-19 pandemic. During the course of the year, scheduled Board meetings were supplemented by additional Board meetings (including a number scheduled at short notice) in order to discuss key issues arising throughout the pandemic.

We were fortunate to welcome Mohamed El-Erian to the Board in January 2020 who brought with him a wealth of valuable insight and experience, relevant to the markets and geographies in which we operate. Matthew Lester stepped down from the Board on 1 January 2020 and Mary Anne Citrino stepped down from the Board on 30 September 2020 and I would like to extend my personal thanks and those of the Board to Matthew and Mary Anne for their service to the Company.

### The future

With positive progress being made on the rollout of COVID-19 vaccines, there is cause for optimism. Whilst undoubtedly the ongoing pandemic will continue to weaken the global economy for some time to come and impact our businesses, I believe that we are well placed to respond to any challenges that lie ahead.

My thanks to all those with whom we have worked alongside this year - our clients, customers, regulators and governments. But let me finish by thanking, most wholeheartedly, all our colleagues around the globe who have responded so magnificently to the challenges we have faced.

### Nigel Higgins

Chairman – Barclays Bank Group

17 February 2021

# Governance

## Corporate Governance Statement

### Introduction

Following the structural reform programme to realign the Barclays Group and ring-fence the Barclays Group's UK consumer banking business in April 2018, and a further review (post structural reform programme) of the corporate governance structure of BBPLC and Barclays PLC (Barclays or BPLC) (reflecting outcomes of discussions with the Barclays Group's regulators) in 2019, the membership of the BBPLC and BPLC boards was consolidated, such that membership of the BBPLC Board now comprises a subset of the BPLC Board, with all members of the BPLC board, except the Senior Independent Director, the Chairman of BBUKPLC and one other Non-Executive Director, also serving on the board of BBPLC. This has helped improve coordination and efficiency between the two boards and reduced complexity and unnecessary duplication. This structure vests oversight over the activities of BBPLC in a board the members of which also have direct accountability to BPLC's shareholders through their separate responsibilities as members of the BPLC board. The Board aspires to have high standards of corporate governance and, in accordance with the Companies (Miscellaneous Reporting) Regulations 2018 (the 2018 Regulations), has adopted its own corporate governance arrangements, which it believes are appropriate to apply and are designed to ensure effective decision-making to promote the Company's success for the long term.

The Board chose not to adopt and report against the 2018 UK Corporate Governance Code, which is designed for premium listed companies and, whilst fully supportive of the Wates Corporate Governance Principles for Large Private Companies (in particular the focus on purpose, culture and employee and stakeholder engagement), the Board considers that those Principles are less appropriate for a wholly-owned subsidiary of a premium listed company, which is also a complex financial institution subject to a comprehensive regulatory regime. This approach is consistent with the approach of other significant subsidiaries within the Barclays Group, which are subject to the 2018 Regulations.

The Board's primary aim is that its governance arrangements:

- are effective in providing advice and support to management;
- provide checks and balances and encourage constructive challenge;
- drive informed, collaborative and accountable decision-making;
- create long-term sustainable value for the Company's shareholder, the ultimate shareholders of BPLC and our wider stakeholders.

Set out below are the principles which underpin our corporate governance arrangements and how these principles have been applied during 2020.

Our Group-wide governance framework is set by Barclays and has been designed to facilitate the effective management of the Barclays Group. This includes the setting of Barclays Bank Group policies and approach in relation to matters such as Barclays' purpose and values, Barclays' Remuneration Policy and the Barclays' Charter of Expectations. Where appropriate, this corporate governance statement makes reference to those Group policies, which are relevant to the way in which the Company is governed.

### The Company's corporate governance principles and how the Company has applied them during 2020 and to the date of this report

#### Principle One: Board leadership and company purpose

A successful company is led by an effective and entrepreneurial board, whose role is to establish the company's purpose, values and strategy, aligned to its culture and make decisions to promote its success for the long term benefit of its shareholder, having regard to the interests of other relevant stakeholders and factors.

- Through the leadership of the Board, a clear vision for the Company's purpose and overall values is articulated, underpinning and defining the strategy and culture of the organisation. This is embedded at every level of management.
- The challenges presented by the COVID-19 pandemic reinforced the importance for the Board of our purpose in everything we do, in particular, embedding it in our response to the pandemic. We want to reinforce that clarity and conviction about our purpose and our values, and stay true to that way of thinking about how we take action at pace. Accordingly, during 2020, the Board adopted a new, extended narrative of the Barclays Group's purpose and the refreshed descriptions of our values to make sure they are still relevant for the challenges ahead.
- The Board believes that positive culture, supported by effective leadership and a consistent 'tone from the top' is crucial to our success. Culture remains a core area of focus for the Board and is reviewed in a number of ways. The Board supports The Barclays Way which sets the framework for achieving a dynamic and positive culture.
- The current COVID-19-related challenges are unprecedented in nature and, as the Board has discussed at length, the macro-economic environment brings a significant degree of uncertainty. This has far-reaching impacts across our business and raised significant matters for consideration by the Board in the context of the Board's responsibility for the Company's long-term sustainable success. To clearly establish and implement the Company's strategy, and be effective, with management, in addressing the challenges arising from the pandemic, the Board has continued to deepen its understanding of our business and the risks and opportunities it faces.
- A prioritised series of 'deep dives' forms an important part of each Board meeting, enabling the Board to spend a good proportion of its time considering longer-term and strategic issues and the Company's operational resilience, with strategy considered at every Board meeting. Deep dive topics were informed by discussions with our shareholder and other stakeholders, as well as formal and informal Board discussions. In response to the growing pandemic, during 2020 our deep dives programme was kept under review to give time to the discussion of new topics flowing directly from the COVID-19 pandemic.
- Further detail on the Company's strategy can be found on pages 11 to 13 of the BPLC Annual Report 2020 and the Board's role in creation of the Company's strategy on page 7 'What The Board did in 2020' available at [home.barclays/annualreport](http://home.barclays/annualreport).

#### Principle Two: Division of responsibilities

# Governance

## Corporate Governance Statement

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An effective board requires a clear division of responsibilities with the Chair leading the board and being responsible for its overall effectiveness, and the executive leadership of the company's business being delegated to the Chief Executive Officer. The board should consist of an appropriate combination of executive and independent non-executive directors, each with a clear understanding of their accountability and responsibilities. The board's policies and procedures should support effective decision-making and independent challenge.

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- There is a clear division of responsibilities between the Chairman and Chief Executive Officer. Detail on the role of each can be found on page 6 of this report. Page 6 sets out details of who is on the Board with a majority of the Board comprised of independent Non-Executive Directors.
  - Policies and protocols are in place to support effective decision-making and independent challenge, including the Company's Charter of Expectations, setting out clearly the role and responsibilities of each Director. The Chairman meets privately with the Non-Executive Directors when appropriate, to promote required independence.
  - The Board's responsibilities are executed in part through Board Committees, which provide oversight and make recommendations on the matters delegated to them by the Board. Detail on the principal Committees and their core responsibilities and activities in 2020 is set out on pages 8 to 14 of this report.
  - Appropriate information and support is provided to the Board, to enable it to undertake its work with due care and discharge its responsibilities. See page 6 for further details.
  - The Barclays Group's Corporate Governance Manual clearly sets out guidelines as to how the Barclays Group entities and their respective Boards and Board committees should interact, while also providing guidance and clarity for management and directors as to how these relationships and processes should work in practice. It is a dynamic document that continues to evolve with the changing nature of the Barclays Group.

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### Principle Three: Composition, succession and evaluation

A board with the right balance of skills, experience and diversity is critical to the sustainable delivery of value to the company's shareholder and broader stakeholders. The size of the board should be guided by the scale and complexity of the company and appointments should be based on merit and objective criteria, with a view to promoting diversity and subject to a formal, rigorous and transparent procedure, which is underpinned by an effective succession plan for board and senior management. A successful board is a cohesive board that provides informed and constructive challenge to the management team and measures its effectiveness.

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- The size and composition of the Board is considered appropriate for the business of the Barclays Bank Group. There is a good balance between Executive and independent Non-Executive Directors, with the Non-Executive Directors providing independent challenge. The Board members have a strong combination of technical, finance (including significant financial services experience) and commercial skills and have broader experience in culture and colleague engagement.
  - The membership of the Board is drawn exclusively from the BPLC Board.
  - All appointments to the Board and senior management are based on merit and objective criteria, with a continued strong belief in the benefits of diversity (of gender, social and ethnic backgrounds, cognitive and personal strengths) for an effective Board and organisation. This will remain a key area of focus as the Company continues to strive to build a workforce that reflects the diversity of its customers and the communities it serves.
  - There is regular review of the leadership and succession needs of the business to maintain the depth and diversity of the talent and succession pipeline at the Board, Executive and key management level. This remains a key focus to maintain the quality of leadership that is in place to lead the business in the delivery of the strategy, against a challenging economic and operating environment.
  - The Board approved a number of changes to our Executive management team during 2020. You can read more about these on page 7 of this report.
  - Effectiveness is supported through routine evaluations of the Board and Board Committees. Key findings are included for each Board Committee on pages 8 to 14 of this report.
  - Ongoing training and professional development is a key focus to provide Board members with a deeper and more granular understanding of the business, contributing to informed and sound decision-making. Further detail on 'training and induction' can be found on page 14 of this report.
  - Diversity across the Barclays Group remains a key area of focus. For 2020, Barclays will publish a separate Diversity & Inclusion report explaining Barclays' Diversity & Inclusion strategy and progress during 2020.

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### Principle Four: Audit, Risk and Internal Control

A board should establish formal and transparent policies and procedures to (i) identify the nature and extent of principal risks the company is willing to take in order to achieve its long-term strategic objectives; (ii) manage such risks effectively; (iii) oversee the internal control framework; (iv) promote the independence and effectiveness of internal and external audit functions; and (v) satisfy itself on the integrity of financial reporting.

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- Principal risks have been identified, with robust processes in place to evaluate and manage such risks; including regular reporting to, and oversight by the Risk Committee and the Board. A key component of the risk management framework is the ERMF, which supports the business in its aim to embed effective risk management and a strong risk management culture. The ERMF is designed to identify and set
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# Governance

## Corporate Governance Statement

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minimum requirements, in respect of the main risks, to achieve the Company's strategic objectives and to provide reasonable assurance that internal controls are effective. Further detail on the principal risks and management of them can be found on pages 39 to 45.

- The Board approves the Company's risk appetite (the level of risk the Company is prepared to accept across different risk types) within the parameters set by the BPLC Risk Committee. Significant steps have been taken in recent years to de-risk the business, to support sustainable growth and value creation in the future.
- Effectiveness of risk management and internal controls is reviewed regularly by the Risk Committee (responsible for providing oversight on current and potential future risk exposures) and the Audit Committee (responsible for controls, including reviewing audit reports, internal controls and risk management systems). Please see pages 8 to 11 for further detail on the role of these Committees.
- The Audit Committee continues to provide its oversight of the financial reporting processes and the work of the external and internal auditors (including independence and effectiveness). Further detail can be found on pages 8 to 9 of this report.

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### Principle Five: Remuneration

The remuneration policies and practices should support strategy and promote long-term sustainable success, and be developed in accordance with formal and transparent procedures, ensuring no director is involved in deciding their own remuneration outcome. Executive remuneration should be aligned to the company's purpose and values and the successful delivery of the strategy; with outcomes taking account of company and individual performance, and wider circumstances such as pay across the Company's workforce and Barclays' Fair Pay agenda.

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- Barclays' Remuneration Policy is set by the BPLC Remuneration Committee, but adopted by the Company's independent Remuneration Committee. Remuneration is aligned to the Company's strategy and risk management approach and designed to promote the long-term success of the Company.
  - Executive and senior management remuneration approaches are developed in accordance with the Group's formal procedures (ensuring no Director is involved in deciding their own remuneration outcome) and having regard to workforce remuneration policies and alignment of incentives and rewards with culture and performance as reviewed annually by the BPLC Remuneration Committee and shared with the Company's Remuneration Committee.
  - The Remuneration Committee has clearly defined terms of reference, with responsibility for the development of a remuneration approval framework to ensure an appropriate level of oversight of senior remuneration decisions, as well as annual consideration of the Company incentive pool to ensure alignment with delivery of the Company's strategic ambitions.
  - Barclays remains focussed on improving its gender pay gap position. The 2020 gender pay gap statistics are due to be published on the Government's Gender Pay Gap reporting portal before the end of February 2021, along with the voluntary disclosure of Barclays' Ethnicity Pay Gap in the UK. For 2020, Barclays will also publish a Fair Pay report summarising its approach to pay fairness.

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### Principle Six: Stakeholder relationships and engagement

Directors should foster effective stakeholder relationships aligned to the company's purpose. The board should recognise the importance of listening to, and understanding the views of its stakeholders, including the workforce, and specifically the impact of the company's behaviour and business on customers and clients, colleagues, suppliers, communities and society more broadly; having regard to these views and impact when taking decisions.

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- Through the Company's defined purpose and strategy, key stakeholders, on whom the success of the Company depends, are identified.
  - The Board seeks to understand the views of key stakeholders and the impact of the Company's behaviour and business on customers and clients, colleagues, suppliers, communities and society more broadly.
  - The Board and management engage throughout the year with broader stakeholders.
  - The Company's long-standing commitment to the importance and value of colleague engagement continues; the Company's people are its most valued asset.
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# Governance

## Corporate Governance Statement

### The Board

The Directors who served during the period ended 31 December 2020 are set out in the table below, together with the composition of each of the Board's Committees. Matthew Lester resigned on 1 January 2020 and is not reflected in the table below.

	Board	Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee
Nigel Higgins Chair of the Board	C				C
Mike Ashely Independent Non-Executive Director	M	C	M		M
Tim Breedon Independent Non-Executive Director	M	M	C	C	M
Mary Anne Citrino* Independent Non-Executive Director	M		M		
Mohamed El-Erian Independent Non-Executive Director	M		M+		
Dawn Fitzpatrick Independent Non-Executive Director	M		M		
Mary Francis Independent Non-Executive Director	M			M	
Diane Schueneman Independent Non-Executive Director	M	M	M		M
Jes Staley Chief Executive Officer	M				
Tushar Morzaria Executive Director	M				

<sup>C</sup> Chair of Board or Committee

<sup>M</sup> Member of Board or Committee

\* Resigned 30 September 2020

+ Mohamed El-Erian joined the Risk Committee with effect from 1 July 2020

### The Board

Executive and Non-Executive Directors share the same duties and are subject to the same constraints. However, a clear division of responsibilities has been established. The Chairman is responsible for leading the Board and its overall effectiveness, demonstrating objective judgement and promoting a culture of openness and constructive debate between all Directors. The Chairman facilitates the effective contribution of all Non-Executive Directors and ensures Directors receive accurate, clear and timely information. It is the Board's responsibility to ensure that management deliver on short-term objectives, whilst promoting the long-term success of the Company and the Barclays Group. The Board is also responsible for ensuring that management maintains an effective system of internal control which should provide assurance of effective and efficient operations, internal financial controls and compliance with law and regulation. In meeting this responsibility, the Board considers what is appropriate for the Company's business and reputation, the materiality of financial and other risks and the relevant costs and benefits of implementing controls.

The Board is responsible for the Barclays Bank Group, which contains the majority of the Barclays Group's Barclays International division, which is comprised of the CIB and CC&P businesses.

The BBPLC Schedule of Matters Reserved to the Board ensures that appropriate coordination with the governance of the consolidated boards is in place. The Schedule of Matters Reserved specifies those decisions to be taken by the Board, including but not limited to material decisions relating to strategy, risk appetite, medium term plans, capital and liquidity plans, risk management and controls frameworks, approval of financial statements, approval of large transactions, approval of share allotments and dividends. The Board has delegated the responsibility for making and implementing operational decisions and running the Company's business on a day-to-day basis to the Chief Executive Officer and his senior management team.

The current Board comprises a Chairman, who was independent on appointment, two Executive Directors and six independent Non-Executive Directors. The majority of the Board are independent Non-Executive Directors bringing significant expertise (including external perspectives) and independent challenge. The independence of the Non-Executive Directors is considered annually.

# Governance

## Corporate Governance Statement

### Attendance

Directors are expected to attend every Board meeting. During 2020 there were a number of additional Board meetings convened (often at short notice) due to the COVID-19 pandemic in addition to the usual schedule of Board meetings. Attendance was very strong at both scheduled and ad hoc meetings, as reflected in the table below:

Director	Scheduled eligible meetings attendance	Additional eligible meetings attendance	Appointment/Resignation Dates
Nigel Higgins	7/7	6/6	Appointed 1 March 2019
Mike Ashley	7/7	6/6	Appointed 25 September 2019
Tim Breedon	7/7	5/6	Appointed 25 September 2019
Mohamed El-Erian	7/7	6/6	Appointed 1 January 2020
Mary Francis	7/7	6/6	Appointed 25 September 2019
Dawn Fitzpatrick	7/7	6/6	Appointed 25 September 2019
Tushar Morzaria*	7/7	4/4	Appointed 7 February 2020
Diane Schueneman	7/7	6/6	Appointed 25 September 2019
Jes Staley	7/7	4/4	Appointed 26 March 2019
Mary Anne Citrino	5/7	5/6	Appointed 25 September 2019; resigned 30 September 2020

\* Tushar Morzaria was appointed as an Executive Director, pending regulatory approval, on 25 September 2019. Regulatory approval was given on 7 February 2020, the date on which his formal appointment became effective.

### What the Board did in 2020

During 2020, the Board focused on the following specific areas:

#### Strategy and operational matters

- As part of the Board's direct oversight of matters relating to reputation, received regular updates throughout the COVID-19 pandemic on a range of stakeholder interests and matters key to reputation and considered and maintained oversight of our response to the crisis.
- Increased oversight and received regular updates in respect of culture, workforce engagement and wellbeing (particularly in supporting colleagues' needs during the pandemic).
- Received updates on sustainability, including the climate change agenda and initiatives and social responsibility.
- Discussed regular updates from the Chief Executive Officer and BBPLC Co-Presidents on the progress being made against the BBPLC strategy and business performance, operational and technology matters. The Board received increased reporting on operational matters in particular, during the height of the pandemic.
- Adopted a new, extended narrative of the Barclays Group's purpose and the refreshed descriptions of our values to make sure they are still relevant for the challenges ahead.

#### Finance and liquidity

- Regularly assessed the financial performance of the various businesses and the Barclays Bank Group results through reports from the BBPLC Chief Financial Officer and through business specific updates to the Board.
- Reviewed and approved BBPLC's financial results prior to publication.
- Considered and approved the BBPLC elements of the Barclays Group Recovery Plan.
- Considered and approved the BBPLC Medium Term Plan (MTP) in which strategy is embedded.

#### Governance and risk (including regulatory issues)

- Delegated authority to the Risk Committee to consider and recommend, on behalf of the Board, the adoption by the Company of the Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process.
- Received regular updates on key risk themes, including the impact of the COVID-19 pandemic, and approved the Company's risk appetite.
- Received reports on cyber risk capability and resilience and a service management update in respect of services provided by Barclays Execution Services Limited, the Barclays Group service company.
- Considered and approved appointments of senior executives following recommendation from the Nominations Committee. This included the creation of the roles of Co-President of the Company to ensure our Corporate Bank, Banking and Markets businesses work more closely together. Mr Venkatakrishnan was appointed as Co-President alongside Mr Compton. The Board also approved changes to the BBPLC Executive Committee, and the appointment of a new BBPLC Chief Risk Officer.
- Received regular reports from the Chair of each Board Committee. See the reports from the Committee Chairs below and on the following page.
- Received and considered the feedback from the Barclays Group's principal regulators.
- Considered the results of the internal Board effectiveness evaluation.

#### Board Committees

The main Board Committees are the Audit Committee, the Nominations Committee, the Remuneration Committee and the Risk Committee. Pursuant to authority granted under the Company's Articles of Association, each Board Committee has had specific responsibilities delegated to it by the Board. You can read about what each of the Committees did during 2020 on the following pages.

The Chair of each Board Committee provides a report on Committee business at each Board meeting, including any matters being recommended by the Committee for Board approval.



# Governance

## Corporate Governance Statement

### Board Audit Committee

The Audit Committee is comprised solely of independent Non-Executive Directors, with membership of the Audit Committee aligned with the BPLC Audit Committee and designed to provide the breadth of financial expertise and commercial acumen it needs to fulfil its responsibilities. Its members as a whole have recent and relevant experience of the banking and financial services sector, in addition to general management and commercial experience, and are financially literate. The Audit Committee is chaired by Mike Ashley who has over 20 years accounting and audit experience. Diane Schueneman and Tim Breedon are members of the Committee. Audit Committee meetings were attended by representatives from Barclays Group and/or BBPLC management in respect of matters relevant to their function or business area, including the BBPLC Chief Financial Officer, Chief Compliance Officer, Chief Controls Officer, Chief Operating Officer, Chief Internal Auditor, and General Counsel, as appropriate, and the Company's External Auditors, KPMG. The Audit Committee held a number of separate private sessions with each of the Chief Internal Auditor and the lead audit engagement partner of the external auditor, which were not attended by management.

As part of the Company's commitment to effective oversight and allocation of responsibilities between the BPLC Audit Committee, the Barclays Bank UK PLC Audit Committee and the Committee, Mike Ashley met regularly during 2020 with the Barclays Bank UK PLC Audit Committee Chair to share relevant information and to ensure embedment of information flows and governance practice. In addition, regular dialogue has been held with the Audit Committee Chairs of the Company's major subsidiaries, Barclays Bank Ireland PLC and Barclays US LLC.

Attendance at the Audit Committee during 2020 was as follows:

Member	Meetings attended/eligible to attend	Appointment Dates
Mike Ashley (Chairman)	10/10	Appointed 25 September 2019
Tim Breedon	10/10	Appointed 25 September 2019
Diane Schueneman	10/10	Appointed 25 September 2019

The principal role and responsibilities of the Audit Committee, pursuant to its Terms of Reference, are:

- Assessing the integrity of the Barclays Bank Group's financial reporting and satisfying itself that any significant financial judgements made by management are sound
- Evaluating the effectiveness of the Barclays Bank Group's internal controls, including internal financial controls
- Scrutinising the activities and performance of the internal and external auditors, including monitoring their independence and objectivity
- Overseeing the relationship with the Barclays Bank Group's external auditor
- Reviewing and monitoring the effectiveness of the Barclays Bank Group's whistleblowing procedures
- Overseeing significant legal and regulatory investigations, including the proposed litigation statement for inclusion in the Company's statutory accounts.

During 2020, the principal activities of the Audit Committee included:

- Financial reporting: assessing the appropriateness of key accounting themes, disclosures, issues and judgements, including in respect of IFRS9 and in particular Expected Credit Loss (ECL) judgements and disclosures from an IFRS perspective in light of guidance issued by regulators as part of their response to the COVID-19 pandemic
- Impairment: assessing the appropriateness of impairment experience against forecast and considering whether impairment provisions were appropriate. As part of its monitoring, the Committee considered a number of reports from management (among others) on the economic impact of the COVID-19 pandemic, and the continued development and embedding of controls over internal processes supporting the ECL calculation and related assessment of US Sarbanes Oxley Act (SOx) compliance
- Conduct provisions: analysing the judgements and estimates made with regard to the Barclays Bank Group's material conduct provisions
- Legal, competition and regulatory provisions: evaluating advice on the status of current legal, competition and regulatory matters and considering the adequacy of disclosures; assessing management's judgements and estimates regarding provisions
- Valuations: monitoring the valuation methods applied by management to significant valuation items and areas of judgement
- Tax: overseeing tax matters relating to the Barclays Bank Group, including tax risk provisions and regulatory matters
- Internal controls and business control environment: evaluating the status of the most material control issues identified by management, including the Barclays Group Internal Control Enhancement Programme (which was substantially concluded in March 2020); monitored and evaluated the status of significant control issues across the business of the Barclays Bank Group and functions through regular reports from the Chief Controls Officer, including updates on progress of the related remediation programmes and lessons learned from critical risk events; utilising the output from the Risk and Control Self Assessments to review and monitor the control environment and related risks
- Raising concerns: reviewing the annual report on whistleblowing matters, including reporting and training and key areas of the Barclays Bank Group's whistleblowing procedures and controls. Monitoring whistleblowing metrics and instances of retaliation reports, including whether any instances had been substantiated
- Internal audit: receiving thematic control and operational reporting from Barclays Internal Audit; overseeing issues arising from unsatisfactory audit reports; evaluating reports regarding Barclays Internal Audit's assessment of the management control approach and control environment in the Barclays Bank Group
- External audit: reviewing and approving the annual audit plan for the Barclays Bank Group, including the main areas of focus, and assessing the progress of the 2020 audit. The Audit Committee also reviewed audit quality and discussed KPMG's feedback on the Company's critical accounting estimates and judgements.

An internal review of the effectiveness of the Audit Committee was undertaken in respect of the Committee's performance in 2020. The results confirm that the Committee is operating effectively. It is considered well-constituted and provides an effective and appropriately broad level of challenge and oversight of the areas within its remit.



# Governance

## Corporate Governance Statement

Following the consolidation of the membership of the Committee with the BPLC Board Audit Committee in September 2019, coverage of BBPLC within concurrent meetings was considered adequate.

### Board Nominations Committee

The Nominations Committee is comprised solely of independent Non-Executive Directors. The Nominations Committee members are Nigel Higgins, as Chairman of the BBPLC Board along with Mike Ashley, Tim Breedon and Diane Schueneman.

In addition to scheduled meetings, the Nominations Committee also held a number of additional meetings during 2020. Attendance by the Nominations Committee members is shown in the table below. Nominations Committee meetings were attended during the year by the Chief Executive Officer, the BPLC HR Director and the BBPLC HR Director, as appropriate.

Attendance at the Nominations Committee during 2020 was as follows:

Member	Meetings attended/eligible to attend	Appointment Dates
Nigel Higgins (Chairman)	6/6	Appointed 1 March 2019
Mike Ashley	6/6	Appointed 25 September 2019
Tim Breedon	6/6	Appointed 25 September 2019
Diane Schueneman	6/6	Appointed 25 September 2019

The principal role and responsibilities of the Nominations Committee, pursuant to its Terms of Reference, are:

- Considering appointments to the Board, its Committees and BBPLC significant subsidiaries
- Considering the composition of the Board and its Committees
- Considering succession planning and talent management
- Evaluating Board effectiveness
- Assessing the length of Directors' tenure
- Considering Board induction and training
- Evaluating conflicts of interest
- Evaluating governance matters.

During 2020, the principal activities of the Committee included:

- Reviewing the Board and Board Committee composition, taking into account tenure, time commitment, skills, knowledge, experience and diversity of the Directors, and identifying any desirable skills to aid the Company in operating and competing effectively
- Considering the effectiveness of the Board during the COVID-19 pandemic as, on a practical level, the Board was required to convene remotely in order to comply with Government guidelines
- Receiving updates on the Company's executive governance framework, talent and succession management and key appointments to the Executive Committee, the succession planning review process for the Executive Committee and the global Barclays Group campaigns to promote a diverse and inclusive workforce.
- Alongside the Board, continuing to champion Barclays' Global Race at Work agenda, designed to reinforce Barclays zero tolerance stance on racism and improve opportunities and representation for ethnically diverse colleagues. This included a review of the Race at Work action plan focussed on opening up opportunities to attract, develop and add to our Black talent, which was implemented during the year. More information on diversity and inclusion, including Barclays' Global Race at Work agenda and latest Ethnicity data, is available in Barclays Diversity and Inclusion Report published on 18 February 2021
- Considering changes to the composition of the boards of a number of the Company's significant subsidiaries, including but not limited to Barclays US LLC, Barclays Bank Delaware and Barclays Capital Securities Limited
- Reviewing emergency cover planning for key executive roles in the context of the COVID-19 pandemic
- Considering the Board's director training and development.

An internal review of the effectiveness of the Nominations Committee was undertaken in respect of Committee performance in 2020. The results confirm that the Committee is operating effectively. This year's review highlights that the Committee continues to be well constituted and that the role and responsibilities of the Committee are clear and well understood. The Committee's interaction with the Board, Board Committees and senior management is considered effective. This year's review noted that the Committee continued to operate effectively in the context of the COVID-19 pandemic. The review noted that the Committee may benefit from a more formalised meeting schedule. Due to the nature of the Committee's roles and responsibilities this may not always be possible, but further consideration will be given to this during the year.

Following the consolidation of the membership of the Committee with the BPLC Board Nominations Committee in September 2019, coverage of BBPLC within concurrent meetings was considered effective.

### Board Remuneration Committee

The Remuneration Committee is comprised solely of independent Non-Executive Directors. The Remuneration Committee is chaired by Tim Breedon, with Mary Francis as the other member.

The principal role and responsibilities of the Remuneration Committee, pursuant to its Terms of Reference, are to:

- Adopt the over-arching principles of remuneration policy for the Barclays Bank Group within the parameters set by the BPLC Remuneration Committee
- Consider and endorse the incentive pool for the Company and its subsidiaries and the remuneration of key BBPLC executives and other specified individuals as determined by the Remuneration Committee from time to time
- Exercise oversight of remuneration issues within the Barclays Bank Group.

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- Approve the remuneration and compensation arrangement of employees that fall within the remit of the Remuneration Committee.

In addition to scheduled meetings, the Remuneration Committee also held a number of additional meetings during 2020. Attendance by the Remuneration Committee members is shown in the table below. Remuneration Committee meetings are attended by management, including the Chief Executive Officer and the BPLC HR Director.

Attendance at the Remuneration Committee during 2020 was as follows:

Member	Meetings attended/eligible to attend	Appointment Dates
Tim Breedon (Chairman)	6/6	Appointed 25 September 2019
Mary Francis	6/6	Appointed 25 September 2019

During 2020, the principal activities of the Committee included:

- Reviewing and adopting the Barclays Group People Risk Reward Policy, Material Risk Taker Identification Methodology and 2020 Incentive Funding Frameworks
- Adopting the funding ratio
- Endorsing the 2020 ex-ante risk adjustments
- Considering regular updates on stakeholder, regulatory and legal, financial and risk performance, pay round timings and approach
- Reviewing specific remuneration arrangements for individuals within the Remuneration Committee's remit
- Reviewing Committee effectiveness.

An internal review of the effectiveness of the Remuneration Committee was undertaken in respect of Committee performance in 2020. The results confirm that the Committee is operating effectively. The Committee continues to provide an effective level of challenge and oversight of the areas within its remit. The Committee's interaction with the Board, Board Committees and senior management is considered effective, with continued positive engagement and dialogue with senior management.

Following the consolidation of the membership of the Committee with the BPLC Board Remuneration Committee in September 2019, coverage of BBPLC matters within aligned meetings was considered adequate.

### Board Risk Committee

The Risk Committee is comprised solely of independent Non-Executive Directors with membership of the Committee broadly aligned with the BPLC Risk Committee. The Risk Committee is chaired by Tim Breedon. Mike Ashley, Mohamed El-Erian (with effect from 1 July 2020), Dawn Fitzpatrick and Diane Schueneman are the other members of the Committee. Mary Anne Citrino was a member of the Committee until she stepped down from the Board on 30 September 2020. In addition to scheduled meetings, the Risk Committee also held a number of additional meetings during 2020. One of the key roles of the Risk Committee is to review and challenge the risk profile and risk appetite of the Barclays Bank Group and to consider key risk issues and internal control and risk policies concerning the Barclays Bank Group. Risk Committee meetings are attended by management, including the Barclays Group Finance Director and Barclays Group and/or BBPLC Chief Risk Officer, Chief Compliance Officer, Chief Internal Auditor, General Counsel, as appropriate, and the Company's external auditors, KPMG. Following the BPLC and BBPLC consolidation, the Committee continued to invite the relevant BBPLC Senior management to attend meetings for the appropriate agenda items.

Attendance at the Risk Committee during 2020 was as follows:

Member	Meetings attended/eligible to attend	Appointment/Resignation Dates
Tim Breedon (Chairman)	12/12	Appointed 25 September 2019
Mike Ashley	12/12	Appointed 25 September 2019
Mohamed El-Erian	5/5	Appointed 1 July 2020
Dawn Fitzpatrick	10/12	Appointed 1 January 2020
Diane Schueneman	9/12	Appointed 25 September 2019
Mary Anne Citrino	7/9	Appointed 25 September 2019; resigned 30 September 2020

The principal role and responsibilities of the Risk Committee, pursuant to its Terms of Reference, are:

- Review, on behalf of the Board, the management of the principal risks as set out in the ERMF with the exception of Reputation Risk which is a matter reserved to the Board
- Consider and recommend to the Board, within the risk parameters set by the BPLC risk committee, the Company's risk appetite and tolerance for those principal risks
- Review, on behalf of the Board, the Barclays Bank Group's risk profile for those principal risks
- Commission, receive and consider reports on key risk issues.

During 2020, the principal activities of the Risk Committee included:

- Advising the Board on the appropriate risk appetite and risk tolerance for the principal risks in the ERMF when determining strategy, including recommending to the Board for approval the proposed overall risk appetite statement and risk limits for the Company. The Committee continued, periodically, to review and /or approve risk appetite and risk limits throughout the year
- Considering and approving the Company's internal stress test themes and scenarios and the results of different stress and reverse stress assumptions, including both internal stress tests and a climate change stress test in the context of consideration of the MTP and risk appetite for 2021

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- Reviewing enhancements to the stress testing process and models
- Receiving updates on the positive quantitative and qualitative results of Barclays US LLC's submission of the Comprehensive Capital Analysis and Review following submission of the CCAR stress test results to the Federal Reserve Bank (the FRB). The FRB also required US banks, including Barclays US LLC, to resubmit capital plans using new supervisory and internal baseline stress scenarios, which were reviewed by the Committee
- Ensuring that the Company has enough capital, liquidity and financial resources to meet its regulatory requirements and obligations, taking into account potential impacts for the COVID-19 pandemic and other macro-economic factors
- Reviewing and considering the operational risks arising from the Company's procedures, processes, systems and policies, and annual approval of the operational risk tolerance statement. The Committee focussed particular attention on the financial and capital implications of operational risk throughout the year, including in light of the COVID-19 pandemic as the workforce largely switched to remote working
- Evaluating the appropriateness of Barclays' Model Risk Management framework and receiving and considering reports from management in relation to managing model risk
- Overseeing the management of Conduct risk within BBPLC, and the performance of the Compliance function
- Overseeing the Company's regulatory requirements, as they relate to risk management, including regulatory and internal capital and funding requirements, approving the Company's Internal Capital Adequacy Assessment Process and Individual Liquidity Adequacy Assessment Process, including reviewing later updates to reflect the impact of the COVID-19 pandemic
- Reviewing the frameworks, policies and resources in place to support effective risk management and oversight of the Barclays Bank Group
- Reviewing performance against risk metrics and advising the Remuneration Committee when making remuneration decisions for 2020
- Reviewing and, as appropriate, endorsing statements in relation to the Company's principal risks and the effectiveness of the Company's risk management systems made in the Company's Strategic Report, Annual Report, and BBPLC elements of the BPLC Pillar 3 reporting.

The Risk Committee continually considers the impact of issues on the Barclays Bank Group and the risk environment in which it operates. It reviews steps taken by the business to manage exposures in this context. The Risk Committee also received focused presentations on a number of areas specific to the business and activities of Barclays Bank Group (including through joint presentations with the BPLC Risk Committee), including:

- Risk appetite and risk profile: to review the key themes arising from the current and prospective macro-economic, geopolitical, macro-prudential and financial environment and their impact on the Company's risk appetite and risk profile. This included responses to the COVID-19 pandemic and management actions to manage its impact
- Conduct risk: to receive an overview of the oversight and management of Conduct risk across the Barclays Bank Group and the role of the Compliance function in the management of conduct risk. This included a review of the Compliance functions contribution in supporting the Company's response to the COVID-19 pandemic through monitoring areas of heightened conduct risk and overseeing the implementation of additional controls, particularly in the context of ongoing remediation activities, monitoring working from home arrangements and reprioritisation of risks
- Stress testing: the Risk Committee considered stress test scenarios for an internal stress test, reverse stress test and climate change stress.
- Deep dives on key operational risks including, amongst others, settlements, cyber-security and suppliers and credit risks in light of the COVID-19 pandemic, including updates on risks from the CIB.

An internal review of the effectiveness of the Risk Committee was undertaken in respect of Committee performance in 2020. The results of the review were positive and indicated that the Committee is operating effectively; and that it is well constituted and provides an effective and broad level of challenge and oversight of the areas within its remit. The Committee was considered to be both challenging and influential, providing strong support to the new Chief Risk Officer. The review noted that the Committee has a broad remit having taken on oversight of Conduct and Compliance matters in 2019 following the disbanding of the Reputation Committee and that a continued focus on these areas was considered to be beneficial. The review concluded that the Committee's interaction with the Board, Board Committees and senior management is considered effective.

Following the consolidation of the membership of the Committee with the BPLC Board Risk committee in September 2019, coverage of BBPLC matters within concurrent meetings was considered appropriate.

### Leadership

Individual roles on the Board and their responsibilities are set out in the Company's Charter of Expectations. This includes role profiles and the behaviours and competencies required for each role on the Board, namely the Chair, Non-Executive Directors, Executive Directors and Committee Chairs. In accordance with the Charter of Expectations, Non-Executive Directors provide effective oversight and scrutiny, strategic guidance and constructive challenge whilst holding the Executive Directors to account against their agreed performance objectives. A copy of the Charter of Expectations can be found at [home.barclays/who-we-are/our-governance/board-responsibilities](http://home.barclays/who-we-are/our-governance/board-responsibilities).

### Appointment and retirement of Directors

The appointment and retirement of Directors is governed by the Company's Articles of Association (the Articles), the Companies Act 2006 (the Act) and related legislation.

The Articles may be amended only by a special resolution of the shareholders. The Board has the power to appoint additional Directors or to fill a casual vacancy amongst the Directors. Any such Director holds office only until the next Annual General Meeting (AGM) and may offer himself/herself for re-election. All Directors will stand for election or re-election at the 2021 AGM.

All appointments to the Board and senior management are viewed through a diversity lens and are based on merit and objective criteria, which focus on the skills and experience required for the Board's effectiveness and the delivery of the Company's strategy. Board appointments are made following a rigorous and transparent process facilitated by the Nominations Committee, with the aid of an external search consultancy firm. You can read more about the work of the Nominations Committee on page 9.

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Diversity across the Barclays Group remains a key area of focus. For more detail on the Barclays Bank Group actions to increase diversity please see page 14.

The Nominations Committee regularly reviews the composition of the Board, Board Committees and Executive Committee and the core competencies, diversity and experience required. For the Board, it is standard practice to appoint any new Non-Executive Director or Chair for an initial three-year term, subject to annual re-election at the AGM, which may be extended for up to a further three-year term. As such, Non-Executive directors typically serve up to a total of six years.

### Effectiveness

Appointments to the Board are made via a formal, rigorous and transparent process, based on merit, taking into account the skills, experience and diversity needed on the Board in the context of the Company's strategic direction.

As at the date of this report, we have met the Board gender diversity target of 33% with three female directors. The Board is committed to regularly reviewing its broad diversity profile.

The Company considers the composition of principal Board Committees to meet the independence criteria of the 2018 UK Corporate Governance Code, notwithstanding that the Company has chosen not to adopt and report against the 2018 UK Corporate Governance Code, as stated above, and there is appropriate cross-membership on the Board Committees to further promote effectiveness.

All Directors are expected to commit sufficient time to fulfil their duties to the Company. This includes attending, and being well-prepared for, all Board and Committee meetings, as well as making time to understand the business and meet with executives. The Company's Charter of Expectations sets out responsibilities for providing the Board with accurate, timely and high-quality information necessary for it to fulfil its duties.

An internal evaluation of the Board and Board Committees, led by the Senior Independent Director of Barclays PLC Chair and the Company Secretary has been concluded, relating to 2020 activity. The results confirm the Board was operating effectively, Challenge by the Board was considered to be strong yet constructive and collegiate.

In its 2020 Annual Report Barclays PLC has disclosed the following in relation to its annual director effectiveness assessment:

In accordance with the Code, all of the current Directors of Barclays PLC, other than Sir Ian Cheshire who is stepping down from the Board at the end of the AGM, will be submitting themselves for election or re-election at the 2021 AGM to be held on 5 May 2021 and will be unanimously recommended by the Board for election or re-election as appropriate. As part of its decision in respect of Mr Staley, the Board has had regard to the conclusions it reached last year, which conclusions remain unchanged, in relation to the investigations by the PRA and the FCA, details of which were disclosed in our 2019 Annual Report and which remain ongoing.

### Accountability

The Board is responsible for setting the Barclays Bank Group risk appetite within the overall parameters set by the Barclay's Group, being the level of risk it is prepared to take in the context of achieving the Barclays' Group strategic objectives. The ERMF is designed to identify and set minimum requirements in respect of the main risks to achieving Barclays' strategic objectives and to provide reasonable assurance that internal controls are effective.

The Board, assisted by the Risk Committee, conducts robust assessments of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The Audit Committee oversees the effectiveness of BBPLC internal and external auditors. The Directors also review the effectiveness of the Barclays Bank Group's systems of internal control and risk management.

The Board has put in place processes to support the presentation to stakeholders of fair, balanced and understandable information.

### Remuneration

The Remuneration Committee reviews and adopts the Barclays Group's Remuneration Policy for use in the Barclays Bank Group. The purpose and activities of this Committee are contained in the Remuneration Committee report on pages 9-10 of this report.

The Board has delegated responsibility to the Remuneration Committee for the consideration and approval of the remuneration arrangements of the Chair, Executive Directors, other senior executives and certain Barclays Bank Group employees. The Remuneration Committee when considering the remuneration policies and practices, seeks to ensure that they support the Company's strategy and promote the long-term success of the Company and that they are aligned to successful delivery of the Barclays Group's strategy. All executive and senior management remuneration policies will be developed only in accordance with the Barclays Group's formal and transparent procedures (ensuring that no Director is involved in deciding his/her own remuneration outcome) and having regard to workforce remuneration and related policies and the alignment of incentives and rewards with culture. All Remuneration Committee members are expected to demonstrate independent judgement and discretion when determining and approving remuneration outcomes. The Board as a whole, with the Non-Executive Directors abstaining, considers annually the fees paid to Non-Executive Directors.

# Governance

## Corporate Governance Statement

### Controls over financial reporting

A framework of disclosure controls and procedures is in place to support the approval of the financial statements of the Barclays Bank Group. Specific governance committees are responsible for examining the financial reports and disclosures to ensure that they have been subject to adequate verification and comply with applicable standards and legislation.

These committees report their conclusions to the Audit Committee, which debates the conclusions and provides further challenge. Finally, the Board scrutinises and approves results announcements and the BBPLC Annual Report, and ensures that appropriate disclosures have been made. This governance process ensures that both management and the Board are given sufficient opportunity to debate and challenge the financial statements of the Barclays Bank Group and other significant disclosures before they are made public.

### Audit, Risk and Internal Control

The Company is committed to operating within a strong system of internal control that enables business to be transacted and risk taken without exposure to unacceptable potential losses or reputational damage.

As referenced above, the Board is responsible for ensuring that management maintains an effective system of risk management and internal control and for assessing its effectiveness. Such a system is designed to identify, evaluate and manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, rather than absolute, assurance against material misstatement or loss.

Processes are in place for identifying, evaluating and managing the Principal Risks facing the Company. A key component of the framework is the ERMF which supports the business in its aim to embed effective risk management and a strong risk management culture. The ERMF is designed to identify and set minimum requirements, in respect of the main risks, to achieve the Company's strategic objectives and to provide reasonable assurance that internal controls are effective.

The effectiveness of the risk management and internal control systems is reviewed regularly by the Risk Committee and the Audit Committee (as detailed above).

The Risk Committee is responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures examining reports covering the Principal Risks including those that would threaten its business model, future performance, solvency or liquidity, as well as reports on risk measurement methodologies and risk appetite. Further detail of the work of the Risk Committee can be found on pages 10 to 11 of this report.

As referenced above, the Audit Committee carries out several duties, delegated to it by the Board, including oversight of financial reporting processes, reviewing the effectiveness of internal controls, considering whistle-blowing arrangements and oversight of the work of the external and internal auditors. Throughout the year ended 31 December 2020 and to date, the Company has operated a system of internal control that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations.

The Board, together with the Audit Committee, is responsible for ensuring the independence and effectiveness of the internal and external audit functions. For this reason, the Audit Committee members met regularly with the Chief Barclays Internal Auditor and the Lead Audit Engagement Partner of the external auditor without management present. Further details of the work of the Audit Committee can be found on pages 8 to 9 of this report.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting under the supervision of the principal executive and financial officers, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements, in accordance with International Financial Reporting Standards (IFRS). Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail:

- Accurately and fairly reflect transactions and dispositions of assets
- Provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorisations of management and the respective Directors
- Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the financial statements.

Internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the internal control over financial reporting as of 31 December 2020. In making its assessment, management utilised the criteria set out in the 2013 COSO framework and concluded that, based on its assessment, the internal control over financial reporting was effective as of 31 December 2020.

The system of internal financial and operational controls is also subject to regulatory oversight in the UK and overseas. Further information on supervision by the financial services regulators is provided under Supervision and Regulation in the Risk review section on pages 94 to 99.



# Governance

## Corporate Governance Statement

### Changes in internal control over financial reporting

There have been no changes in the Barclays Bank Group's internal control over financial reporting that occurred during the period, covered by this report, which have materially affected or are reasonably likely to materially affect the Barclays Bank Group's internal control over financial reporting.

### Executive Committee

During 2020, the Executive Committee membership included the Chief Executive Officer, Global Heads of Markets and Banking (the Co-Presidents of BBPLC), Corporate Banking and Consumer Banking & Payments along with their functional partners, the Chief Financial Officer, Chief Risk Officer and other functional partners. The Executive Committee meets monthly and is chaired by the Chief Executive Officer. In addition to the day-to-day management of the Company, the Executive Committee supports the Chief Executive Officer in ensuring that the values, strategy and culture align, are implemented and are communicated consistently to colleagues – for example through regular leadership team conferences, and communications that are available to all colleagues.

### Non-Executive Directors time commitment and conflict of interest

Non-Executive Directors, including the Chairman, are informed of the minimum time commitment prior to their appointment and they are required to devote sufficient time to the Company to discharge their responsibilities effectively.

The time commitments of Directors are considered by the Board on appointment and are reviewed when appropriate. External appointments must be agreed with the Chairman and disclosed to the Board, before appointment, with an indication of the time involved. The Board is satisfied that there are no Directors whose time commitment is considered to be a matter for concern.

In accordance with the Act and the Articles, the Board has authority to authorise conflicts of interest, and this ensures that the influence of third parties does not compromise or override independent judgement of the Board. The Company Secretary maintains a conflicts register, which is a record of actual and potential conflicts, together with any Board authorisation of the conflict.

### Training and induction

During 2020, Directors engaged regularly (albeit virtually for the majority of the year) with senior management, as well as attending town halls and senior leadership gatherings (virtually). In addition, Directors are regularly provided with the opportunity to take part in ongoing training and development and can also request specific training they may consider necessary or useful. Opportunities for in-person Director training were more limited in 2020 as a result of social distancing and as the Board and senior management focussed on the response to the COVID-19 pandemic. However, training and development was supported through Board deep dives. The Board also received an annual briefing on regulatory responsibilities including the Senior Managers Regime and on Barclays' conduct and financial crime policies and standards.

There is an induction programme for all new Directors which is tailored to their specific experience and knowledge, providing access to all parts of the business, to support Directors in understanding the nature of the business and the key issues the Company faces. When a Director joins a Board Committee, the schedule includes an induction to the operation of that Board Committee.

### Diversity and inclusion

The Board recognises the importance of ensuring that there is broad diversity among the Directors inclusive of, but not limited to, gender, ethnicity, geography and business experience. In addition, the Company aims to ensure that employees of all backgrounds are treated equally and have the opportunity to be successful. The Barclays Group's Global Diversity and Inclusion (D&I) strategy sets objectives, initiatives and plans across five core pillars: Gender, LGBT+, Disability, Multicultural and Multigenerational, in support of that ambition. Further information on the Barclays Group's Board Diversity Policy, as adopted by the Board, and D&I strategy can be found on page 84 of the Barclays PLC Annual Report 2020 available at [home.barclays/annualreport](http://home.barclays/annualreport).

# Governance

## Directors' report

The Directors present their report together with the audited accounts for the Company for the year ended 31 December 2020.

Other information that is relevant to the Directors' Report, and which is incorporated by reference into this report, can be located at:

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	Pages
Corporate Governance Report	3
Risk Management	24
Principal Risks	39

**Disclosures required pursuant to Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as updated by the 2018 Regulations can be found on the following pages:**

Engagement with employees (Sch.7 Para 11 and 11A Regs 2008/2018 and S172(1) Statement)	19
Policy concerning the employment of disabled persons (Sch.7 Para 10 Regs 2008)	20
Financial Instruments (Sch.7 Para 6 Regs 2008 )	130
Hedge accounting policy (Sch.7 Para 6 Regs 2008 )	131

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### Profits and dividends

The results of the Barclays Bank Group show statutory profit after tax of £2,451m (2019: £2,780m). The Barclays Bank Group had net assets of £53,710m at 31 December 2020 (2019: £50,615m).

Barclays PLC will pay a full year dividend in respect of 2020 of 1p (2019: nil) per ordinary share on 1 April 2021 to shareholders on the share register on 26 February 2021. The Company will pay a £174m dividend to Barclays PLC in order to fund Barclays PLC's external dividend payment. In addition, the Company will pay a £520m dividend to Barclays PLC in order to partially fund a share buy-back. Further details on total dividends on ordinary shares paid in 2020 are set out in Note 10 to the financial statements. Dividends paid on preference shares for the year ended 31 December 2020 amounted to £42m (2019: £41m).

### Share Capital

There was no increase in ordinary share capital during the year. Barclays PLC owns 100% of the issued ordinary shares. There are no restrictions on the transfer of ordinary shares or agreements between holders of ordinary shares known to the Company which may result in restrictions on the transfer of securities or voting rights. Further information on the Company's share capital, including preference shares can be found in Note 27 of the financial statements.

### Powers of Directors to issue or buy back the Company's shares

The powers of the Directors are determined by the Act and the Articles. No shares were issued or bought back in 2020. The Directors are authorised to issue and allot shares and to buy back shares subject to annual shareholder approval at the AGM. Such authorities were granted by shareholders at the 2020 AGM. It will be proposed at the 2021 AGM that the Directors be granted new authorities to allot and buy-back shares.

### Repurchase of preference shares

No preference shares were redeemed by the Company during 2020.

# Governance

## Directors' report

### Directors

The list of current Directors of the Company can be found in the Corporate Governance Statement. Changes to Directors during the year and up to the date of signing this report are set out below.

Name	Role	Effective date of appointment/resignation
Mohamed El Erian	Non-Executive Director	Appointed 1 January 2020
Tushar Morzaria*	Executive Director	Appointed 7 February 2020
Matthew Lester	Non-Executive Director	Resigned 1 January 2020
Mary Anne Citrino	Non-Executive Director	Resigned 30 September 2020

\*Tushar Morzaria was appointed as an Executive Director, pending regulatory approval, on 25 September 2019. Regulatory approval was given on 7 February 2020, the date on which his formal appointment became effective.

### Directors' indemnities

Qualifying third party indemnity provisions (as defined by section 234 of the Act) were in force during the course of the financial year ended 31 December 2020 for the benefit of the then Directors and, at the date of this report, are in force for the benefit of the Directors in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers or office. In addition, the Company maintains Directors' & Officers' Liability Insurance which gives appropriate cover for legal action brought against its Directors.

Qualifying pension scheme indemnity provisions (as defined by section 235 of the Act) were in force during the course of the financial year ended 31 December 2020 for the benefit of the then directors; and at the date of this report are in force for the benefit of directors of Barclays Pension Funds Trustees Limited as trustee of the Barclays Bank UK Retirement Fund, Barclays Capital International Pension Scheme (No.1) and Barclays PLC Funded Unapproved Retirement Benefits Scheme. The directors of the trustee are indemnified against liability incurred in connection with the trustee's activities in relation to the aforementioned schemes.

### Political donations

The Barclays Bank Group did not give any money for political purposes in the UK, the EU or outside the EU, nor did it make any political donations to political parties or other political organisations or to any independent election candidates, or incur any political expenditure during the year. Details of any political contributions made by the wider Barclays Group can be found in the Barclays PLC Annual Report 2020 available at [home.barclays/annualreport](http://home.barclays/annualreport).

### Environment

The Barclays Group focuses on addressing environmental issues where it felt that there is the greatest potential to make a difference. As the global effort to tackle climate change grows, the Barclays Group is moving rapidly to take a leading role in contributing to the transition to a low carbon economy. In March 2020, Barclays Group set out its ambition to be a net zero bank by 2050. In November 2020, on its way to achieving that ambition, Barclays Group set out the methodology and targets that begin to align the emissions Barclays finances with the Paris Climate Agreement. More information is set out in the Barclays Group Environmental Social Governance Report, published alongside the Barclays PLC Annual Report 2020 available at [home.barclays/annualreport](http://home.barclays/annualreport).

Barclays Group focusses on managing its own carbon footprint and reducing its absolute carbon emissions, developing products and services to help enable the transition to a low-carbon economy and managing the risks of climate change to its operations, clients, customers and society at large.

Barclays Group invests in improving the energy efficiency of its operations and offsets the emissions remaining through the purchase of carbon credits. Barclays Group also has a long-standing commitment to managing the environmental and social risks associated with its lending practices, which is embedded into its risk management processes. A governance structure is in place to facilitate clear dialogue across the business and with suppliers around issues of potential environmental and social risk. For more information about how Barclays Group's is helping to tackle climate change please see the Barclays PLC Annual Report 2020 available at [home.barclays/annualreport](http://home.barclays/annualreport).

Disclosure of global greenhouse gas emissions is done at a Barclays Group level with information available in the Barclays PLC Annual Report 2020 available at [home.barclays/annualreport](http://home.barclays/annualreport) with fuller disclosure available on the Barclays Group website at [home.barclays.com/esg](http://home.barclays.com/esg).

### Engagement with customers, suppliers and others in a business relationship with the Company

Our engagement with suppliers is important. The Directors have regard, via management oversight, to the need to foster business relationships with suppliers and, as such, engage with them to ensure adherence to the Barclays' Supplier Code of Conduct and Supply Control obligations which cover our expectations of suppliers. Adherence is confirmed through pre-contract attestation. Further, Barclays is a signatory to the Prompt Payment Code in the UK, committing to pay our suppliers within clearly defined terms.

For further information on managing our supply chain, please see our ESG Report at [home.barclays/esg](http://home.barclays/esg).

### Branches and Country-by-Country reporting

The Barclays Bank Group operates through branches, offices and subsidiaries in the UK and overseas. Those branches are in a number of different jurisdictions including in Hong Kong, Singapore and New York.

The Company is exempt from publishing information required by The Capital Requirements (Country-by-Country Reporting) Regulations 2013 as this information is published by its parent Barclays PLC. This information is available on the Barclays website; [home.barclays/annualreport](http://home.barclays/annualreport).

### Research and development

In the ordinary course of business, the Barclays Bank Group develops new products and services in each of its business divisions.



# Governance

## Directors' report

### Change of control

There are no significant agreements to which the Company is a party that are affected by a change of control of the Company following a takeover bid. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

### The Auditors

The BPLC Audit Committee reviews the appointment of the external auditors, as well as their relationship with the Barclays Group, including monitoring the Barclays Group's use of the external auditors for non-audit services and the balance of audit and non-audit fees paid to them. The BBPLC Audit Committee also monitors the use of the external auditors for non-audit services within BBPLC. More details on this can be found in Note 39 to the financial statements.

An external audit tender was conducted in 2015 and the decision was made to appoint KPMG as Barclays Group's external auditor with effect from the 2017 financial year, with PwC resigning as Barclays Group's statutory auditor at the conclusion of the 2016 audit.

The Company is in compliance with the requirements of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014, which relates to the frequency and governance of tenders for the appointment of the external auditor and the setting of a policy on the provision of non-audit services.

Provided that KPMG continue to maintain its independence and objectivity, and the BPLC Audit Committee remains satisfied with its performance, the Barclays Group has no intention of appointing an alternative external auditor before the end of the current required period of 10 years.

### Non-audit services

In order to safeguard the auditor's independence and objectivity, the Barclays Group has in place a policy setting out the circumstances in which the auditor may be engaged to provide services other than those covered by the Barclays Group audit. The Barclays Group Policy on the Provision of Services by the Group Statutory Auditor (the Policy) applies to all Barclays' subsidiaries and other material entities over which Barclays has significant influence. The core principle of the Policy is that non-audit services (other than those legally required to be carried out by the Barclays Group's auditor) should be performed by the auditor only in certain controlled circumstances. The Policy sets out those types of services that are strictly permitted.

Under the Policy, except for specific categories of 'permitted' services that require explicit Committee approval, the BPLC audit committee has pre-approved all permitted services for which fees are less than £100,000. All requests to engage the auditor are assessed by independent management before work can commence. Requests for permitted service types in respect of which the fees are expected to meet or exceed the above threshold must be approved by the Chairman of the BPLC audit committee before work is permitted to begin. Services where the fees are expected to be £250,000 or higher must be approved by the BPLC Audit Committee as a whole. All expenses and disbursements must be included in the fees calculation. More information on this can be found in the Barclays PLC Annual Report 2020 available at [home.barclays/annualreport](http://home.barclays/annualreport).

The fees payable to KPMG for the year ended 31 December 2020 amounted to £38m (2019:£35m), of which £8m (2019:£7m) was payable in respect of non-audit services. A breakdown of the fees payable to the auditor for statutory audit and non-audit work can be found in Note 39 to the financial statements.

### Disclosure of information to the Auditor

Each Director confirms that, so far as he/she is aware, there is no relevant audit information of which the Company's auditors are unaware and that each of the Directors has taken all the steps that he/she ought to have taken as a Director to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information. This confirmation is given pursuant to section 418 of the Act and should be interpreted in accordance with and subject to those provisions.

### Directors' responsibilities

The following statement, which should be read in conjunction with the auditor's report set out on pages 101 to 104, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditor in relation to the accounts.

### Going concern

The Directors considered it appropriate to prepare the financial statements on a going concern basis.

In preparing each of the Barclays Bank Group and Company financial statements, the Directors are required to:

- assess the Barclays Bank Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Barclays Bank Group or to cease operations, or have no realistic alternative but to do so.

The Barclays Bank Group's business activities, financial position, capital, factors likely to affect its future development and performance, and its objectives and policies in managing the financial risks to which it is exposed are discussed in the Strategic Report available at [home.barclays/annualreport](http://home.barclays/annualreport) and Risk Management sections.

The Directors have evaluated these risks in the preparation of the financial statements and consider it appropriate to prepare the financial statements on a going concern basis.

### Preparation of accounts

The Directors are required by the Act to prepare the Company and the Barclays Bank Group accounts for each financial year and, with regard to Barclays Bank Group accounts, in accordance with article 4 of the IAS regulation. The Directors have prepared these accounts a) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and b) international financial reporting standards as issued by the IASB and adopted pursuant to Regulation EC No. 1606/2002 as it applies in the European Union. Pursuant to the

# Governance

## Directors' report

Companies Act 2006, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Barclays Bank Group and the Company and of their profit or loss for that period.

The Directors consider that, in preparing the financial statements, the Barclays Bank Group and the Company have used appropriate accounting policies, supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors are satisfied that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Directors are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Directors' responsibility statement

The Directors have responsibility for ensuring that the Company and the Barclays Bank Group keeps accounting records which disclose, with reasonable accuracy, the financial position of the Company and the Barclays Bank Group, and which enable them to ensure that the accounts comply with the Act.

The Directors are also responsible for preparing a Strategic Report, Directors' Report and Corporate Governance Statement in accordance with applicable law and regulations.

The Directors are responsible for the maintenance and integrity of the Annual Report and Financial Statements as they appear on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors, whose names and functions are set out on page 6, confirm to the best of their knowledge that:

- (a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- (b) the management report, in Strategic Report within Barclays Bank PLC Annual Report on pages 1 to 10, which is incorporated in the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

**Stephen Shapiro**  
Company Secretary  
17 February 2021

Barclays Bank PLC  
Registered in England. Company No. 1026167

# Governance

## People and Culture

The strength and success of Barclays is in our people. We want to support their health and wellbeing, enable them to build their career and empower and motivate them to be able to provide excellent service. The following sub-sections are consistent with those detailed in the People Section of the Barclays PLC Annual Report 2020 and figures mentioned are for the Barclays Group other than where specifically mentioned.

### Adapting to challenge

Events over the last 12 months have affected all our lives, and the potential for disruption has been significant. Nevertheless, we have continued to invest in our colleagues in order to strengthen our business and protect our culture. Our people have shown extraordinary adaptability and resilience, and thanks to them so has Barclays.

Throughout the COVID-19 pandemic, colleagues around the world have been working incredibly hard to continue to support our customers and clients. Many were designated as frontline or critical workers in the countries in which they work. At all times, we have worked tirelessly to prioritise each other's safety and wellbeing, as well as taking all necessary steps to slow the spread of the virus.

We put in place a set of global principles to ensure we were doing as much as possible to support our people. This included instigation of new working patterns and technology. We also helped colleagues cope with some of the personal challenges the COVID-19 pandemic created, including offering paid leave to support self-quarantine, sickness or care for dependents, financial help with childcare and advice made available to help protect physical and mental health. Through our colleague surveys, we have also regularly checked in with our people to better understand the impact that working through the COVID-19 pandemic has had.

Barclays continues to believe that people working together in the same physical location reinforces our culture and helps with collaboration and inspiration. Where possible, and in line with local government guidance, we have instigated gradual returns to the office in certain parts of the business and in certain parts of the world. In time, with the safety and wellbeing of colleagues as our first priority, we envisage more people will return to on-site working. In advance of this, we have already put in place additional measures to ensure we are COVID-secure, including risk assessments at our sites and Return to Office Crews to support social distancing and minimise risks.

Over the last 12 months, we have learnt an enormous amount about the benefits and challenges of working more flexibly. Ultimately, we believe this will inform our ambitions for future ways of working.

### A continuous conversation with colleagues

We think colleague engagement should be a two-way exercise, with equal weight placed on listening to our people as it is on keeping them informed. We want to be able to consider our colleagues' perspective when we make decisions, including at the most senior level.

Our regular Here to Listen and Your View surveys are a key part of how we track engagement. In 2020, in part in response to the challenge of the COVID-19 pandemic, we improved the effectiveness and regularity of how we do this.

We saw a 3 percentage point increase in the response rate to our annual Your View employee engagement survey with 62% of Barclays Bank PLC colleagues responding. The results showed an increase in Barclays Bank PLC engagement levels, up 9 percentage points to 82%, and an increase of 9 percentage points to 86% of colleagues saying they would recommend Barclays as a good place to work. We were also very pleased to see that our colleagues have continued their focus on customer and client feedback, with 83% of Barclays Bank PLC respondents responding favourably to this question. In addition, 93% of Barclays Bank PLC respondents said they believe they and their teams do a good job of role modelling the values every day, an increase of 2 percentage points.

Overall, we are encouraged by our ability to work remotely in many more roles than we had previously thought possible. Our colleagues told us that they enjoyed having more flexibility in their lives, with 73% of Barclays Bank PLC respondents saying they have been able to balance personal and work demands, and 78% saying there is effective collaboration between teams.

With that said, we recognise there are also areas where we need to do more. We saw a 3 percentage point decrease this year to 77% in the number of Barclays Bank PLC colleagues who feel it is safe to speak up, while colleague feedback also indicates we have room to make our internal processes more user friendly, with only 52% of Barclays Bank PLC colleagues saying work processes make it easy for employees to be productive.

We maintain an engagement approach that is in line with the UK's Financial Reporting Council (FRC) governance requirements. This extends to those who work for us indirectly as well, such as contractors, although in a more limited way. As of 2020, our supplier code of conduct requires organisations with more than 250 employees to demonstrate that they have an effective workforce engagement approach of their own.

The results from our surveys are an important part of the conversations our Executive Committee and Board have about our culture and how we run Barclays. We also update the Board and its relevant sub-committees throughout the year.

We monitor our culture across the organisation, and in individual business areas, through culture dashboards. These combine colleague survey data with other metrics about our business, so wider leadership can identify areas of continued strength of our culture and areas of focus for leaders.

In addition to these data sources, our leaders engage regularly with colleagues locally to hear what they think. Where possible this year, leaders visited branches or trading floors to support colleagues during the COVID-19 pandemic. However, the majority of engagement activities moved to virtual forums, with opportunities for face to face engagement being more limited due to social distancing requirements, including large-scale virtual town halls, training and development activity, mentoring, informal breakfast sessions, committee membership, ex-officio roles, diversity and wellbeing programmes, focus and consultative groups.

# Governance

## People and Culture

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

We make sure we are keeping everyone up to date on the strategy, performance and progress of the organisation through a strategic, multichannel approach. This combines leader-led engagement, digital and print communication, blogs, vlogs and podcasts. In response to the COVID-19 pandemic, this year we also provided additional regular updates to colleagues to provide practical advice and support, including via a dedicated COVID-19 pandemic intranet-page.

We also engage with our people collectively through a strong and effective partnership with Unite, as well as the Barclays Group European Forum, which represents all colleagues within the European Union. In 2020 we worked together closely with the specific goal of ensuring the safety and wellbeing of our colleagues throughout the COVID-19 pandemic. Unite strongly supported the transition of many colleagues to homeworking, as well as the introduction of measures to protect colleagues working in our branches and offices. As we progress to return more colleagues to work, our union partners remain centrally involved.

We regularly brief our union partners on the strategy and progress of the business, seeking their input on ways in which we can improve the colleague experience of working for Barclays. The collective bargaining coverage of Unite in the UK represents around 84% of the Barclays Group UK workforce and 50% of the global Barclays workforce. We consult in detail with colleague representatives on major change programmes affecting our people. We do this to help us minimise compulsory job losses wherever possible, including through voluntary redundancy and redeployment.

### Creating an inclusive and supportive culture

Creating an inclusive and supportive culture is not only the right thing to do, but also best for our business. It creates a sense of belonging and value and enables colleagues to perform at their best.

In 2020, we increased our focus on embedding a culture of inclusion and encouraged colleagues to become allies in the workplace. Through a new toolkit we supported them to take conscious, positive steps to make everyone feel that they belong, and develop empathy towards another group's challenges or issues. In our Your View survey, 83% of Barclays Bank PLC colleagues told us they believe we are all in this together.

Events last year rightly prompted organisations like ours to appraise what we have been doing to aid the fight against racism, and to ask ourselves whether we can do more. Over recent months, Barclays has worked extensively with its Black colleague forums in both the UK and the US to produce a Race at Work Action Plan. The plan comprises a thorough set of actions that will open up new opportunities to attract, develop, and add to our great Black talent, using data to measure success. From 2021, we will expand our plan to include all ethnically diverse groups as well as actions to enhance our long-standing support for citizenship programmes dedicated to tackling racial inequalities in communities, as well as support of this agenda for customers and clients.

We want to become one of the most accessible and inclusive FTSE companies for all our customers, clients and colleagues. We require managers to give full and fair consideration to those with a disability on the basis of strengths, potential and ability, both when hiring and managing. We also ensure opportunities for training, career development and promotion are available to all. As part of the UK Government Disability Confident scheme, we encourage applications from people with a disability, or a physical or mental health condition.

Through our BeWell programme, we continue to provide expert advice and guidance on the practical steps colleagues can take to look after their physical and mental health. In 2020, our Mental Health Awareness e-learning became mandatory, and we regularly check-in with managers to ensure they are supporting colleagues' wellbeing. We were also one of the first businesses to sign up to the Mental Health at Work Commitment. In our Your View survey, 77% of Barclays Bank PLC colleagues told us that Barclays supports their efforts to enhance their wellbeing.

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

# Risk review

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The management of risk is a critical underpinning to the execution of the Barclays Bank Group's strategy. The material risks and uncertainties the Barclays Bank Group faces across its business and portfolios are key areas of management focus.

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# Risk review

## Risk management

### Barclays' risk management strategy

#### The Barclays Bank Group's risk management strategy

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

##### Enterprise Risk Management Framework (ERMF)

The ERMF sets the strategic approach for risk management by defining standards, objectives and responsibilities for all areas of the Barclays Group. It is approved by the Barclays PLC Board on recommendation of the Barclays Group Chief Risk Officer (CRO); it is then adopted by the Barclays Bank Group with modifications where needed. It supports senior management in effective risk management and developing a strong risk culture.

The ERMF sets out:

- Segregation of duties: The ERMF defines a Three Lines of Defence model.
- Principal risks faced by the Barclays Bank Group: This list guides the organisation of the risk management function, and the identification, management and reporting of risks.
- Risk appetite requirements: This helps define the level of risk we are willing to undertake in our business.
- Roles and responsibilities for risk management: The ERMF sets out the accountabilities of the Barclays Bank Group CEO and other senior managers, as well as the Barclays Bank Group committees.

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

- Frameworks cover the management approach for a collection of related activities and define the associated policies used to govern them.
- Policies set out principles and other core requirements for the activities of the Barclays Bank Group. Policies describe "what" must be done.
- Standards set out the key control objectives that describe how the requirements set out in the policy are met, and who needs to carry them out. Standards describe "how" controls should be undertaken.

##### Segregation of duties - the "Three Lines of Defence" model

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

- First line comprises all employees engaged in the revenue generating and client facing areas of the Barclays Bank Group and all associated support functions, including Finance, Treasury, and Human Resources. The first line is responsible for identifying and managing the risks they generate, establishing a control framework, and escalating risk events to Risk and Compliance.
- Second line is comprised of the Risk and Compliance functions. The role of the second line is to establish the limits, rules and constraints under which first line activities shall be performed, consistent with the risk appetite of the Barclays Bank Group, and to monitor the performance of the first line against these limits and constraints. Note that limits for a number of first line activities, related to operational risk, will be set by the first line and overseen by the Chief Controls Office. These will remain subject to supervision by the second line.
- Third line of defence is Internal Audit, who are responsible for providing independent assurance over the effectiveness of governance, risk management and control over current, systemic and evolving risks.
- The Legal function provides support to all areas of the bank and is not formally part of any of the three lines. However, it is subject to second line oversight.

##### Principal risks

The ERMF identifies eight principal risks (see managing risks in the strategic report section) and sets out associated responsibilities and expectations around risk management. The principal risks are: credit risk, market risk, treasury and capital risk, operational risk, model risk, conduct risk, reputation risk and legal risk.

Each of the principal risks is overseen by an accountable executive within the Barclays Group who is responsible for the framework, policies and standards that detail the related requirements. Risk reports to executive and Board committees are clearly organised by principal risk. In addition, certain risks span more than one principal risk; these are also subject to the ERMF and are reported to executive and Board committees.

##### Risk appetite for the principal risks

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

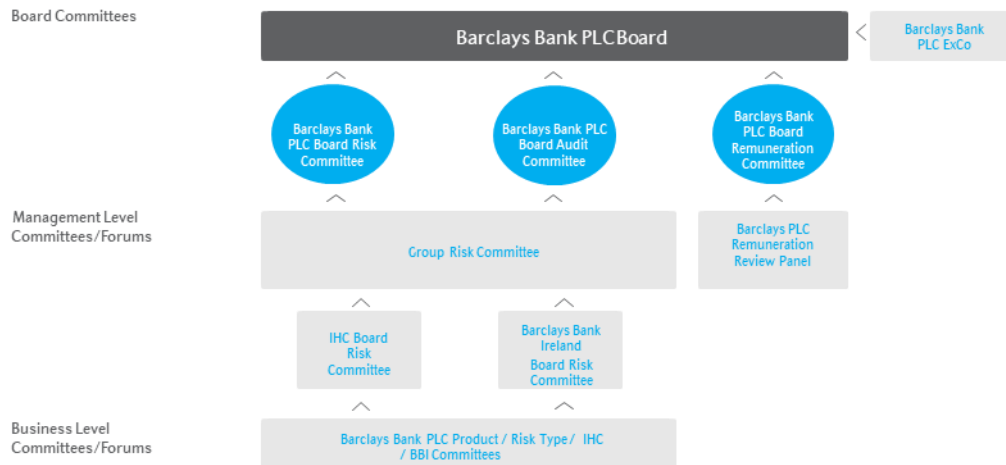
The Barclays Group's total risk appetite and its allocation to the Barclays Bank Group are supported by limits to control exposures and activities that have material concentration risk implications.



# Risk review

## Risk management

### Barclays' risk management strategy



### Risk Committees

Barclays Bank Group Product/Risk Type Committees consider risk matters relevant to their business, and escalate as required to the Barclays Group Risk Committee, whose Chairman, in turn, escalates to the Barclays Bank PLC Board Committees and the Barclays Bank PLC Board.

There are two Board-level forums which oversee the application of the ERMF and review and monitor risk across Barclays Bank PLC. These are: the Barclays Bank PLC Board Risk Committee and the Barclays Bank PLC Board Audit Committee. Additionally, the Barclays Bank PLC Board Remuneration Committee oversees pay practices focusing on aligning pay to sustainable performance in line with policies. Finally, the Barclays Bank PLC Board receives regular information on the risk profile of Barclays Bank Group, and has ultimate responsibility for risk appetite and capital plans, within the parameters set by the Barclays PLC Board.

- **The Barclays Bank PLC Board:** One of the Board's responsibilities is the approval of the risk appetite of Barclays Bank Group. Risk appetite is approved by the Barclays PLC Board and disseminated across legal entities, including the Barclays Bank Group. The Barclays Bank Group may choose to adopt a lower risk appetite than allocated to it by the Barclays Group. The Barclays Bank PLC Board is also responsible for the adoption of the ERMF.
- **The Barclays Bank PLC Board Risk Committee (BRC):** The BRC monitors Barclays Bank Group's risk profile against the agreed appetite. Where actual performance differs from expectations, the actions taken by management are reviewed to ascertain that the BRC is comfortable with them. The Barclays Bank Group CRO regularly presents a report to the BRC summarising developments in the risk environment and performance trends in the key portfolios. The BRC also reviews certain key risk methodologies, the effectiveness of risk management, and the Barclays Bank Group risk profile, including the material issues affecting each business portfolio and forward risk trends. The committee also commissions in-depth analyses of significant risk topics, which are presented by the Barclays Bank Group CRO or senior risk managers in the businesses.  
All members are independent non-executive Directors. The Chairman of the BRC also sits on the BAC.
- **The Barclays Bank PLC Board Audit Committee (BAC):** The BAC receives regular reports on the effectiveness of internal control systems, on material control issues of significance, and on accounting judgements (including impairment), and a quarterly review of the adequacy of impairment allowances, relative to the risk inherent in the portfolios, the business environment, and Barclays policies and methodologies.
- **The Barclays Bank PLC Board Remuneration Committee (RemCo):** The RemCo receives a detailed report on risk management performance and risk profile, and proposals on ex-ante and ex-post risk adjustments to variable remuneration. These inputs are considered in the setting of performance incentives.

A small number of risk management forums, supported by reporting processes, include representation from the Barclays Group risk management executives, as well as from the operating entities (including the Barclays Bank Group) as appropriate. This is typically to consider matters that are relevant to the risk profile of the Barclays Group, and/or where it is appropriate to make decisions that apply uniformly across the Barclays Group (for instance, the Barclays Group Impairment Committee approves impairment results).

### Role of the Barclays Group Risk Management Processes and Forums in the Barclays Bank Group

The Barclays Group Risk teams and Board Committees conduct risk management activity, and oversight, in respect of the Barclays Bank Group:

- The Barclays Group Board allocates a portion of the overall risk appetite to the Barclays Bank Group;
- Certain Barclays Group Committees and executives review, and take decisions on, matters, events or transactions originating in the Barclays Bank Group that are relevant to the risk profile of the Barclays Group;
- Barclays Group-wide risk policies are owned by the Barclays Group Risk Function teams, and adopted by the Barclays Bank Group. Entity-specific addenda are agreed with the Barclays Group where local regulations would otherwise preclude adoption, or to clarify or emphasise particular aspects.

### Barclays' risk culture

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

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

- management expect, model and reward the right behaviours from a risk and control perspective;

## Risk review

### Risk management

#### Barclays' risk management strategy

- colleagues identify, manage and escalate risk and control matters, and meet their responsibilities around risk management.

Specifically, all employees regardless of their positions, functions or locations must play their part in the Barclays Bank Group's risk management. Employees are required to be familiar with risk management policies which are relevant to their responsibilities, know how to escalate actual or potential risk issues, and have a role-appropriate level of awareness of the risk management process as defined by the ERMF.

#### **Our Code of Conduct – the Barclays Way**

Globally, all colleagues must attest to the "Barclays Way", our Code of Conduct, and comply with all frameworks, policies and standards applicable to their roles. The Code of Conduct outlines the purpose and values which govern our "Barclays Way" of working across our business globally. It constitutes a reference point covering the aspects of colleagues' working relationships, with other Barclays employees, customers and clients, governments and regulators, business partners, suppliers, competitors and the broader community.

## Risk review

### Material existing and emerging risks

#### Material existing and emerging risks to the Barclays Bank Group's future performance

The Barclays Bank Group has identified a broad range of risks to which its businesses are exposed. Material risks are those to which senior management pay particular attention and which could cause the delivery of the Barclays Bank Group's strategy, results of operations, financial condition and/or prospects to differ materially from expectations. Emerging risks are those which have unknown components, the impact of which could crystallise over a longer time period. In addition, certain other factors beyond the Barclays Bank Group's control, including escalation of terrorism or global conflicts, natural disasters, pandemics and similar events, although not detailed below, could have a similar impact on the Barclays Bank Group.

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

##### i) Risks relating to the impact of COVID-19

The COVID-19 pandemic has had, and continues to have, a material impact on businesses around the world and the economic environments in which they operate. There are a number of factors associated with the pandemic and its impact on global economies that could have a material adverse effect on (among other things) the profitability, capital and liquidity of financial institutions such as Barclays Bank Group.

The COVID-19 pandemic has caused disruption to the Barclays Bank Group's customers, suppliers and staff globally. Most jurisdictions in which the Barclays Bank Group operates have implemented severe restrictions on the movement of their respective populations, with a resultant significant impact on economic activity in those jurisdictions. These restrictions are being determined by the governments of individual jurisdictions (including through the implementation of emergency powers) and impacts (including the timing of implementation and any subsequent lifting or extension of restrictions) may vary from jurisdiction to jurisdiction and/or within jurisdictions. It remains unclear how the COVID-19 pandemic will evolve through 2021 (including whether there will be further waves of the COVID-19 pandemic, whether COVID-19 vaccines approved for use by regulatory authorities will be deployed successfully with desired results, whether further new strains of COVID-19 will emerge and whether, and in what manner, additional restrictions will be imposed and/or existing restrictions extended) and the Barclays Bank Group continues to monitor the situation closely. However, despite the COVID-19 contingency plans established by the Barclays Bank Group, the ability to conduct business may be adversely affected by disruptions to infrastructure, business processes and technology services, resulting from the unavailability of staff due to illness or the failure of third parties to supply services. This may cause significant customer detriment, costs to reimburse losses incurred by the Barclays Bank Group's customers, potential litigation costs (including regulatory fines, penalties and other sanctions), and reputational damage.

In many of the jurisdictions in which the Barclays Bank Group operates, schemes have been initiated by central banks, national governments and regulators to provide financial support to parts of the economy most impacted by the COVID-19 pandemic. These schemes have been designed and implemented at pace, meaning lenders (including Barclays) continue to address operational issues which have arisen in connection with the implementation of the schemes, including resolving the interaction between the schemes and existing law and regulation. In addition, the full extent of how these schemes will impact the Barclays Bank Group's customers and therefore the impact on the Barclays Bank Group remains uncertain at this stage. However, certain actions (such as the introduction of payment holidays for various consumer lending products or the cancellation or waiver of fees associated with certain products) may negatively impact the effective interest rate earned on certain of the Barclays Bank Group's portfolios and may reduce fee income being earned on certain products and negatively impact the Barclays Bank Group's profitability. Furthermore, the introduction of, and participation in, central-bank supported loan and other financing schemes introduced as a result of the COVID-19 pandemic may negatively impact the Barclays Bank Group's risk weighted assets (RWAs), level of impairment and, in turn, capital position (particularly when any transitional relief applied to the calculation of RWAs and impairment expires). This may be exacerbated if the Barclays Bank Group is required by any government or regulator to offer forbearance or additional financial relief to borrowers or if the Barclays Bank Group is unable to rely on guarantees provided by governments in connection with financial support schemes as a result of the Barclays Bank Group's failure to comply with scheme requirements or otherwise.

As these schemes and other financial support schemes provided by national governments (such as job retention and furlough schemes) expire, are withdrawn or are no longer supported, economic growth may be negatively impacted which may impact the Barclays Bank Group's results of operations and profitability. In addition, the Barclays Bank Group may experience a higher volume of defaults and delinquencies in certain portfolios and may initiate collection and enforcement actions to recover defaulted debts. Where defaulting borrowers are harmed by the Barclays Bank Group's conduct, this may give rise to civil legal proceedings, including class actions, regulatory censure, potentially significant fines and other sanctions, and reputational damage. Other legal disputes may also arise between the Barclays Bank Group and defaulting borrowers relating to matters such as breaches or enforcement of legal rights or obligations arising under loan and other credit agreements. Adverse findings in any such matters may result in the Barclays Bank Group's rights not being enforced as intended. For further details, refer to "(viii) Legal risk and legal, competition and regulatory matters" below.

The actions taken by various governments and central banks, in particular in the United Kingdom and the United States, may indicate a view on the potential severity of any economic downturn and post recovery environment, which from a commercial, regulatory and risk perspective could be significantly different to past crises and persist for a prolonged period. The COVID-19 pandemic has led to a weakening in gross domestic product (GDP) in most jurisdictions in which the Barclays Bank Group operates and an expectation of higher unemployment in those same jurisdictions. These factors all have a significant impact on the modelling of expected credit losses (ECLs) by the Barclays Bank Group. As a result, the Barclays Bank Group experienced higher ECLs in 2020 compared to prior periods and this trend may continue in 2021. The economic environment remains uncertain and future impairment charges may be subject to further volatility (including from changes to macroeconomic variable forecasts) depending on the longevity of the COVID-19 pandemic and related containment measures and the efficacy of any COVID-19 vaccines, as well as the longer term effectiveness of central bank, government and other support measures. For further details on macroeconomic variables used in the calculation of ECLs, refer to the credit risk performance section. In addition, ECLs may be adversely impacted by increased levels of default for single name exposures in certain sectors directly impacted by the COVID-19 pandemic (such as the oil and gas, retail, airline, and hospitality and leisure sectors).

# Risk review

## Material existing and emerging risks

Furthermore, the Barclays Bank Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures (including the calculation of impairment), conducting stress testing and assessing capital adequacy. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs and/or misused. This may be exacerbated when dealing with unprecedented scenarios, such as the COVID-19 pandemic, due to the lack of reliable historical reference points and data. For further details on model risk, refer to “(v) Model risk” below.

The disruption to economic activity globally caused by the COVID-19 pandemic could adversely impact the Barclays Bank Group's other assets such as goodwill and intangibles, and the value of Barclays Bank PLC's investments in subsidiaries. It could also impact the Barclays Bank Group's income due to lower lending and transaction volumes due to volatility or weakness in the capital markets. Other potential risks include credit rating migration which could negatively impact the Barclays Bank Group's RWAs and capital position, and potential liquidity stress due to (among other things) increased customer drawdowns, notwithstanding the significant initiatives that governments and central banks have put in place to support funding and liquidity. Furthermore, a significant increase in the utilisation of credit cards by customers could have a negative impact on the Barclays Bank Group's RWAs and capital position.

Furthermore, in order to support lending activity to promote economic growth, governments and/or regulators may limit management's flexibility in managing its business, require the deployment of capital in particular business lines or otherwise restrict or limit capital distributions and capital allocation.

Any and all such events mentioned above could have a material adverse effect on the Barclays Bank Group's business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings (including potential credit rating agency changes of outlooks or ratings), as well as on the Barclays Bank Group's customers, employees and suppliers.

### ii) Business conditions, general economy and geopolitical issues

The Barclays Bank Group's operations are subject to potentially unfavourable global and local economic and market conditions, as well as geopolitical developments, which may have a material effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

A deterioration in global or local economic and market conditions may lead to (among other things): (i) deteriorating business, consumer or investor confidence and lower levels of fixed asset investment and productivity growth, which in turn may lead to lower client activity, including lower demand for borrowing from creditworthy customers; (ii) higher default rates, delinquencies, write-offs and impairment charges as borrowers struggle with the burden of additional debt; (iii) subdued asset prices and payment patterns, including the value of any collateral held by the Barclays Bank Group; (iv) mark-to-market losses in trading portfolios resulting from changes in factors such as credit ratings, share prices and solvency of counterparties; and (v) revisions to calculated ECLs leading to increases in impairment allowances. In addition, the Barclays Bank Group's ability to borrow from other financial institutions or raise funding from external investors may be affected by deteriorating economic conditions and market disruption.

Geopolitical events may lead to further financial instability and affect economic growth. In particular:

- Global GDP growth weakened sharply in the first half of 2020 as a result of the COVID-19 pandemic. Whilst a number of central banks and governments implemented financial stimulus packages to counter the economic impact of the pandemic, recovery has been slower than anticipated and concerns remain as to whether (a) there will be subsequent waves of the COVID-19 pandemic, (b) further financial stimulus will be required and/or (c) governments will be required to significantly increase taxation to fund these commitments. All of these factors could adversely affect economic growth, affect specific industries or countries or affect the Barclays Bank Group's employees and business operations in affected countries. See “i) Risks relating to the impact of COVID-19” above for further details.
- In the UK, the decision to leave the European Union (EU) may give rise to further economic and political consequences including for investment and market confidence in the UK and the remainder of EU. See “(iii) The UK's withdrawal from the European Union” below for further details.
- A significant proportion of the Barclays Bank Group's portfolio is located in the US, including a major credit card portfolio and a range of corporate and investment banking exposures. The possibility of significant continued changes in US policy in certain sectors (including trade, healthcare and commodities) may have an impact on the Barclays Bank Group's associated portfolios. Stress in the US economy, weakening GDP and the associated exchange rate fluctuations, heightened trade tensions (such as the current dispute between the US and China), an unexpected rise in unemployment and/or an increase in interest rates could lead to increased levels of impairment, resulting in a negative impact on the Barclays Bank Group's profitability.
- An escalation in geopolitical tensions or increased use of protectionist measures may negatively impact the Barclays Bank Group's business in the affected regions.
- In China the pace of credit growth remains a concern, given the high level of leverage and despite government and regulatory action. A stronger than expected slowdown could result if authorities fail to appropriately manage growth during the transition from manufacturing towards services and the end of the investment and credit-led boom. Deterioration in emerging markets could affect the Barclays Bank Group if it results in higher impairment charges via sovereign or counterparty defaults.

### iii) The UK's withdrawal from the European Union

There are a number of factors associated with the UK's withdrawal from the EU, which could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

#### Trade and economic activity between the EU and UK

The EU-UK Trade and Cooperation Agreement (TCA), which provides a new economic and social partnership between the EU and UK (including zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin) came into force provisionally on 1 January 2021.

## Risk review

### Material existing and emerging risks

The TCA is a new, unprecedented arrangement between the EU and the UK, and there is some uncertainty as to its operation and the manner in which trading arrangements will be enforced by both the EU and the UK. Furthermore, the EU and/or the UK can invoke trade remedies (such as tariffs and non-tariff barriers) against each other in certain circumstances under the TCA. Resultant trading disruption may have a significant impact on economic activity in the EU and the UK which (in turn) could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects. Unstable economic conditions could result in (among other things):

- a recession in the UK and/or one or more member states of the EEA in which it operates, with lower growth, higher unemployment and falling property prices, which could lead to increased impairments in relation to a number of the Barclays Bank Group's portfolios (including, but not limited to, its UK mortgage portfolio, unsecured lending portfolio (including credit cards) and commercial real estate exposures);
- increased market volatility (in particular in currencies and interest rates), which could impact the Barclays Bank Group's trading book positions and affect the underlying value of assets in the banking book and securities held by the Barclays Bank Group for liquidity purposes;
- a credit rating downgrade for one or more members of the Barclays Bank Group (either directly or indirectly as a result of a downgrade in the UK sovereign credit ratings), which could significantly increase the Barclays Bank Group's cost of and/or reduce its access to funding, widen credit spreads and materially adversely affect the Barclays Bank Group's interest margins and liquidity position; and/or
- a widening of credit spreads more generally or reduced investor appetite for the Barclays Bank Group's debt securities, which could negatively impact the Barclays Bank Group's cost of and/or access to funding.

#### Current provision of financial services

The TCA does not cover financial services regulation. Accordingly, UK-based entities within the Barclays Group (such as Barclays Bank PLC and Barclays Bank UK PLC) are no longer able to rely on the European passporting framework for financial services. Barclays Bank PLC and Barclays Capital Securities Limited have put in place new arrangements in the provision of cross-border banking and investment services to customers and counterparties in the EEA (including by servicing EEA clients through the Barclays Group's EEA hub (Barclays Bank Ireland PLC), whilst Barclays Bank UK PLC remains focused on UK customers.

The TCA was accompanied by a Joint Declaration on Financial Services, requiring the parties to agree a Memorandum of Understanding (MoU), by March 2021, establishing the framework for cooperation in financial services. The MoU will also cover how to move forward on equivalence determinations between the EU and the UK.

There can be no assurance that the EU and the UK will reach further agreement on equivalence decisions. As a result, equivalence decisions which would enable UK firms to access EEA clients on a cross border basis for certain markets products, cannot be relied upon to allow UK-based entities within the Barclays Bank Group to meet all of the needs of customers and clients based in the EEA. However, there are certain other types of equivalence decisions which are material to the operations of the Barclays Bank Group. To date, the EU and the UK have only agreed a temporary position on mutual equivalence in relation to clearing and settlement (CCP equivalence). If the current mutual, temporary equivalence decision in relation to CCP equivalence expires and is not replaced, this could have a material adverse effect on the Barclays Bank Group's business as well as its clients. In addition, HM Treasury has made certain unilateral equivalence decisions, (including under the Capital Requirements Regulation (CRR) and the removal of such decisions could have a material impact on the operations of the Barclays Bank Group.

The Barclays Bank Group provides the majority of its cross-border banking and investment services to EEA clients via Barclays Bank Ireland PLC. Additionally, in certain EEA Member States, Barclays Bank PLC and Barclays Capital Securities Limited (BCSL) have applied for and received cross border licences to enable them to continue to conduct a limited range of activities, including accessing EEA trading venues and interdealer trading. As a result of the onshoring of EU legislation in the UK and the exercise of the UK regulators' Temporary Transitional Powers, UK-based entities within the Barclays Bank Group are currently subject to substantially the same rules and regulations as prior to the UK's withdrawal from the EU. It is the UK's intention eventually to recast onshored EU legislation as part of UK legislation and PRA and FCA rules, which could result in changes to regulatory requirements in the UK.

If the regulatory regimes for EU and UK financial services change further, or if temporary permissions and equivalence decisions expire, and are not replaced, the provision of cross-border banking and investment services across the Barclays Bank Group may become more complex and costly which could have a material adverse effect on the Barclays Bank Group's business and results of operations and could result in the Barclays Bank Group modifying its legal entity, capital and funding structures and business mix, exiting certain business activities altogether or not expanding in areas despite otherwise attractive potential returns. This may also be exacerbated if, Barclays Bank Ireland PLC expands further and, as a result of its growth and importance to the Barclays Bank Group and the EEA banking system as a whole, Barclays Bank Ireland PLC is made subject to higher capital requirements or restrictions are imposed by regulators on capital allocation and capital distributions by Barclays Bank Ireland PLC.



# Risk review

## Material existing and emerging risks

### iv) The impact of interest rate changes on the Barclays Bank Group's profitability

Changes to interest rates are significant for the Barclays Bank Group, especially given the uncertainty as to the direction of interest rates and the pace at which they may change particularly in the Barclays Bank Group's main markets of the UK and the US.

A continued period of low interest rates and flat yield curves, including any further rate cuts and/or negative interest rates, may affect and continue to put pressure on the Barclays Bank Group's net interest margins (the difference between its lending income and borrowing costs) and could adversely affect the profitability and prospects of the Barclays Bank Group.

Interest rate rises could positively impact the Barclays Bank Group's profitability as retail and corporate business income increases due to margin de-compression. However, further increases in interest rates, if larger or more frequent than expected, could lead to generally weaker than expected growth, reduced business confidence and higher unemployment. This, in turn, could cause stress in the lending portfolio and underwriting activity of the Barclays Bank Group with resultant higher credit losses driving an increased impairment charge which would most notably impact retail unsecured portfolios and wholesale non-investment grade lending and could have a material effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

In addition, changes in interest rates could have an adverse impact on the value of the securities held in the Barclays Bank Group's liquid asset portfolio. Consequently, this could create more volatility than expected through the Barclays Bank Group's Fair Value through Other Comprehensive Income (FVOCI) reserves.

### v) Competition in the banking and financial services industry

The Barclays Bank Group operates in a highly competitive environment (in particular, in the UK and US) in which it must evolve and adapt to the significant changes as a result of financial regulatory reform, technological advances, increased public scrutiny and current economic conditions. The Barclays Bank Group expects that competition in the financial services industry will continue to be intense and may have a material adverse effect on the Barclays Bank Group's future business, results of operations and prospects.

New competitors in the financial services industry continue to emerge. For example, technological advances and the growth of e-commerce have made it possible for non-banks to offer products and services that traditionally were banking products. This has allowed financial institutions and other companies to provide electronic and internet-based financial solutions, including electronic securities trading, payments processing and online automated algorithmic-based investment advice. Furthermore, both financial institutions and their non-banking competitors face the risk that payments processing and other services could be significantly disrupted by technologies, such as cryptocurrencies, that require no intermediation. New technologies have required and could require the Barclays Bank Group to spend more to modify or adapt its products or make additional capital investments in its businesses to attract and retain clients and customers or to match products and services offered by its competitors, including technology companies.

Ongoing or increased competition may put pressure on the pricing for the Barclays Bank Group's products and services, which could reduce the Barclays Bank Group's revenues and profitability, or may cause the Barclays Bank Group to lose market share, particularly with respect to traditional banking products such as deposits, bank accounts and mortgage lending. This competition may be on the basis of quality and variety of products and services offered, transaction execution, innovation, reputation and price. The failure of any of the Barclays Bank Group's businesses to meet the expectations of clients and customers, whether due to general market conditions, under-performance, a decision not to offer a particular product or service, changes in client and customer expectations or other factors, could affect the Barclays Bank Group's ability to attract or retain clients and customers. Any such impact could, in turn, reduce the Barclays Bank Group's revenues.

### vi) Regulatory change agenda and impact on business model

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

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

- Changes in prudential requirements may impact minimum requirements for own funds and eligible liabilities (MREL) (including requirements for internal MREL), leverage, liquidity or funding requirements, applicable buffers and/or add-ons to such minimum requirements and risk weighted assets calculation methodologies all as may be set by international, EU or national authorities. Such or similar changes to prudential requirements or additional supervisory and prudential expectations, either individually or in aggregate, may result in, among other things, a need for further management actions to meet the changed requirements, such as:
  - increasing capital, MREL or liquidity resources, reducing leverage and risk weighted assets;
  - restricting distributions on capital instruments;
  - modifying the terms of outstanding capital instruments;
  - modifying legal entity structure (including with regard to issuance and deployment of capital, MREL and funding);
  - changing the Barclays Bank Group's business mix or exiting other businesses; and/or
  - undertaking other actions to strengthen the Barclays Bank Group's position.
- The derivatives market has been the subject of particular focus for regulators in recent years across the G20 countries and beyond, with regulations introduced which require the reporting and clearing of standardised over the counter (OTC) derivatives and the mandatory margining of non-cleared OTC derivatives. These regulations may increase costs for market participants, as well as reduce liquidity in the derivatives markets, in particular if there are areas of overlapping or conflicting regulation. More broadly, changes to the regulatory framework (in particular, the review of the second Markets in Financial Instruments Directive and the implementation of the Benchmarks Regulation) could entail significant costs for market participants and may have a significant impact on certain markets in which the Barclays Bank Group operates.

# Risk review

## Material existing and emerging risks

- The Barclays Group and certain of its members (including Barclays Bank PLC) are subject to supervisory stress testing exercises in a number of jurisdictions. These exercises currently include the programmes of the Bank of England, the European Banking Authority (EBA), the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board (FRB). Failure to meet the requirements of regulatory stress tests, or the failure by regulators to approve the stress test results and capital plans of the Barclays Group, could result in the Barclays Group or certain of its members (including Barclays Bank PLC) being required to enhance their capital position, limit capital distributions or position additional capital in specific subsidiaries.

For further details on the regulatory supervision of, and regulations applicable to, the Barclays Bank Group, see the Supervision and regulation section.

### vii) The impact of climate change on the Barclays Bank Group's business

The risks associated with climate change are subject to rapidly increasing societal, regulatory and political focus, both in the UK and internationally. Embedding climate risk into the Barclays Bank Group's risk framework in line with regulatory expectations, and adapting the Barclays Bank Group's operations and business strategy to address the financial risks resulting from both: (i) the physical risk of climate change; and (ii) the risk from the transition to a low carbon economy, could have a significant impact on the Barclays Bank Group's business.

Physical risks from climate change arise from a number of factors and relate to specific weather events and longer-term shifts in the climate. The nature and timing of extreme weather events are uncertain but they are increasing in frequency and their impact on the economy is predicted to be more acute in the future. The potential impact on the economy includes, but is not limited to, lower GDP growth, higher unemployment and significant changes in asset prices and profitability of industries. Damage to the properties and operations of borrowers could impair asset values and the creditworthiness of customers leading to increased default rates, delinquencies, write-offs and impairment charges in the Barclays Bank Group's portfolios. In addition, the Barclays Bank Group's premises and resilience may also suffer physical damage due to weather events leading to increased costs for the Barclays Bank Group.

As the economy transitions to a low-carbon economy, financial institutions such as the Barclays Bank Group may face significant and rapid developments in stakeholder expectations, policy, law and regulation which could impact the lending activities the Barclays Bank Group undertakes, as well as the risks associated with its lending portfolios, and the value of the Barclays Bank Group's financial assets. As sentiment towards climate change shifts and societal preferences change, the Barclays Bank Group may face greater scrutiny of the type of business it conducts, adverse media coverage and reputational damage, which may in turn impact customer demand for the Barclays Bank Group's products, returns on certain business activities and the value of certain assets and trading positions resulting in impairment charges.

In addition, the impacts of physical and transition climate risks can lead to second order connected risks, which have the potential to affect the Barclays Bank Group's retail and wholesale portfolios. The impacts of climate change may increase losses for those sectors sensitive to the effects of physical and transition risks. Any subsequent increase in defaults and rising unemployment could create recessionary pressures, which may lead to wider deterioration in the creditworthiness of the Barclays Bank Group's clients, higher ECLs, and increased charge-offs and defaults among retail customers.

If the Barclays Bank Group does not adequately embed risks associated with climate change into its risk framework to appropriately measure, manage and disclose the various financial and operational risks it faces as a result of climate change, or fails to adapt its strategy and business model to the changing regulatory requirements and market expectations on a timely basis, it may have a material and adverse impact on the Barclays Bank Group's level of business growth, competitiveness, profitability, capital requirements, cost of funding, and financial condition.

For further details on the Barclays Bank Group's approach to climate change, see the climate change risk management section.

### viii) Impact of benchmark interest rate reforms on the Barclays Bank Group

For several years, global regulators and central banks have been driving international efforts to reform key benchmark interest rates and indices, such as the London Interbank Offered Rate (LIBOR), which are used to determine the amounts payable under a wide range of transactions and make them more reliable and robust. This has resulted in significant changes to the methodology and operation of certain benchmarks and indices, the adoption of alternative "risk-free" reference rates and the proposed discontinuation of certain reference rates (including LIBOR), with further changes anticipated, including UK, EU and US legislative proposals to deal with 'tough legacy' contracts that cannot convert into or cannot add fall-back risk-free reference rates. The consequences of reform are unpredictable and may have an adverse impact on any financial instruments linked to, or referencing, any of these benchmark interest rates.

Uncertainty as to the nature of such potential changes, the availability and/or suitability of alternative "risk-free" reference rates and other reforms may adversely affect a broad range of transactions (including any securities, loans and derivatives which use LIBOR to determine the amount of interest payable that are included in the Barclays Bank Group's financial assets and liabilities) that use these reference rates and indices and introduce a number of risks for the Barclays Bank Group, including, but not limited to:

- **Conduct risk:** in undertaking actions to transition away from using certain reference rates (such as LIBOR) to new alternative, risk-free rates, the Barclays Bank Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the Barclays Bank Group is considered to be (among other things) (i) undertaking market activities that are manipulative or create a false or misleading impression, (ii) misusing sensitive information or not identifying or appropriately managing or mitigating conflicts of interest, (iii) providing customers with inadequate advice, misleading information, unsuitable products or unacceptable service, (iv) not taking a consistent approach to remediation for customers in similar circumstances, (v) unduly delaying the communication and migration activities in relation to client exposure, leaving them insufficient time to prepare or (vi) colluding or inappropriately sharing information with competitors;
- **Financial risks:** the valuation of certain of the Barclays Bank Group's financial assets and liabilities may change. Moreover, transitioning to alternative "risk-free" reference rates may impact the ability of members of the Barclays Bank Group to calculate and model amounts receivable by them on certain financial assets and determine the amounts payable on certain financial liabilities (such as debt securities issued by them) because currently alternative "risk-free" reference rates (such as the Sterling Overnight Index Average (SONIA) and the Secured Overnight Financing Rate (SOFR)) are look-back rates whereas term rates (such as LIBOR) allow borrowers to calculate at the start of any interest period exactly how much is payable at the end of such interest period. This may have a material adverse effect on the Barclays Bank Group's cashflows;
- **Pricing risk:** changes to existing reference rates and indices, discontinuation of any reference rate or indices and transition to alternative "risk-free" reference rates may impact the pricing mechanisms used by the Barclays Bank Group on certain transactions;

## Risk review

### Material existing and emerging risks

- **Operational risk:** changes to existing reference rates and indices, discontinuation of any reference rate or index and transition to alternative “risk-free” reference rates may require changes to the Barclays Bank Group’s IT systems, trade reporting infrastructure, operational processes, and controls. In addition, if any reference rate or index (such as LIBOR) is no longer available to calculate amounts payable, the Barclays Bank Group may incur additional expenses in amending documentation for new and existing transactions and/or effecting the transition from the original reference rate or index to a new reference rate or index; and
- **Accounting risk:** an inability to apply hedge accounting in accordance with IFRS could lead to increased volatility in the Barclays Bank Group’s financial results and performance.

Any of these factors may have a material adverse effect on the Barclays Bank Group’s business, results of operations, financial condition and prospects.

For further details on the impacts of benchmark interest rate reforms on the Barclays Bank Group, see Note 40 to the financial statements.

### Material existing and emerging risks impacting individual principal risks

#### i) Credit risk

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

##### a) Impairment

The introduction of the impairment requirements of IFRS 9 Financial Instruments, resulted in impairment loss allowances that are recognised earlier, on a more forward-looking basis and on a broader scope of financial instruments, and may continue to have, a material impact on the Barclays Bank Group’s business, results of operations, financial condition and prospects.

Measurement involves complex judgement and impairment charges could be volatile, particularly under stressed conditions. Unsecured products with longer expected lives, such as credit cards, are the most impacted. Taking into account the transitional regime, the capital treatment on the increased reserves has the potential to adversely impact the Barclays Bank Group’s regulatory capital ratios.

In addition, the move from incurred losses to ECLs has the potential to impact the Barclays Bank Group’s performance under stressed economic conditions or regulatory stress tests. For more information, refer to Note 7 to the financial statements.

##### b) Specific sectors and concentrations

The Barclays Bank Group is subject to risks arising from changes in credit quality and recovery rates of loans and advances due from borrowers and counterparties in any 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 Barclays Bank Group’s portfolio which could have a material impact on performance:

- **UK retail, hospitality and leisure.** Softening demand, rising costs and a structural shift to online shopping is fuelling pressure on the UK High Street and other sectors heavily reliant on consumer discretionary spending. As these sectors continue to reposition themselves, the trend represents a potential risk in the Barclays Bank Group’s UK corporate portfolio from the perspective of its interactions with both retailers and their landlords.
- **Consumer affordability** has remained a key area of focus, particularly in unsecured lending. Macroeconomic factors, such as rising unemployment, that impact a customer’s ability to service unsecured debt payments could lead to increased arrears in both unsecured and secured products. The Barclays Bank Group is exposed to the adverse credit performance of unsecured products, particularly in the US through its US Cards business.
- **UK real estate market.** Barclays Bank Group’s corporate credit exposure is vulnerable to the impacts of the ongoing COVID-19 stress, with particular weakness in retail property as a result of reduced rent collections and residential development, and faces the risk of increased impairment from a material fall in property prices.
- **Leverage finance underwriting.** The Barclays Bank Group takes on sub-investment grade underwriting exposure, including single name risk, particularly in the US and Europe. The Barclays Bank Group is exposed to credit events and market volatility during the underwriting period. Any adverse events during this period may potentially result in loss for the Barclays Bank Group, or an increased capital requirement should there be a need to hold the exposure for an extended period.
- **Italian mortgage and wholesale exposure.** The Barclays Bank Group is exposed to a decline in the Italian economic environment through a mortgage portfolio in run-off and positions to wholesale customers. The Italian economy was severely impacted by the COVID-19 pandemic in 2020 and recovery has been slower than anticipated. Should the Italian economy deteriorate further or any recovery take longer to materialise, there could be a material adverse effect on the Barclays Bank Group’s results of operations including, but not limited to, increased credit losses and higher impairment charges.
- **Oil & Gas sector.** The Barclays Bank Group’s corporate credit exposure includes companies whose performance is dependent on the oil and gas sector. Weaker demand for energy products, in particular as a result of the COVID-19 pandemic, combined with a sustained period of lower energy prices has led to the erosion of balance sheet strength, particularly for higher cost producers and those businesses who supply goods and services to the oil and gas sector. Any recovery from the drop in demand is likely to remain volatile and energy prices could remain subdued at low levels for the foreseeable future, below the break-even point for some companies. Furthermore, in the longer term, costs associated with the transition towards renewable sources of energy may place great demands on companies that the Barclays Bank Group has exposure to globally. These factors could have a material adverse effect on the Barclays Bank Group’s business, results of operations and financial condition through increased impairment charges.



## Risk review

### Material existing and emerging risks

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

For further details on the Barclays Bank Group's approach to credit risk, see the credit risk management and credit risk performance sections.

#### ii) Market risk

Market risk is the risk of loss arising from potential adverse change in the value of the Barclays Bank Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.

Economic and financial market uncertainties remain elevated, as the path of the COVID-19 pandemic is inherently difficult to predict. Further waves of the COVID-19 pandemic, deployment of COVID-19 vaccines not being as successful as desired, intensifying social unrest that weighs on market sentiment, and deteriorating trade and geopolitical tensions are some of the factors that could heighten market risks for the Barclays Bank Group's portfolios.

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

It is difficult to predict changes in market conditions, and such changes could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

For further details on the Barclays Bank Group's approach to market risk, see the market risk management and market risk performance sections.

#### iii) Treasury and capital risk

There are three primary types of treasury and capital risk faced by the Barclays Bank Group:

##### a) Liquidity risk

Liquidity risk is the risk that the Barclays Bank Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets. This could cause the Barclays Bank Group to fail to meet regulatory liquidity standards or be unable to support day-to-day banking activities. Key liquidity risks that the Barclays Bank Group faces include:

- **The stability of the Barclays Bank Group's current funding profile:** In particular, that part which is based on accounts and deposits payable on demand or at short notice, could be affected by the Barclays Bank Group failing to preserve the current level of customer and investor confidence. The Barclays Bank Group also regularly accesses the money and capital markets to provide short-term and long-term funding to support its operations. Several factors, including adverse macroeconomic conditions, adverse outcomes in conduct and legal, competition and regulatory matters and loss of confidence by investors, counterparties and/or customers in the Barclays Bank Group, can affect the ability of the Barclays Bank Group to access the capital markets and/or the cost and other terms upon which the Barclays Bank Group is able to obtain market funding.
- **Credit rating changes and the impact on funding costs:** Rating agencies regularly review credit ratings given to Barclays Bank PLC and certain members of the Barclays Bank Group. Credit ratings are based on a number of factors, including some which are not within the Barclays Bank Group's control (such as political and regulatory developments, changes in rating methodologies, macroeconomic conditions and the sovereign credit ratings of the countries in which the Barclays Bank Group operates).

Whilst the impact of a credit rating change will depend on a number of factors (including the type of issuance and prevailing market conditions), any reductions in a credit rating (in particular, any downgrade below investment grade) may affect the Barclays Bank Group's access to the money or capital markets and/or terms on which the Barclays Bank Group is able to obtain market funding, increase costs of funding and credit spreads, reduce the size of the Barclays Bank Group's deposit base, trigger additional collateral or other requirements in derivative contracts and other secured funding arrangements or limit the range of counterparties who are willing to enter into transactions with the Barclays Bank Group. Any of these factors could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

##### b) Capital risk

Capital risk is the risk that the Barclays Bank Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory stress testing purposes). This includes the risk from the Barclays Bank Group's pension plans. Key capital risks that the Barclays Bank Group faces include:

- **Failure to meet prudential capital requirements:** This could lead to the Barclays Bank Group being unable to support some or all of its business activities, a failure to pass 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 Barclays Bank Group's capital or leverage position.
- **Adverse changes in FX rates impacting capital ratios:** The Barclays Bank Group has capital resources, risk weighted assets and leverage exposures denominated in foreign currencies. Changes in foreign currency exchange rates may adversely impact the Sterling equivalent value of these items. As a result, the Barclays Bank Group's regulatory capital ratios are sensitive to foreign currency movements. Failure to appropriately manage the Barclays Bank Group's balance sheet to take account of foreign currency movements could result in an adverse impact on the Barclays Bank Group's regulatory capital and leverage ratios.

# Risk review

## Material existing and emerging risks

- **Adverse movements in the pension fund:** Adverse movements in pension assets and liabilities for defined benefit pension schemes could result in deficits on a funding and/or accounting basis. This could lead to the Barclays Bank Group making substantial additional contributions to its pension plans and/or a deterioration in its capital position. Under IAS 19, the liabilities discount rate is derived from the yields of high quality corporate bonds. Therefore, the valuation of the Barclays Bank Group's defined benefits schemes would be adversely affected by a prolonged fall in the discount rate due to a persistent low interest 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.

### c) Interest rate risk in the banking book

Interest rate risk in the banking book is the risk that the Barclays Bank Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities. The Barclays Bank Group's hedge programmes for interest rate risk in the banking book rely on behavioural assumptions and, as a result, the success of the hedging strategy cannot be guaranteed. A potential mismatch in the balance or duration of the hedge assumptions could lead to earnings deterioration. A decline in interest rates in G3 currencies may also compress net interest margin on retail portfolios. In addition, the Barclays Bank Group's liquid asset portfolio is exposed to potential capital and/or income volatility due to movements in market rates and prices.

For further details on the Barclays Bank Group's approach to treasury and capital risk, see the treasury and capital risk management and treasury and capital risk performance sections.

### iv) Operational risk

Operational risk is the risk of loss to the Barclays Bank Group from inadequate or failed processes or systems, human factors or due to external events where the root cause is not due to credit or market risks. Examples include:

#### a) Operational resilience

The Barclays Bank Group functions in a highly competitive market, with market participants that expect consistent and smooth business processes. The loss of or disruption to business processing is a material inherent risk within the Barclays Bank Group and across the financial services industry, whether arising through impacts on the Barclays Bank Group's technology systems or availability of personnel or services supplied by third parties. Failure to build resilience and recovery capabilities into business processes or into the services of technology, real estate or suppliers on which the Barclays Bank Group's business processes depend, may result in significant customer detriment, costs to reimburse losses incurred by the Barclays Bank Group's customers, and reputational damage.

#### b) Cyber-attacks

Cyber-attacks continue to be a global threat that is inherent across all industries, with a spike in both number and severity of attacks observed recently. The financial sector remains a primary target for cyber criminals, hostile nation states, opportunists and hacktivists. The Barclays Bank Group, like other financial institutions, experiences numerous attempts to compromise its cyber security.

The Barclays Bank Group dedicates significant resources to reducing cyber security risks, but it cannot provide absolute security against cyber-attacks. Malicious actors are increasingly sophisticated in their methods, seeking to steal money, gain unauthorised access to, destroy or manipulate data, and disrupt operations, and some of their attacks may not be recognised until launched, such as zero-day attacks that are launched before patches and defences can be readied. Cyber-attacks can originate from a wide variety of sources and target the Barclays Bank Group in numerous ways, including attacks on networks, systems, or devices used by the Barclays Bank Group or parties such as service providers and other suppliers, counterparties, employees, contractors, customers or clients, presenting the Barclays Bank Group with a vast and complex defence perimeter. Moreover, the Barclays Bank Group does not have direct control over the cyber security of the systems of its clients, customers, counterparties and third-party service providers and suppliers, limiting the Barclays Bank Group's ability to effectively defend against certain threats.

A failure in the Barclays Bank Group's adherence to its cyber security policies, procedures or controls, employee malfeasance, and human, governance or technological error could also compromise the Barclays Bank Group's ability to successfully defend against cyber-attacks. Furthermore, certain legacy technologies that are at or approaching end-of-life may not be able to be maintained to acceptable levels of security. The Barclays Bank Group has experienced cyber security incidents and near-misses in the past, and it is inevitable that additional incidents will occur in the future. Cyber security risks will continue to increase, due to factors such as the increasing demand across the industry and customer expectations for continued expansion of services delivered over the Internet; increasing reliance on Internet-based products, applications and data storage; and changes in ways of working by the Barclays Bank Group's employees, contractors, and third party service providers and suppliers and their sub-contractors in response to the COVID-19 pandemic. Bad actors have taken advantage of remote working practices and modified customer behaviours during the COVID-19 pandemic, exploiting the situation in novel ways that may elude defences.

Common types of cyber-attacks include deployment of malware, including destructive ransomware; denial of service and distributed denial of service (DDoS) attacks; infiltration via business email compromise, including phishing, or via social engineering, including vishing and smishing; automated attacks using botnets; and credential validation or stuffing attacks using login and password pairs from unrelated breaches. A successful cyber-attack of any type has the potential to cause serious harm to the Barclays Bank Group or its clients and customers, including exposure to potential contractual liability, litigation, regulatory or other government action, loss of existing or potential customers, damage to the Barclays Bank Group's brand and reputation, and other financial loss. The impact of a successful cyber-attack also is likely to include operational consequences (such as unavailability of services, networks, systems, devices or data) remediation of which could come at significant cost.

## Risk review

### Material existing and emerging risks

Regulators worldwide continue to recognise cyber security as an increasing systemic risk to the financial sector and have highlighted the need for financial institutions to improve their monitoring and control of, and resilience to cyber-attacks. A successful cyber-attack may, therefore, result in significant regulatory fines on the Barclays Bank Group.

For further details on the Barclays Bank Group's approach to cyber-attacks, see the operational risk performance section.

#### **c) New and emergent technology**

Technology is fundamental to the Barclays Bank Group's business and the financial services industry. Technological advancements present opportunities to develop new and innovative ways of doing business across the Barclays Bank Group, with new solutions being developed both in-house and in association with third-party companies. For example, payment services and securities, futures and options trading are increasingly occurring electronically, both on the Barclays Bank Group's own systems and through other alternative systems, and becoming automated. Whilst increased use of electronic payment and trading systems and direct electronic access to trading markets could significantly reduce the Barclays Bank Group's cost base, it may, conversely, reduce the commissions, fees and margins made by the Barclays Bank Group on these transactions which could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

Introducing new forms of technology, however, has the potential to increase inherent risk. Failure to evaluate, actively manage and closely monitor risk exposure during all phases of business development could introduce new vulnerabilities and security flaws and have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

#### **d) External fraud**

The nature of fraud is wide-ranging and continues to evolve, as criminals continually seek opportunities to target the Barclays Bank Group's business activities and exploit changes to customer behaviour and product and channel use (such as the increased use of digital products and enhanced online services). Fraud attacks can be very sophisticated and are often orchestrated by highly organised crime groups who use ever more sophisticated techniques to target customers and clients directly to obtain confidential or personal information that can be used to commit fraud. The impact from fraud can lead to customer detriment, financial losses (including the reimbursement of losses incurred by customers), loss of business, missed business opportunities and reputational damage, all of which could have a material adverse impact on the Barclays Bank Group's business, results of operations, financial condition and prospects.

#### **e) Data management and information protection**

The Barclays Bank Group holds and processes large volumes of data, including personally identifiable information, intellectual property, and financial data and the Barclays Bank Group's businesses are subject to complex and evolving laws and regulations governing the privacy and protection of personal information of individuals, including Regulation (EU) 2016/679 (General Data Protection Regulation (GDPR)). The protected parties can include: (i) the Barclays Bank Group's clients and customers, and prospective clients and customers; (ii) clients and customers of the Barclays Bank Group's clients and customers; (iii) employees and prospective employees; and (iv) employees of the Barclays Bank Group's suppliers, counterparties and other external parties.

The international nature of both the Barclays Bank Group's business and its IT infrastructure also means that personal information may be available in countries other than those from where it originated. Accordingly, the Barclays Bank Group needs to ensure that its collection, use, transfer and storage of personal information complies with all applicable laws and regulations in all relevant jurisdictions, which could: (i) increase the Barclays Bank Group's compliance and operating costs; (ii) impact the development of new products or services, impact the offering of existing products or services, or affect how products and services are offered to clients and customers; (iii) demand significant oversight by the Barclays Bank Group's management; and (iv) require the Barclays Bank Group to review some elements of the structure of its businesses, operations and systems in less efficient ways.

Concerns regarding the effectiveness of the Barclays Bank Group's measures to safeguard personal information, or even the perception that those measures are inadequate, could expose the Barclays Bank Group to the risk of loss or unavailability of data or data integrity issues and/or cause the Barclays Bank Group to lose existing or potential clients and customers, and thereby reduce the Barclays Bank Group's revenues. Furthermore, any failure or perceived failure by the Barclays Bank Group to comply with applicable privacy or data protection laws and regulations may subject it to potential contractual liability, litigation, regulatory or other government action (including significant regulatory fines) and require changes to certain operations or practices which could also inhibit the Barclays Bank Group's development or marketing of certain products or services, or increase the costs of offering them to customers. Any of these events could damage the Barclays Bank Group's reputation and otherwise materially adversely affect its business, results of operations, financial condition and prospects.

#### **f) Algorithmic trading**

In some areas of the investment banking business, trading algorithms are used to price and risk manage client and principal transactions. An algorithmic error could result in erroneous or duplicated transactions, a system outage, or impact the Barclays Bank Group's pricing abilities, which could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects and reputation.

# Risk review

## Material existing and emerging risks

### g) Processing error

The Barclays Bank Group's businesses are highly dependent on its ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex and occur at high volumes and frequencies, across numerous and diverse markets in many currencies. As the Barclays Bank Group's customer base and geographical reach expand and the volume, speed, frequency and complexity of transactions, especially electronic transactions (as well as the requirements to report such transactions on a real-time basis to clients, regulators and exchanges) increase, developing, maintaining and upgrading operational systems and infrastructure becomes more challenging, and the risk of systems or human error in connection with such transactions increases, as well as the potential consequences of such errors due to the speed and volume of transactions involved and the potential difficulty associated with discovering errors quickly enough to limit the resulting consequences. Furthermore, events that are wholly or partially beyond the Barclays Bank Group's control, such as a spike in transaction volume, could adversely affect the Barclays Bank Group's ability to process transactions or provide banking and payment services.

Processing errors could result in the Barclays Bank Group, among other things, (i) failing to provide information, services and liquidity to clients and counterparties in a timely manner; (ii) failing to settle and/or confirm transactions; (iii) causing funds transfers, capital markets trades and/or other transactions to be executed erroneously, illegally or with unintended consequences; and (iv) adversely affecting financial, trading or currency markets. Any of these events could materially disadvantage the Barclays Bank Group's customers, clients and counterparties (including them suffering financial loss) and/or result in a loss of confidence in the Barclays Bank Group which, in turn, could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

### h) Supplier exposure

The Barclays Bank Group depends on suppliers for the provision of many of its services and the development of technology. Whilst the Barclays Bank Group depends on suppliers, it remains fully accountable for any risk arising from the actions of suppliers. 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 Barclays Bank Group's ability to continue to provide material services to its customers. Failure to adequately manage supplier risk could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

### i) Estimates and judgements relating to critical accounting policies and capital disclosures

The preparation of financial statements requires the application of accounting policies and judgements to be made in accordance with IFRS. Regulatory returns and capital disclosures are prepared in accordance with the relevant capital reporting requirements and also require assumptions and estimates to be made. The key areas involving a higher degree of judgement or complexity, or areas where assumptions are significant to the consolidated and individual financial statements, include credit impairment charges, taxes, fair value of financial instruments, pensions and post-retirement benefits, and provisions including conduct and legal, competition and regulatory matters (see the notes to the audited financial statements for further details). 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 material losses to the Barclays Bank Group, beyond what was anticipated or provided for. Further development of accounting standards and capital interpretations could also materially impact the Barclays Bank Group's results of operations, financial condition and prospects.

### j) Tax risk

The Barclays Bank 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 Barclays Bank Group could suffer losses due to additional tax charges, other financial costs or reputational damage as a result of failing to comply with such laws and practice, or by failing to manage its tax affairs in an appropriate manner, with much of this risk attributable to the international structure of the Barclays Bank Group. In addition, increasing reporting and disclosure requirements around the world and the digitisation of the administration of tax has potential to increase the Barclays Bank Group's tax compliance obligations further.

### k) Ability to hire and retain appropriately qualified employees

As a regulated financial institution, the Barclays Bank Group requires diversified and specialist skilled colleagues. The Barclays Bank Group's ability to attract, develop and retain a diverse mix of talent is key to the delivery of its core business activity and strategy. This is impacted by a range of external and internal factors, such as the UK's decision to leave the EU and the enhanced individual accountability applicable to the banking industry. Failure to attract or prevent the departure of appropriately qualified and skilled employees could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects. Additionally, this may result in disruption to service which could in turn lead to disenfranchising certain customer groups, customer detriment and reputational damage.

For further details on the Barclays Bank Group's approach to operational risk, see the operational risk management and operational risk performance sections.

### v) Model risk

Model risk is the risk of potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports. The Barclays Bank Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures (including the calculation of impairment), conducting stress testing, assessing capital adequacy, supporting new business acceptance and risk and reward evaluation, managing client assets, and meeting reporting requirements.

Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs and/or misused. This may be exacerbated when dealing with unprecedented scenarios, such as the COVID-19 pandemic, due to the lack of reliable historical reference points and data. For instance, the quality of the data used in models across the Barclays Bank Group has a material impact on the accuracy and completeness of its risk and financial metrics. Model errors or misuse may result in (among other things) the Barclays Bank Group making inappropriate business decisions and/or inaccuracies or errors being identified in the Barclays Bank Group's risk management and regulatory reporting processes. This could result in significant financial loss, imposition of additional capital requirements, enhanced regulatory supervision and reputational damage, all of which could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

For further details on the Barclays Bank Group's approach to model risk, see the model risk management and model risk performance sections.



## Risk review

### Material existing and emerging risks

#### vi) Conduct risk

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

##### a) Employee misconduct

The Barclays Bank Group's businesses are exposed to risk from potential non-compliance with its policies and standards and instances of wilful and negligent misconduct by employees, all of which could result in potential customer and client detriment, enforcement action (including regulatory fines and/or sanctions), increased operation and compliance costs, redress or remediation or reputational damage which in turn could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects. Examples of employee misconduct which could have a material adverse effect on the Barclays Bank Group's business include (i) employees improperly selling or marketing the Barclays Bank Group's products and services; (ii) employees engaging in insider trading, market manipulation or unauthorised trading; or (iii) employees misappropriating confidential or proprietary information belonging to the Barclays Bank Group, its customers or third parties. These risks may be exacerbated in circumstances where the Barclays Bank Group is unable to rely on physical oversight and supervision of employees (such as during the COVID-19 pandemic where employees have worked remotely).

##### b) Customer engagement

The Barclays Bank Group must ensure that its customers, particularly those that are vulnerable, are able to make well-informed decisions on how best to use the Barclays Bank Group's financial services and understand that they are appropriately protected if something goes wrong. Poor customer outcomes can result from the failure to: (i) communicate fairly and clearly with customers; (ii) provide services in a timely and fair manner; and (iii) undertake appropriate activity to address customer detriment, including the adherence to regulatory and legal requirements on complaint handling. The Barclays Bank Group is at risk of financial loss and reputational damage as a result.

##### c) Product design and review risk

Products and services must meet the needs of clients, customers, markets and the Barclays Bank Group throughout their lifecycle. However, there is a risk that the design and review of the Barclays Bank Group products and services fail to reasonably consider and address potential or actual negative outcomes, which may result in customer detriment, enforcement action (including regulatory fines and/or sanctions), redress and remediation and reputational damage. Both the design and review of products and services are a key area of focus for regulators and the Barclays Bank Group, and this focus is set to continue in 2021.

##### d) Financial crime

The Barclays Bank Group may be adversely affected if it fails to effectively mitigate the risk that third parties or its employees facilitate, or that its products and services are used to facilitate, financial crime (money laundering, terrorist financing, breaches of economic and financial sanctions, bribery and corruption, and the facilitation of tax evasion). UK and US regulations covering financial institutions continue to focus on combating financial crime. Failure to comply may lead to enforcement action by the Barclays Bank Group's regulators, including severe penalties, which may have a material adverse effect on the Barclays Bank Group's business, financial condition and prospects.

##### e) Regulatory focus on culture and accountability

Regulators around the world continue to emphasise the importance of culture and personal accountability and enforce the adoption of adequate internal reporting and whistleblowing procedures to help to promote appropriate conduct and drive positive outcomes for customers, colleagues, clients and markets. The requirements and expectations of the UK Senior Managers Regime, Certification Regime and Conduct Rules have reinforced additional accountabilities for individuals across the Barclays Bank Group with an increased focus on governance and rigour. Failure to meet these requirements and expectations may lead to regulatory sanctions, both for the individuals and the Barclays Bank Group.

For further details on the Barclays Bank Group's approach to conduct risk, see the conduct risk management and conduct risk performance sections.

#### vii) Reputation risk

Reputation risk is the risk that an action, transaction, investment, event, decision or business relationship will reduce trust in the Barclays Bank Group's integrity and competence.

Any material lapse in standards of integrity, compliance, customer service or operating efficiency may represent a potential reputation risk. Stakeholder expectations constantly evolve, and so reputation risk is dynamic and varies between geographical regions, groups and individuals. A risk arising in one business area can have an adverse effect upon the Barclays Bank Group's overall reputation and any one transaction, investment or event (in the perception of key stakeholders) can reduce trust in the Barclays Bank Group's integrity and competence. The Barclays Bank Group's association with sensitive topics and sectors has been, and in some instances continues to be, an area of concern for stakeholders, including (i) the financing of, and investments in, businesses which operate in sectors that are sensitive because of their relative carbon intensity or local environmental impact; (ii) potential association with human rights violations (including combating modern slavery) in the Barclays Bank Group's operations or supply chain and by clients and customers; and (iii) the financing of businesses which manufacture and export military and riot control goods and services.

Reputation risk could also arise from negative public opinion about the actual, or perceived, manner in which the Barclays Bank Group conducts its business activities, or the Barclays Bank Group's financial performance, as well as actual or perceived practices in banking and the financial services industry generally. Modern technologies, in particular online social media channels and other broadcast tools that facilitate communication with large audiences in short time frames and with minimal costs, may significantly enhance and accelerate the distribution and effect of damaging information and allegations. Negative public opinion may adversely affect the Barclays Bank Group's ability to retain and attract customers, in particular, corporate and retail depositors, and to retain and motivate staff, and could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

In addition to the above, reputation risk has the potential to arise from operational issues or conduct matters which cause detriment to customers, clients, market integrity, effective competition or the Barclays Bank Group (see "iv) Operational risk" above).

## Risk review

### Material existing and emerging risks

For further details on the Barclays Bank Group's approach to reputation risk, see reputation risk management and reputation risk performance sections.

#### viii) Legal risk and legal, competition and regulatory matters

The Barclays Bank Group conducts activities in a highly regulated market which exposes it and its employees to legal risk arising from (i) the multitude of laws and regulations that apply to the businesses it operates, which are highly dynamic, may vary between jurisdictions, and are often unclear in their application to particular circumstances especially in new and emerging areas; and (ii) the diversified and evolving nature of the Barclays Bank Group's businesses and business practices. In each case, this exposes the Barclays Bank Group and its employees to the risk of loss or the imposition of penalties, damages or fines from the failure of members of the Barclays Bank Group to meet their respective legal obligations, including legal or contractual requirements. Legal risk may arise in relation to any number of the risk material existing and emerging risks identified above.

A breach of applicable legislation and/or regulations by the Barclays Bank Group or its employees could result in criminal prosecution, regulatory censure, potentially significant fines and other sanctions. Where clients, customers or other third parties are harmed by the Barclays Bank Group's conduct, this may also give rise to civil legal proceedings, including class actions. Other legal disputes may also arise between the Barclays Bank Group and third parties relating to matters such as breaches or enforcement of legal rights or obligations arising under contracts, statutes or common law. Adverse findings in any such matters may result in the Barclays Bank Group being liable to third parties or may result in the Barclays Bank Group's rights not being enforced as intended.

Details of legal, competition and regulatory matters to which the Barclays Bank Group is currently exposed are set out in Note 25. In addition to matters specifically described in Note 25, the Barclays Bank Group is engaged in various other legal proceedings which arise in the ordinary course of business. The Barclays Bank Group is also subject to requests for information, investigations and other reviews by regulators, governmental and other public bodies in connection with business activities in which the Barclays Bank Group is, or has been, engaged.

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

### Climate Change Risk Management

#### Overview

The Barclays Group has a longstanding commitment to Environmental Risk Management (ERM) and its approach, aided by regulatory initiatives, has continued to evolve, incorporating climate change in recent years as the understanding of associated risks has grown. A dedicated Sustainability team considers how the Barclays Group approaches wider sustainability and environmental, social and governance (ESG) matters, working closely with the ERM function.

In 2020 the bank has implemented a Financial and Operational Risks of Climate Change Plan built around three main pillars:

1. Embedding climate risk into ERM, via the Climate Change Financial and Operational Risk Policy.
2. Developing methodologies and including climate in stress testing (see Barclays PLC Climate-related financial disclosures 2020 in the Risk Management Section).
3. Developing a carbon methodology to assess risk within high emitting sectors (see Barclays PLC Climate-related financial disclosures 2020 in the Strategy Section).

For more detail on how climate change risks arise and their impact on the Barclays Bank Group, refer to the 'material existing and emerging risks' section.

#### Organisation and Structure

The matters and risks associated with climate change are managed at a Barclays Group level, with additional input and oversight provided by the Barclays Bank Group CRO for matters pertaining to the Barclays Bank Group.

On behalf of the Barclays PLC Board, the Barclays PLC BRC reviews and approves the Barclays Group's approach to managing the financial and operational risks associated with climate change. Reputation risk is the responsibility of the Barclays PLC Board, which directly handles the most material issues facing the Barclays Group. Broader sustainability matters and other reputation risks associated with climate change are co-ordinated by the Sustainability team.

Two new roles were introduced in 2020: a Barclays Group Head of Public Policy and Corporate Responsibility, reporting to the CEO; and a Barclays Group Head of Climate Risk appointed to develop Barclays' climate risk methodologies and manage climate risk in the portfolio. Working groups have been established to support management of climate risk at Barclays International and Barclays Bank UK Group.

# Risk review

## Climate change risk management



### Risk management – Policy

Financial and Operational Risks:

The Barclays Group’s ‘*Climate Change Financial Risk and Operational Risk Policy*’ considers climate change as an overarching risk impacting certain principal risks: credit risk, market risk, treasury & capital risk and operational risk. The policy is jointly owned by the relevant Principal Risk Delegates with oversight by the Barclays PLC BRC and applies across the Barclays Group including within the Barclays Bank Group.

Each relevant Principal Risk Delegate has developed a methodology and implementation plan for quantifying climate change risk.

Risk	Measurement approach
Credit Risk	<p>Credit Risk Materiality Matrix (Climate Lens): assesses the climate change risk of a wholesale counterparties to which the Group is exposed across elevated risk sectors.</p> <p>Scenario Analysis: a first-generation <u>cashflow</u> model has been developed to analyse how the entities’ business performance varies according to climate change. It applies Physical and Transition Risk variables to corporate counterparty earning over a scenario horizon.</p> <p>Sovereigns: a risk factor matrix, incorporating Physical, Transition and Connected risk factors, has been developed to assess a sovereign’s ability and capacity to respond to climate-related challenges.</p> <p>Carbon Emissions Model - BlueTrack™: has been developed to support Barclays’ portfolio transition in line with the Paris Agreement.</p>
Market Risk	<p>Stress tests are used to assess and aggregate exposures arising from climate related risks. Stress test scenarios are applied to a range of assets, reflecting the impact of climate change across sectors, countries and regions.</p>
Treasury and Capital Risk	<p>Exposures within the oversight of the Treasury and Capital Risk function are assessed and informed by analysis and stress testing for understanding of how they are impacted by climate change</p>
Operational Risk	<p>The Risks associated with Climate Change are relevant to the following Operational Risk Categories/Themes which are managed through the Operational Risk Framework: Resilience Risk Theme, which includes Barclays supply chain requirements, and Premises Risk. Climate Change has been included in the Strategic Risk Assessment to understand exposure on a forward looking basis across the five-year business planning cycle</p>

### Linking with ESG and Reputation Risk:

The Barclays Group has developed an internal standard to reflect its net zero carbon ambition in more detail and together with other climate-related Standards (such as the Forestry & Palm Oil Standard), these now determine the approach to climate change and relevant sensitive sectors. These standards sit under the management of reputation risk within the ERMF and are enforced through an existing transaction origination, review and approval process.

### Credit risk management (audited)

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

#### Overview

The credit risk that the Barclays Bank Group faces arises from wholesale and retail loans and advances together with the counterparty credit

# Risk review

## Principal risk management

risk arising from derivative contracts with clients; trading activities, including: debt securities, settlement balances with market counterparties, FVOCI assets and reverse repurchase loans.

Credit risk management objectives are to:

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

### Organisation, roles and responsibilities

The first line of defence has primary responsibility for managing credit risk within the risk appetite and limits set by the Risk function, supported by a defined set of policies, standards and controls. In the Barclays Bank Group, business risk committees (attended by the first line) monitor and review the credit risk profile of each business unit where the most material issues are escalated to the Retail Credit Risk Management Committee, Wholesale Credit Risk Management Committee and the Barclays Group Risk Committee.

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

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

For wholesale portfolios, credit risk managers are organised in sanctioning teams by geography, industry and/or product. In wholesale portfolios, credit risk approval is undertaken by experienced credit risk professionals operating within a clearly defined delegated authority framework, with only the most senior credit officers assigned the higher levels of delegated authority. The largest credit exposures, which are outside the Risk Sanctioning Unit or Risk Distribution Committee authority, require the support of the Barclays Bank PLC Senior Credit Officers. For exposures in excess of the Barclays Bank PLC Senior Credit Officers' authority, approval by the Barclays Group Senior Credit Officer/Barclays PLC Board Risk Committee is also required. The Barclays Group Credit Risk Committee, attended by the Barclays Bank PLC Senior Credit Officers, provides a formal mechanism for the Barclays Group Senior Credit Officer to exercise the highest level of credit authority over the most material Barclays Group single name exposures.

### Credit risk mitigation

The Barclays Bank Group employs a range of techniques and strategies to actively mitigate credit risks. These can broadly be divided into three types:

- netting and set-off
- collateral
- risk transfer.

#### Netting and set-off

Credit risk exposures can be reduced by applying netting and set-off. For derivative transactions, the Barclays Bank Group's normal practice is to enter into standard master agreements with counterparties (e.g. ISDAs). These master agreements typically allow for netting of credit risk exposure to a counterparty resulting from derivative transactions against the obligations to the counterparty in the event of default, and so produce a lower net credit exposure. These agreements may also reduce settlement exposure (e.g. for foreign exchange transactions) by allowing payments on the same day in the same currency to be set-off against one another.

#### Collateral

The Barclays Bank Group has the ability to call on collateral in the event of default of the counterparty, comprising:

- **home loans:** a fixed charge over residential property in the form of houses, flats and other dwellings.
- **wholesale lending:** a fixed charge over commercial property and other physical assets, in various forms.
- **other retail lending:** includes charges over motor vehicles and other physical assets; second lien charges over residential property and finance lease receivables.
- **derivatives:** the Barclays Bank Group also often seeks to enter into a margin agreement (e.g. Credit Support Annex) with counterparties with which the Barclays Bank Group has master netting agreements in place. These annexes to master agreements provide a mechanism for further reducing credit risk, whereby collateral (margin) is posted on a regular basis (typically daily) to collateralise the mark to market exposure of a derivative portfolio measured on a net basis.
- **reverse repurchase agreements:** collateral typically comprises highly liquid securities which have been legally transferred to the Barclays Bank Group subject to an agreement to return them for a fixed price.
- **financial guarantees and similar off-balance sheet commitments:** cash collateral may be held against these arrangements.

#### Risk transfer

A range of instruments including guarantees, credit insurance, credit derivatives and securitisation can be used to transfer credit risk from one counterparty to another. These mitigate credit risk in two main ways:

- if the risk is transferred to a counterparty which is more creditworthy than the original counterparty, then overall credit risk is reduced.



## Risk review

### Principal risk management

- where recourse to the first counterparty remains, both counterparties must default before a loss materialises. This is less likely than the default of either counterparty individually so credit risk is reduced.

#### Market risk management (audited)

The risk of loss arising from potential adverse changes in the value of the Barclays Bank Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.

##### Overview

Market risk arises primarily as a result of client facilitation in wholesale markets, involving market making activities, risk management solutions and execution of syndications. Upon execution of a trade with a client, the Barclays Bank Group will look to hedge against the risk of the trade moving in an adverse direction. Mismatches between client transactions and hedges result in market risk due to changes in asset prices, volatility or correlations.

##### Organisation, roles and responsibilities

Market risk in the businesses resides primarily in CIB and Treasury. These businesses have the mandate to assume market risk. The front office and Treasury trading desks are responsible for managing market risk on a day-to-day basis, where they are required to understand and adhere to all limits applicable to their businesses. The Market Risk team support the trading desks with the day-to-day limit management of market risk exposures through governance processes which are outlined in supporting market risk policies and standards.

Market risk oversight and challenge is provided by business committees and Barclays Group committees, including the Market Risk Committee (MRC).

The objectives of market risk management are to:

- Identify, understand and control market risk by robust measurement, limit setting, reporting and oversight
- facilitate business growth within a controlled and transparent risk management framework
- control market risk in the businesses according to the allocated appetite.

To meet the above objectives, a governance structure is in place to manage these risks consistent with the ERMF.

The Barclays Bank PLC Board Risk Committee recommends market risk appetite to the Barclays Bank PLC Board for their approval, within the parameters set by the Barclays PLC Board.

The Market Risk Committee (MRC) reviews and makes recommendations concerning the Barclays Group-wide market risk profile. This includes overseeing the operation of the Market Risk Framework and associated standards and policies; reviewing market or regulatory issues and limits and utilisation. The committee is chaired by the Market Risk Principal Risk Lead and attendees include the business heads of market risk and business aligned market risk managers.

In addition to MRC, the Corporate and Investment Bank Risk Committee (CIBRC) is the main forum in which market risk exposures are discussed and reviewed with senior business heads. The Committee is chaired by the CRO of Barclays International and meets weekly, covering current market events, notable market risk exposures, and key risk topics. New business initiatives are generally socialised at CIBRC before any changes to risk appetite or associated limits are considered in other governance committees.

##### Management value at risk (VaR)

VaR is an estimate of the potential loss arising from unfavourable market movements if the current positions were to be held unchanged for one business day. For internal market risk management purposes, a historical simulation methodology with a two-year equally weighted historical period, at the 95% confidence level is used for all trading books and some banking books.

In some instances, historical data is not available for particular market risk factors for the entire look-back period, for example, complete historical data would not be available for an equity security following an initial public offering. In these cases, market risk managers will proxy the unavailable market risk factor data with available data for a related market risk factor.

Limits are applied at the total level as well as by risk factor type, which are then cascaded down to particular trading desks and businesses by the market risk management function.

See page 76 for a review of management VaR in 2020.

#### Treasury and capital risk management

This comprises:

**Liquidity risk:** The risk that Barclays Bank PLC is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.

**Capital risk:** The risk that Barclays Bank Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from Barclays Bank Group's pension plans.

**Interest rate risk in the banking book:** The risk that Barclays Bank Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.

The Barclays Bank Group Treasury manages treasury and capital risk exposure on a day-to-day basis with the Barclays Group Treasury Committee acting as the principal management body. The Barclays Group Treasury and Capital Risk function is responsible for oversight and provide insight into key capital, liquidity, interest rate risk in the banking book (IRRBB) and pension risk management activities.

# Risk review

## Principal risk management

### Liquidity risk management (audited)

#### Overview

The efficient management of liquidity is essential to Barclays Bank PLC in order to retain the confidence of the financial markets and maintain the sustainability of the business. The liquidity risk control framework is used to manage all liquidity risk exposures under both BAU and stressed conditions. The framework is designed to maintain liquidity resources that are sufficient in amount, quality and funding tenor profile to support the liquidity risk appetite as expressed by the Barclays Bank PLC Board. The liquidity risk appetite is monitored against both internal and regulatory liquidity metrics.

#### Organisation, roles and responsibilities

Treasury has the primary responsibility for managing liquidity risk within the set risk appetite. Both Risk and Treasury contribute to the production of the Internal Liquidity Adequacy Assessment Process (ILAAP). The Treasury and Capital Risk function is responsible for the management and governance of the liquidity risk mandate, as defined by the Barclays Bank PLC Board.

The liquidity risk control framework is designed to deliver the appropriate term and structure of funding, consistent with the liquidity risk appetite set by the Barclays Bank PLC Board.

The control framework incorporates a range of ongoing business management tools to monitor, limit and stress test the Barclays Bank PLC balance sheet and contingent liabilities. Limit setting and transfer pricing are tools that are designed to control the level of liquidity risk taken and drive the appropriate mix of funds. In addition, Barclays maintains a Group recovery plan which includes application to Barclays Bank PLC. Together, these tools reduce the likelihood that a liquidity stress event could lead to an inability to meet Barclays Bank PLC obligations as they fall due.

The Barclays Bank PLC Board approves the Barclays Bank PLC funding plan, internal stress tests and of regulatory stress tests results, recovery plan and Liquidity Risk Appetite. Barclays Bank PLC's Asset and Liability Committee ('ALCO') is responsible for monitoring and managing liquidity risk in line with Barclays Bank PLC's funding management objectives, funding plan and risk appetite. The Barclays Group Treasury and Capital Risk Committee monitors and reviews the liquidity risk profile and control environment, providing second line oversight of the management of liquidity risk. The Barclays Bank PLC Board Risk Committee reviews the risk profile, and annually reviews risk appetite and the impact of stress scenarios on Barclays Bank PLC's funding plan/forecast in order to agree Barclays Bank PLC's projected funding abilities.

### Capital risk management (audited)

#### Overview

Capital risk is managed through ongoing monitoring and management of the capital position, regular stress testing and a robust capital governance framework. The objectives of the framework are to maintain adequate capital for the Barclays Bank Group and its legal entities to withstand the impact of the risks that may arise under normal and stressed conditions, and maintain adequate capital to cover current and forecast business needs and associated risks to provide a viable and sustainable business offering.

#### Organisation, roles and responsibilities

Treasury has the primary responsibility for managing and monitoring capital. The Barclays Bank Group Treasury and Capital Risk function provides oversight of capital risk and is an independent risk function that reports to the Barclays Bank Group CRO. Production of the Barclays Bank PLC Internal Capital Adequacy Assessment Process (ICAAP) is the responsibility of Treasury.

Capital risk management is underpinned by a control framework and policy. The capital management strategy, outlined in the relevant legal entity capital plans, is developed in alignment with the control framework and policy for capital risk, and is implemented consistently in order to deliver on the Barclays Bank Group's objectives, which are aligned to those of the Barclays Group.

The Barclays Bank PLC Board approves the Barclays Bank PLC capital plan, internal stress tests and results of regulatory stress tests and those of the relevant Barclays Bank Group entities. The Barclays PLC Board also approves the Barclays Group recovery plan which takes into account management actions identified at the Barclays Bank Group level. The Barclays Bank PLC Treasury Committee together with the Barclays Group Treasury Committee are responsible for monitoring and managing capital risk in line with Barclays Bank Group's capital management objectives, capital plan and risk frameworks. The BRC monitors and reviews the capital risk profile and control environment, providing second line oversight of the management of capital risk.

For the relevant Barclays Bank Group subsidiaries, local management assures compliance with an entity's minimum regulatory capital requirements by reporting to local Asset and Liability Committees (or equivalents) with oversight by the Barclays Bank PLC Treasury Committee and the Barclays Group Treasury Committee, as required. In 2020, Barclays complied with all regulatory minimum capital requirements.

#### Pension risk

The Barclays Bank Group maintains a number of defined benefit pension schemes for past and current employees. The ability of schemes to meet pension payments is achieved with investments and contributions.

Pension risk arises because the market value of pension fund assets might decline; investment returns might reduce; or the estimated value of pension liabilities might increase. The Barclays Bank Group monitors the pension risks arising from its defined benefit pension schemes and works with Trustees to address shortfalls. In these circumstances the Barclays Bank Group could be required or might choose to make extra contributions to the pension fund. The Barclays Bank Group's main defined benefit scheme was closed to new entrants in 2012.

### Interest rate risk in the banking book management (IRRBB)

#### Overview

Interest rate risk in the banking book is driven by customer deposit taking and lending activities, investments in the liquid asset portfolio and funding activities. As per the Barclays Bank Group's policy to remain within the defined risk appetite, hedging strategies are executed to mitigate the risks. However, the Barclays Bank Group remains susceptible to interest rate risk and other non-traded market risks from key sources:

- **Interest rate and repricing risk:** the risk that net interest income could be adversely impacted by a change in interest rates, differences in the timing of interest rate changes between assets and liabilities, and other constraints on interest rate changes as per product terms and conditions.

# Risk review

## Principal risk management

- **Customer behavioural risk:** the risk that net interest income could be adversely impacted by the discretion that customers and counterparties may have in respect of being able to vary their contractual obligations with the Barclays Bank Group. This risk is often referred to by industry regulators as 'embedded option risk'.
- **Investment risks in the liquid asset portfolio:** the risk that the fair value of assets held in the liquid asset portfolio and associated risk management portfolios could be adversely impacted by market volatility, creating volatility in capital directly.

### Organisation, roles and responsibilities

The Barclays Bank PLC Treasury Committee, together with the Barclays Group Treasury Committee, are responsible for monitoring and managing IRRBB risk in line with Barclays Bank's management objectives and risk frameworks. The BRC and Treasury and Capital Risk Committee monitors and reviews the IRRBB risk profile and control environment, providing second line oversight of the management of IRRBB. The BRC reviews the interest rate risk profile, including annual review of the risk appetite and the impact of stress scenarios on the interest rate risk of the Barclays Bank PLC's banking books.

In addition, the Barclays Bank Group's IRRBB policy sets out the processes and key controls required to identify all IRRBB risks arising from banking book operations, to monitor the risk exposures via a set of metrics with a frequency in line with the risk management horizon, and to manage these risks within agreed risk appetite and limits.

## Operational risk management

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

### Overview

The management of operational risk has three key objectives:

- deliver an operational risk capability owned and used by business leaders to enable sound risk decisions over the long term;
- provide the frameworks, policies and standards to enable management to meet their risk management responsibilities while the second line of defence provides robust, independent, and effective oversight and challenge; and
- deliver a consistent and aggregated measurement of operational risk that will provide clear and relevant insights, so that the right management actions can be taken to keep the operational risk profile consistent with the Barclays Bank Group's strategy, the stated risk appetite and stakeholder needs.

The Barclays Bank Group operates within a system of internal controls that enables business to be transacted and risk taken without exposing it to unacceptable potential losses or reputational damages.

### Organisation, roles and responsibilities

The prime responsibility for the management of operational risk and the compliance with control requirements rests within the business and functional units where the risk arises. The operational risk profile and control environment is reviewed by management through business risk committees and control committees. Operational risk issues escalated from these meetings are considered through the second line of defence review meetings. Depending on their nature, the outputs of these meetings are presented to the Operational Risk Profile Forum, the Operational Risk Committee, the Barclays Bank Risk Forum, the Barclays Bank PLC Board Risk Committee or the Barclays Bank PLC Board Audit Committee. In addition, specific reports are prepared by Operational Risk on a regular basis for the Barclays Bank Risk Forum, GRC and the Barclays Bank PLC Board Risk Committee.

Businesses and functions are required to report their operational risks on both a regular and an event-driven basis. The reports include a profile of the material risks that may threaten the achievement of their objectives and the effectiveness of key controls, operational risk events and a review of scenarios.

The Barclays Group Head of Operational Risk is responsible for establishing, owning and maintaining an appropriate Barclays Group-wide Operational Risk Management Framework, meanwhile the Barclays Bank PLC Head of Operational Risk is responsible for overseeing the portfolio of operational risk across all businesses.

The Operational Risk function acts in a second line of defence capacity, and is responsible for defining and overseeing the implementation of the framework and monitoring Barclays Bank Group's operational risk profile. The Operational Risk function alerts management when risk levels exceed acceptable tolerance in order to drive timely decision making and actions by the first line of defence.

### Operational risk categories

Operational risks are grouped into risk categories to support effective risk management, measurement and reporting. These comprise: Data Management Risk; Financial Reporting Risk; Fraud Risk; Information Security Risk; Operational Resilience Planning Risk; Payments Process Risk; People Risk; Premises Risk; Physical Security Risk; Strategic Investment Change Management Risk; Supplier Risk; Tax Risk; Technology Risk; and Transaction Operations Risk.

In addition to the above, operational risk encompasses risks associated with prudential regulation. This includes the risk of failing to: adhere to prudential regulatory requirements, provide regulatory submissions; or monitor and manage adherence to new prudential regulatory requirements.

### Risk themes

The Barclays Bank Group also recognises that there are certain threats/risk drivers that are more thematic and have the potential to impact the Barclays Bank Group's strategic objectives. These are risk themes which require an overarching and integrated risk management approach. The Barclays Bank Group's risk themes include Cyber, Data and Resilience.

For definitions of the Barclays Bank Group's operational risk categories and enterprise risk themes, refer to pages 202 to 203 of the Barclays PLC Pillar 3 Report 2020.

# Risk review

## Principal risk management

### Model risk management

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

#### Overview

The Barclays Bank Group uses models to support a broad range of activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures, conducting stress testing, assessing capital adequacy, managing client assets, and meeting reporting requirements.

Since models are imperfect and incomplete representations of reality, they may be subject to errors affecting the accuracy of their output. Model errors and misuse are the primary sources of model risk.

#### Organisation, roles and responsibilities

The Barclays Group has a dedicated Model Risk Management (MRM) function that consists of four teams: (i) Independent Validation Unit (IVU), responsible for model validation and approval; (ii) Model Governance and Controls (MGC), responsible for regulatory, audit, policy, standards, conformance and controls; (iii) Strategy and Transformation responsible for inventory, strategy, communications and business management and (iv) Model Risk Measurement and Quantification (MRMQ), responsible for the design of the framework and methodology to accurately measure and quantify model risk.

The model risk management framework consists of the model risk policy and standards. The policy prescribes the Barclays Group-wide, end-to-end requirements for the identification, measurement and management of model risk, covering model documentation, development, implementation, monitoring, annual review, independent validation and approval, change and reporting processes. The policy is supported by global standards covering model inventory, documentation, validation, complexity and materiality, testing and monitoring, overlays, risk appetite, as well as vendor models and stress testing challenger models.

The function reports to the Barclays Group CRO and operates a global framework. Implementation of best practice standards is a central objective of the Barclays Group.

The key model risk management activities include:

- Correctly identifying models across all relevant areas of the Barclays Bank Group, and recording models in the Barclays Group Models Database (GMD), the Barclays Group-wide model inventory.
- Enforcing that every model has a model owner who is accountable for the model. The model owner must sign off models prior to submission to IVU for validation and maintain that the model presented to IVU is and remains fit for purpose.
- Overseeing that every model is subject to validation and approval by IVU, prior to being implemented and on a continual basis.
- Defining model risk appetite in terms of risk tolerance, and qualitative metrics which are used to track and report model risk.

### Conduct risk management

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

#### Overview

The Barclays Bank Group defines, manages and mitigates conduct risk with the objective of providing good customer and client outcomes, protecting market integrity and promoting effective competition.

Conduct risk incorporates risks associated with the maintenance of market integrity, customer protection, and product and services lifecycle governance and the prevention of financial crime.

#### Organisation, roles and responsibilities

The Conduct Risk Management Framework (CRMF) outlines how the Barclays Bank Group manages and measures its Conduct Risk Profile. The Barclays Group Chief Compliance Officer is accountable for developing, maintaining and overseeing a group-wide CRMF. The Barclays Bank Group Chief Compliance Officer is responsible for providing effective oversight, management and escalation of conduct risk in line with the CRMF. This includes overseeing the development and maintenance of the relevant conduct risk policies and standards and monitoring and reporting on the consistent application and effectiveness of the implementation of controls to manage conduct risk. It is the responsibility of the first line of defence to establish controls to manage its performance and assess conformance to these policies and controls.

Senior managers are accountable within their areas of responsibility for owning and managing conduct risk in accordance with the CRMF, as defined within their regulatory Statement of Responsibilities.

Compliance as an independent second line function is designed to help prevent, detect and manage breaches of applicable laws, rules, regulations and procedures and has a key role in helping Barclays Bank Group achieve the right conduct outcomes and evolve a conduct-focused culture.

The governance of conduct risk within the Barclays Bank Group is fulfilled through management committees and forums operated by the first and second lines of defence with clear escalation and reporting lines to the Board. The Barclays Group and Barclays Bank Group Risk Committee is the primary second line governance committees for the oversight of the Conduct Risk Profile. The risk committee's responsibilities include the identification and discussion of any emerging conduct risks exposures in the Barclays Group and Barclays Bank Group.

### Reputation risk management

The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in Barclays Bank Group's integrity and/or competence.

#### Overview

A reduction of trust in the Barclays Bank Group's integrity and competence may reduce the attractiveness of Barclays Bank Group to customers and clients and other stakeholders and could lead to negative publicity, loss of revenue, regulatory or legislative action, loss of existing and

## Risk review

### Principal risk management

potential client business, reduce workforce morale and difficulties in recruiting talent. Ultimately it may destroy shareholder value.

#### Organisation, roles and responsibilities

The governance of reputation risk within the Barclays Bank Group is fulfilled through management committees and forums operated by the First and Second Lines of Defence, with clear escalation and reporting lines to the relevant Barclays Bank Group Board committees.

The Barclays Bank Group Risk Committee is the most senior executive body responsible for reviewing and monitoring the effectiveness of the Barclays Bank Group management of reputation risk.

The Reputation Risk Management Framework (RRMF) comprises a number of elements that allow the Barclays Bank Group to manage and measure its reputation risk profile. The RRMF sets out what is required to manage reputation risk across the Barclays Bank Group.

The Barclays Bank PLC Chief Compliance Officer is responsible for assessing the appropriateness of the relevant reputation risk policy and standards and oversight of the implementation of controls to manage the risk. The Barclays Bank Group is required to prepare reports for the Barclays Bank Group Risk Committee highlighting the most significant current and potential reputation risks and issues and how they are being managed.

### Legal risk management

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

#### Overview

The Barclays Bank Group has no tolerance for wilful breaches of laws, regulations or other legal obligations. However, the multitude of laws and regulations across the globe are highly dynamic and their application to particular circumstances is often unclear. This results in a high level of inherent legal risk which Barclays Bank Group seeks to mitigate through the operation of a Group-wide legal risk management framework, including the implementation of Group-wide legal risk policies requiring the engagement of legal professionals in situations that have the potential for legal risk. Notwithstanding these mitigating actions, Barclays Bank Group operates with a level of residual legal risk, for which the Barclays Bank Group has limited tolerance.

#### Organisation, roles and responsibilities

The Barclays Bank Group's businesses and functions have primary responsibility for identifying and escalating legal risk in their area as well as responsibility for adherence to minimum control requirements.

The Legal Function organisation and coverage model aligns legal expertise to businesses, functions, products, activities and geographic locations so that the Barclays Bank Group receives support from appropriate legal professionals, working in partnership to manage legal risk. The senior management of the Legal Function oversees, challenges and monitors the legal risk profile and effectiveness of the legal risk control environment across the Barclays Group. The Legal Function does not sit in any of the Three Lines of Defence but supports them all.

The Barclays Group General Counsel is responsible for maintaining a Barclays Group-wide legal risk management framework. This includes defining the relevant legal risk policies and oversight of the implementation of controls to manage and escalate legal risk.

The legal risk profile and control environment is reviewed by management through business risk committees and control committees. The Barclays Bank Group Board Risk Committee is the most senior body responsible for reviewing and monitoring the effectiveness of risk management across the Barclays Bank Group. Escalation paths from this committee exist to the Barclays Group Risk Committee.

# Risk review

## Risk performance

### Credit risk

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# Risk review

## Risk performance

### Credit risk

All disclosures in this section pages 47 to 75 are unaudited unless otherwise stated.

#### Overview

Credit risk represents a significant risk to the Barclays Bank Group and mainly arises from exposure to wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts entered into with clients.

The impact of the COVID-19 pandemic has increased the level of judgement that management has been required to exercise over the course of 2020. Customer and client default rates have remained relatively stable despite the impact of the pandemic and volatile macroeconomic environment. In retail cards, credit profiles improved or were stable versus pre-pandemic levels as a result of government support measures and customer deleveraging. In wholesale, furlough and liquidity funding schemes are supporting businesses through the pandemic, with limited credit deterioration. This lack of deterioration, combined in some cases with improving economics, is leading to large scale credit loss stock releases on a modelled basis in pockets of the portfolio. Given this backdrop, management has applied COVID-19 specific adjustments to modelled outputs to ensure the full potential impacts of stress are provided for. These adjustments address the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has yet captured the range of economic uncertainty, particularly in the UK. Refer to the Management adjustment to models for impairment section on pages 56 to 57 for further details.

Further detail can be found in the financial statements section in Note 7 Credit impairment charges. Descriptions of terminology can be found in the glossary, available at [home.barclays/annualreport](http://home.barclays/annualreport).

#### Summary of performance in the period

Credit impairment charges increased to £3,377m (2019: £1,202m). CIB credit impairment charges increased to £1,565m (2019: £157m) and CC&P credit impairment charges increased to £1,720m (2019: £1,016m) due to the deterioration in economic outlook driven by the COVID-19 pandemic. The current year charge is broadly driven by non-default provision for potential future customer and client stress of £711m in CIB and £752m in CC&P, and £800m of single name wholesale charges. As at 31 December 2020, 30 and 90 days arrears rates in US cards were 2.5% (2019: 2.7%) and 1.4% (2019: 1.4%) respectively.

#### Key metrics

##### Increase of £1,887m impairment allowance

Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements of the allowance in Barclays Bank Group increased by £1,887m to £5,835m (2019: £3,948m) during the year. This is driven by an increase in Wholesale Loans of £922m, Credit cards, unsecured loans and other retail lending of £362m and Home Loans £86m and an increase in off-balance sheet provisions of £517m. Please refer to page 51 Expected Credit loss section for further details.

Please see risk management section on pages 39 to 41 for details of governance, policies and procedures.

## Analysis of the Balance Sheet

### Barclays Bank Group's maximum exposure and effects of netting, collateral and risk transfer

The following tables present a reconciliation between the Barclays Bank Group's maximum exposure and its net exposure to credit risk, reflecting the financial effects of risk mitigation reducing the Barclays Bank Group's exposure.

For financial assets recognised on the balance sheet, maximum exposure to credit risk represents the balance sheet carrying value after allowance for impairment. For off-balance sheet guarantees, the maximum exposure is the maximum amount that the Barclays Bank Group would have to pay if the guarantees were to be called upon. For loan and other credit related commitments, the maximum exposure is the full amount of the committed facilities.

This and subsequent analyses of credit risk exclude other financial assets not subject to credit risk, mainly equity securities.

The Barclays Bank Group mitigates the credit risk to which it is exposed through netting and set-off, collateral and risk transfer. Further detail on these forms of credit enhancement is presented on page 40 of the credit risk management section.

### Overview

As at 31 December 2020, the Barclays Bank Group's net exposure to credit risk, after taking into account credit risk mitigation, increased 9% to £719.6bn. Overall, the extent to which the Barclays Bank Group holds mitigation against its total exposure increased to 43% (2019: 40%).

Of the unmitigated on balance sheet exposure, a significant portion relates to cash held at central banks, cash collateral and settlement balances, and debt securities issued by governments, all of which are considered to be lower risk. The increase in the Barclays Bank Group's net exposure to credit risk has been driven by increases in cash and balances at central banks, cash collateral and settlement balances, trading portfolio assets and derivative financial instruments. Trading portfolio liability positions, which to a significant extent economically hedge trading portfolio assets but which are not held specifically for risk management purposes, are excluded from the analysis. The credit quality of counterparties to derivatives, financial investments and wholesale loan assets are predominantly investment grade and there are no significant changes from prior year. Further analysis on the credit quality of assets is presented on pages 70 to 75.

### Collateral obtained

Where collateral has been obtained in the event of default, the Barclays Bank Group does not, ordinarily, use such assets for its own operations and they are usually sold on a timely basis. The carrying value of assets held by the Barclays Bank Group as at 31 December 2020, as a result of the enforcement of collateral, was £6m (2019: £6m).



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**Risk performance**  
 Credit risk

**Maximum exposure and effect of netting, collateral and risk transfer (audited)**

Barclays Bank Group	Maximum exposure	Netting and set-off	Cash collateral	Non-cash collateral	Risk transfer	Net exposure
As at 31 December 2020	£m	£m	£m	£m	£m	£m
<b>On-balance sheet:</b>						
<b>Cash and balances at central banks</b>	155,902	-	-	-	-	155,902
<b>Cash collateral and settlement balances</b>	97,616	-	-	-	-	97,616
<b>Loans and advances at amortised cost:</b>						
Home loans	11,193	-	(283)	(10,782)	(85)	43
Credit cards, unsecured loans and other retail lending	23,368	-	(827)	(3,459)	(195)	18,887
Wholesale loans	99,706	(6,988)	(50)	(24,328)	(4,419)	63,921
<b>Total loans and advances at amortised cost</b>	134,267	(6,988)	(1,160)	(38,569)	(4,699)	82,851
<i>Of which credit-impaired (Stage 3):</i>						
Home loans	723	-	(13)	(708)	-	2
Credit cards, unsecured loans and other retail lending	600	-	(10)	(218)	(2)	370
Wholesale loans	1,327	-	(4)	(167)	(85)	1,071
<b>Total credit-impaired loans and advances at amortised cost</b>	2,650	-	(27)	(1,093)	(87)	1,443
Reverse repurchase agreements and other similar secured lending	8,981	-	-	(8,981)	-	-
<b>Trading portfolio assets:</b>						
Debt securities	56,196	-	-	(391)	-	55,805
Traded loans	8,348	-	-	(374)	-	7,974
<b>Total trading portfolio assets</b>	64,544	-	-	(765)	-	63,779
<b>Financial assets at fair value through the income statement:</b>						
Loans and advances	27,449	-	(9)	(21,819)	-	5,621
Debt securities	1,697	-	-	(292)	-	1,405
Reverse repurchase agreements	138,558	-	(685)	(137,466)	-	407
Other financial assets	315	-	-	-	-	315
<b>Total financial assets at fair value through the income statement</b>	168,019	-	(694)	(159,577)	-	7,748
<b>Derivative financial instruments</b>	302,693	(233,088)	(43,164)	(4,656)	(6,409)	15,376
<b>Financial assets at fair value through other comprehensive income</b>	51,901	-	-	(106)	(1,065)	50,730
<b>Other assets</b>	614	-	-	-	-	614
<b>Total on-balance sheet</b>	984,537	(240,076)	(45,018)	(212,654)	(12,173)	474,616
<b>Off-balance sheet:</b>						
Contingent liabilities	20,932	-	(1,095)	(2,135)	(282)	17,420
Loan commitments	265,022	-	(56)	(35,970)	(1,479)	227,517
<b>Total off-balance sheet</b>	285,954	-	(1,151)	(38,105)	(1,761)	244,937
<b>Total</b>	1,270,491	(240,076)	(46,169)	(250,759)	(13,934)	719,553

Off-balance sheet exposures are shown gross of provisions of £769m (2019: £252m). See Note 24 for further details.

In addition to the above, Barclays Bank Group holds forward starting reverse repos amounting to £30.8bn (2019: £31.1bn). The balances are fully collateralised.

Wholesale loans and advances at amortised cost include £1bn of CBILs and CLBILs supported by UK government guarantees.

For further information on credit risk mitigation techniques, refer to page 40 within the credit risk management section.

Risk review  
**Risk performance**  
 Credit risk

**Maximum exposure and effects of netting, collateral and risk transfer (audited)**

<b>Barclays Bank Group</b>	Maximum exposure	Netting and set-off	Cash collateral	Non-cash collateral	Risk transfer	Net exposure
<b>As at 31 December 2019</b>	£m	£m	£m	£m	£m	£m
<b>On-balance sheet:</b>						
<b>Cash and balances at central banks</b>	125,940	-	-	-	-	125,940
<b>Cash collateral and settlement balances</b>	79,486	-	-	-	-	79,486
<b>Loans and advances at amortised cost:</b>						
Home loans	10,986	-	(293)	(10,582)	(69)	42
Credit cards, unsecured loans and other retail lending	33,503	-	(695)	(4,753)	(256)	27,799
Corporate loans	97,147	(7,636)	(146)	(25,915)	(4,550)	58,900
<b>Total loans and advances at amortised cost</b>	141,636	(7,636)	(1,134)	(41,250)	(4,875)	86,741
<i>Of which credit-impaired (Stage 3):</i>						
Home loans	764	-	(2)	(749)	(13)	-
Credit cards, unsecured loans and other retail lending	658	-	(7)	(271)	(3)	377
Corporate loans	780	-	(9)	(209)	(19)	543
<b>Total credit-impaired loans and advances at amortised cost</b>	2,202	-	(18)	(1,229)	(35)	920
<b>Reverse repurchase agreements and other similar secured lending</b>	1,731	-	-	(1,731)	-	-
<b>Trading portfolio assets:</b>						
Debt securities	51,880	-	-	(423)	-	51,457
Traded loans	5,378	-	-	(134)	-	5,244
<b>Total trading portfolio assets</b>	57,258	-	-	(557)	-	56,701
<b>Financial assets at fair value through the income statement:</b>						
Loans and advances	19,137	-	(14)	(14,791)	(57)	4,275
Debt securities	5,220	-	-	-	-	5,220
Reverse repurchase agreements	97,823	-	(1,132)	(96,672)	-	19
Other financial assets	742	-	-	-	-	742
<b>Total financial assets at fair value through the income statement</b>	122,922	-	(1,146)	(111,463)	(57)	10,256
<b>Derivative financial instruments</b>	229,641	(176,022)	(33,469)	(5,403)	(5,564)	9,183
<b>Financial assets at fair value through other comprehensive income</b>	45,405	-	-	(305)	(727)	44,373
<b>Other assets</b>	614	-	-	-	-	614
<b>Total on-balance sheet</b>	804,633	(183,658)	(35,749)	(160,709)	(11,223)	413,294
<b>Off-balance sheet:</b>						
Contingent liabilities	23,777	-	(400)	(4,412)	(159)	18,806
Loan commitments	270,027	-	(48)	(42,420)	(1,913)	225,646
<b>Total off-balance sheet</b>	293,804	-	(448)	(46,832)	(2,072)	244,452
<b>Total</b>	1,098,437	(183,658)	(36,197)	(207,541)	(13,295)	657,746

# Risk review

## Risk performance

Credit risk

### Expected Credit Losses

#### Loans and advances at amortised cost by product

The table below presents a breakdown of loans and advances at amortised cost and the impairment allowance with stage allocation by asset classification.

Impairment allowance under IFRS 9 considers both the drawn and the undrawn counterparty exposure. For retail portfolios, the total impairment allowance is allocated to the drawn exposure to the extent that the allowance does not exceed the exposure as ECL is not reported separately. Any excess is reported on the liability side of the balance sheet as a provision. For wholesale portfolios the impairment allowance on the undrawn exposure is reported on the liability side of the balance sheet as a provision.

#### Barclays Bank Group (audited)

As at 31 December 2020	Stage 2				Total	Stage 3	Total <sup>a</sup>
	Stage 1	Not past due	<=30 days past due	>30 days past due			
<b>Gross exposure</b>	£m	£m	£m	£m	£m	£m	£m
Home loans	9,627	761	53	87	901	1,099	11,627
Credit cards, unsecured loans and other retail lending	18,923	4,987	393	191	5,571	1,853	26,347
Wholesale loans	83,254	14,184	1,066	688	15,938	2,167	101,359
<b>Total</b>	<b>111,804</b>	<b>19,932</b>	<b>1,512</b>	<b>966</b>	<b>22,410</b>	<b>5,119</b>	<b>139,333</b>
<b>Impairment allowance</b>							
Home loans	6	40	6	6	52	376	434
Credit cards, unsecured loans and other retail lending	399	1,092	111	124	1,327	1,253	2,979
Wholesale loans	280	475	49	9	533	840	1,653
<b>Total</b>	<b>685</b>	<b>1,607</b>	<b>166</b>	<b>139</b>	<b>1,912</b>	<b>2,469</b>	<b>5,066</b>
<b>Net exposure</b>							
Home loans	9,621	721	47	81	849	723	11,193
Credit cards, unsecured loans and other retail lending	18,524	3,895	282	67	4,244	600	23,368
Wholesale loans	82,974	13,709	1,017	679	15,405	1,327	99,706
<b>Total</b>	<b>111,119</b>	<b>18,325</b>	<b>1,346</b>	<b>827</b>	<b>20,498</b>	<b>2,650</b>	<b>134,267</b>
<b>Coverage ratio</b>	%	%	%	%	%	%	%
Home loans	0.1	5.3	11.3	6.9	5.8	34.2	3.7
Credit cards, unsecured loans and other retail lending	2.1	21.9	28.2	64.9	23.8	67.6	11.3
Wholesale loans	0.3	3.3	4.6	1.3	3.3	38.8	1.6
<b>Total</b>	<b>0.6</b>	<b>8.1</b>	<b>11.0</b>	<b>14.4</b>	<b>8.5</b>	<b>48.2</b>	<b>3.6</b>
<b>As at 31 December 2019</b>							
<b>Gross exposure</b>	£m	£m	£m	£m	£m	£m	£m
Home loans	9,604	544	48	82	674	1,056	11,334
Credit cards, unsecured loans and other retail lending	29,541	3,806	304	340	4,450	2,129	36,120
Wholesale loans	89,200	6,489	354	672	7,515	1,163	97,878
<b>Total</b>	<b>128,345</b>	<b>10,839</b>	<b>706</b>	<b>1,094</b>	<b>12,639</b>	<b>4,348</b>	<b>145,332</b>
<b>Impairment allowance</b>							
Home loans	16	24	9	7	40	292	348
Credit cards, unsecured loans and other retail lending	362	523	99	162	784	1,471	2,617
Wholesale loans	114	219	8	7	234	383	731
<b>Total</b>	<b>492</b>	<b>766</b>	<b>116</b>	<b>176</b>	<b>1,058</b>	<b>2,146</b>	<b>3,696</b>
<b>Net exposure</b>							
Home loans	9,588	520	39	75	634	764	10,986
Credit cards, unsecured loans and other retail lending	29,179	3,283	205	178	3,666	658	33,503
Wholesale loans	89,086	6,270	346	665	7,281	780	97,147
<b>Total</b>	<b>127,853</b>	<b>10,073</b>	<b>590</b>	<b>918</b>	<b>11,581</b>	<b>2,202</b>	<b>141,636</b>
<b>Coverage ratio</b>	%	%	%	%	%	%	%
Home loans	0.2	4.4	18.8	8.5	5.9	27.7	3.1
Credit cards, unsecured loans and other retail lending	1.2	13.7	32.6	47.6	17.6	69.1	7.2
Wholesale loans	0.1	3.4	2.3	1.0	3.1	32.9	0.7
<b>Total</b>	<b>0.4</b>	<b>7.1</b>	<b>16.4</b>	<b>16.1</b>	<b>8.4</b>	<b>49.4</b>	<b>2.5</b>

Note  
a Other financial assets subject to impairment excluded in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £150.3bn (December 2019: £125.5bn) and impairment allowance of £145m (December 2019: £22m). This comprises £7m (December 2019: £10m) ECL on £146.3bn (December 2019: £124.7bn) Stage 1 assets, £6m (December 2019: £2m) on £3.8bn (December 2019: £0.8bn) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £132m (December 2019: £10m) on £132m (December 2019: £10m) Stage 3 other assets. Loan commitments and financial guarantee contracts have total ECL of £769m (December 2019: £252m).

## Risk review

### Risk performance

#### Credit risk

#### Movement in gross exposures and impairment allowance including provisions for loan commitments and financial guarantees

The following tables present a reconciliation of the opening to the closing balance of the exposure and impairment allowance. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in page 121. Transfers between stages in the tables have been reflected as if they had taken place at the beginning of the year. The movements are measured over a 12-month period.

Loans and advances at amortised cost (audited)								
Barclays Bank Group	Stage 1		Stage 2		Stage 3		Total	
	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
<b>Home loans</b>								
<b>As at 1 January 2020</b>	<b>9,604</b>	<b>16</b>	<b>674</b>	<b>40</b>	<b>1,056</b>	<b>292</b>	<b>11,334</b>	<b>348</b>
Transfers from Stage 1 to Stage 2	(537)	(1)	537	1	-	-	-	-
Transfers from Stage 2 to Stage 1	204	7	(204)	(7)	-	-	-	-
Transfers to Stage 3	(157)	-	(52)	(7)	209	7	-	-
Transfers from Stage 3	29	-	55	1	(84)	(1)	-	-
Business activity in the year	1,193	1	-	-	1	-	1,194	1
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	133	(17)	(62)	25	32	96	103	104
Final repayments	(842)	-	(47)	(1)	(98)	(1)	(987)	(2)
Disposals <sup>b</sup>	-	-	-	-	-	-	-	-
Write-offs <sup>c</sup>	-	-	-	-	(17)	(17)	(17)	(17)
<b>As at 31 December 2020<sup>d</sup></b>	<b>9,627</b>	<b>6</b>	<b>901</b>	<b>52</b>	<b>1,099</b>	<b>376</b>	<b>11,627</b>	<b>434</b>
<b>Credit cards, unsecured loans and other retail lending</b>								
<b>As at 1 January 2020</b>	<b>29,541</b>	<b>362</b>	<b>4,450</b>	<b>784</b>	<b>2,129</b>	<b>1,471</b>	<b>36,120</b>	<b>2,617</b>
Transfers from Stage 1 to Stage 2	(4,116)	(92)	4,116	92	-	-	-	-
Transfers from Stage 2 to Stage 1	994	139	(994)	(139)	-	-	-	-
Transfers to Stage 3	(464)	(19)	(516)	(188)	980	207	-	-
Transfers from Stage 3	21	12	59	8	(80)	(20)	-	-
Business activity in the year	3,467	35	130	32	29	7	3,626	74
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(4,613)	15	(1,231)	806	38	731	(5,806)	1,552
Final repayments	(2,232)	(29)	(168)	(23)	(68)	(8)	(2,468)	(60)
Transfers to Barclays Group <sup>a</sup>	(2,182)	(16)	(92)	(25)	(47)	(41)	(2,321)	(82)
Disposals <sup>b</sup>	(1,493)	(8)	(183)	(20)	(92)	(58)	(1,768)	(86)
Write-offs <sup>c</sup>	-	-	-	-	(1,036)	(1,036)	(1,036)	(1,036)
<b>As at 31 December 2020<sup>d</sup></b>	<b>18,923</b>	<b>399</b>	<b>5,571</b>	<b>1,327</b>	<b>1,853</b>	<b>1,253</b>	<b>26,347</b>	<b>2,979</b>
<b>Wholesale loans</b>								
<b>As at 1 January 2020</b>	<b>89,200</b>	<b>114</b>	<b>7,515</b>	<b>234</b>	<b>1,163</b>	<b>383</b>	<b>97,878</b>	<b>731</b>
Transfers from Stage 1 to Stage 2	(10,213)	(31)	10,213	31	-	-	-	-
Transfers from Stage 2 to Stage 1	2,651	25	(2,651)	(25)	-	-	-	-
Transfers to Stage 3	(772)	(3)	(642)	(50)	1,414	53	-	-
Transfers from Stage 3	189	-	34	1	(223)	(1)	-	-
Business activity in the year	19,773	44	1,954	144	393	67	22,120	255
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	7,033	154	2,969	248	5	687	10,007	1,089
Final repayments	(24,098)	(22)	(2,844)	(28)	(283)	(59)	(27,225)	(109)
Transfers to Barclays Group <sup>a</sup>	(509)	(1)	(600)	(22)	(18)	(6)	(1,127)	(29)
Disposals <sup>b</sup>	-	-	(10)	-	-	-	(10)	-
Write-offs <sup>c</sup>	-	-	-	-	(284)	(284)	(284)	(284)
<b>As at 31 December 2020<sup>d</sup></b>	<b>83,254</b>	<b>280</b>	<b>15,938</b>	<b>533</b>	<b>2,167</b>	<b>840</b>	<b>101,359</b>	<b>1,653</b>

#### Notes

a Transfers to Barclays Group include a £2.3bn transfer of the Barclays Partner Finance retail portfolio reported within Credit cards, unsecured loans and other retail lending and £1.1bn transfer of the Barclays Mercantile Business Finance Limited reported within Wholesale loans to Barclays Principal Investments Limited.

b The £1.8bn disposals reported within Credit cards, unsecured loans and other retail lending portfolio include sale of motor financing business within the Barclays Partner Finance business. Disposal within Wholesale loans include sale of debt securities as part of Group Treasury Operations.

c In 2020, gross write-offs amounted to £1,337m (2019: £1,293m) and post write-off recoveries amounted to £4m (2019: £73m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £1,333m (2019: £1,220m).

d Other financial assets subject to impairment excluded in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £150.3bn (December 2019: £125.5bn) and impairment allowance of £145m (December 2019: £22m). This comprises £7m (December 2019: £10m) ECL on £146.3bn (December 2019: £124.7bn) Stage 1 assets, £6m (December 2019: £2m) on £3.8bn (December 2019: £0.8bn) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £132m (December 2019: £10m) on £132m (December 2019: £10m) Stage 3 other assets. Loan commitments and financial guarantee contracts have total ECL of £769m (December 2019: £252m).

# Risk review

## Risk performance

### Credit risk

#### Reconciliation of ECL movement to impairment charge/(release) for the period

	£m
<i>Home loans</i>	103
<i>Credit cards, unsecured loans and other retail lending</i>	1,484
<i>Wholesale loans</i>	1,206
<b>ECL movement excluding assets derecognised due to disposals and write-offs</b>	<b>2,793</b>
Recoveries and reimbursements <sup>a</sup>	(368)
Exchange and other adjustments <sup>b</sup>	267
Impairment charge on loan commitments and financial guarantees	547
Impairment charge on other financial assets <sup>c</sup>	138
<b>Income statement charge for the period</b>	<b>3,377</b>

#### Notes

- a Recoveries and reimbursements includes £364m for reimbursements expected to be received under the arrangement where Group has entered into financial guarantee contracts which provide credit protection over certain loans assets with third parties. Cash recoveries of previously written off amounts to £4m.
- b Includes foreign exchange and interest and fees in suspense
- c Other financial assets subject to impairment excluded in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £150.3bn (December 2019: £125.5bn) and impairment allowance of £145m (December 2019: £22m). This comprises £7m (December 2019: £10m) ECL on £146.3bn (December 2019: £124.7bn) Stage 1 assets, £6m (December 2019: £2m) on £3.8bn (December 2019: £0.8bn) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £132m (December 2019: £10m) on £132m (December 2019: £10m) Stage 3 other assets. Loan commitments and financial guarantee contracts have total ECL of £769m (December 2019: £252m).

#### Loan commitments and financial guarantees (audited)

Barclays Bank Group	Stage 1		Stage 2		Stage 3		Total	
	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
<b>Home loans</b>								
<b>As at 1 January 2020</b>	34	-	-	-	-	-	34	-
Net transfers between stages	(4)	-	4	-	-	-	-	-
Business activity in the year	113	-	-	-	-	-	113	-
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1	-	-	-	4	-	5	-
Limit management and final repayments	(19)	-	(2)	-	-	-	(21)	-
<b>As at 31 December 2020</b>	<b>125</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>131</b>	<b>-</b>

#### Credit cards, unsecured loans and other retail lending

<b>As at 1 January 2020</b>	78,257	22	2,053	15	67	14	80,377	51
Net transfers between stages	(4,124)	6	3,603	(2)	521	(4)	-	-
Business activity in the year	4,591	2	128	1	1	1	4,720	4
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1,471	5	1,076	20	(553)	15	1,994	40
Limit management and final repayments	(11,984)	(1)	(616)	(1)	(6)	(3)	(12,606)	(5)
<b>As at 31 December 2020</b>	<b>68,211</b>	<b>34</b>	<b>6,244</b>	<b>33</b>	<b>30</b>	<b>23</b>	<b>74,485</b>	<b>90</b>

#### Wholesale loans

<b>As at 1 January 2020</b>	183,001	63	12,053	97	636	41	195,690	201
Net transfers between stages	(28,048)	67	27,052	(72)	996	5	-	-
Business activity in the year	42,904	32	4,705	102	774	2	48,383	136
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	12,755	50	(219)	334	(79)	(19)	12,457	365
Limit management and final repayments	(50,208)	(7)	(4,165)	(15)	(296)	(1)	(54,669)	(23)
<b>As at 31 December 2020</b>	<b>160,404</b>	<b>205</b>	<b>39,426</b>	<b>446</b>	<b>2,031</b>	<b>28</b>	<b>201,861</b>	<b>679</b>

# Risk review

## Risk performance

### Credit risk

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
<b>Home loans</b>								
<b>As at 1 January 2019</b>	11,486	26	860	47	1,194	307	13,540	380
Transfers from Stage 1 to Stage 2	(320)	(1)	320	1	-	-	-	-
Transfers from Stage 2 to Stage 1	301	11	(301)	(11)	-	-	-	-
Transfers to Stage 3	(103)	-	(94)	(12)	197	12	-	-
Transfers from Stage 3	13	-	70	2	(83)	(2)	-	-
Business activity in the year	785	1	-	-	-	-	785	1
Changes to models used for calculation <sup>a</sup>	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(793)	(19)	(58)	19	(70)	1	(921)	1
Final repayments	(1,042)	(1)	(61)	(2)	(159)	(5)	(1,262)	(8)
Disposals <sup>b</sup>	(723)	(1)	(62)	(4)	(2)	-	(787)	(5)
Write-offs <sup>c</sup>	-	-	-	-	(21)	(21)	(21)	(21)
<b>As at 31 December 2019<sup>d</sup></b>	<b>9,604</b>	<b>16</b>	<b>674</b>	<b>40</b>	<b>1,056</b>	<b>292</b>	<b>11,334</b>	<b>348</b>
<b>Credit cards, unsecured loans and other retail lending</b>								
<b>As at 1 January 2019</b>	29,548	356	4,926	972	2,078	1,433	36,552	2,761
Transfers from Stage 1 to Stage 2	(1,611)	(41)	1,611	41	-	-	-	-
Transfers from Stage 2 to Stage 1	2,134	312	(2,134)	(312)	-	-	-	-
Transfers to Stage 3	(585)	(15)	(524)	(244)	1,109	259	-	-
Transfers from Stage 3	4	3	16	8	(20)	(11)	-	-
Business activity in the year	6,007	75	311	56	45	10	6,363	141
Changes to models used for calculation <sup>a</sup>	-	16	-	(57)	-	(7)	-	(48)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(3,690)	(318)	410	346	341	1,018	(2,939)	1,046
Final repayments	(2,266)	(26)	(166)	(26)	(202)	(31)	(2,634)	(83)
Disposals <sup>b</sup>	-	-	-	-	(54)	(32)	(54)	(32)
Write-offs <sup>c</sup>	-	-	-	-	(1,168)	(1,168)	(1,168)	(1,168)
<b>As at 31 December 2019<sup>d</sup></b>	<b>29,541</b>	<b>362</b>	<b>4,450</b>	<b>784</b>	<b>2,129</b>	<b>1,471</b>	<b>36,120</b>	<b>2,617</b>
<b>Wholesale loans</b>								
<b>As at 1 January 2019</b>	81,555	107	8,238	236	917	359	90,710	702
Transfers from Stage 1 to Stage 2	(2,465)	(6)	2,465	6	-	-	-	-
Transfers from Stage 2 to Stage 1	2,905	42	(2,905)	(42)	-	-	-	-
Transfers to Stage 3	(305)	(1)	(381)	(13)	686	14	-	-
Transfers from Stage 3	52	-	92	15	(144)	(15)	-	-
Business activity in the year	31,714	44	1,496	22	31	-	33,241	66
Changes to models used for calculation <sup>a</sup>	-	(9)	-	(19)	-	-	-	(28)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	7,366	(33)	615	70	139	220	8,120	257
Final repayments	(31,622)	(30)	(2,105)	(41)	(362)	(91)	(34,089)	(162)
Disposals <sup>b</sup>	-	-	-	-	-	-	-	-
Write-offs <sup>c</sup>	-	-	-	-	(104)	(104)	(104)	(104)
<b>As at 31 December 2019<sup>d</sup></b>	<b>89,200</b>	<b>114</b>	<b>7,515</b>	<b>234</b>	<b>1,163</b>	<b>383</b>	<b>97,878</b>	<b>731</b>

#### Notes

- a Changes to models used for calculation include a £48m movement in Credit cards, unsecured loans and other retail lending and a £28m movement in Wholesale loans. These reflect methodology changes made during the year. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.
- b The £787m movement of gross loans and advances disposed of across Home Loans relates to the sale of a portfolio of mortgages from the Italian loan book. The £54m disposal reported within Credit cards, unsecured loans and other retail lending portfolio relates to debt sales undertaken during the year.
- c In 2019, gross write-offs amounted to £1,293m (2018: £1,456m) and post write-off recoveries amounted to £73m (2018: £86m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £1,220m (2018: £1,370m).
- d Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £125.5bn (December 2018: £120.1bn) and impairment allowance of £22m (December 2018: £11m). This comprises £10m ECL (December 2018: £9m) on £124.7bn stage 1 assets (December 2018: £119.6bn) and £2m (December 2018: £2m) on £0.8bn stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2018: £0.5bn) and £10m (December 2018: £nil) on £10m Stage 3 other assets (December 2018: £nil).

# Risk review

## Risk performance

### Credit risk

#### Reconciliation of ECL movement to impairment charge/(release) for the period

	£m
<i>Home loans</i>	(6)
<i>Credit cards, unsecured loans and other retail lending</i>	1,056
<i>Wholesale loans</i>	133
<b>ECL movement excluding assets derecognised due to disposals and write-offs</b>	<b>1,183</b>
Recoveries and reimbursements	(73)
Exchange and other adjustments <sup>a</sup>	31
Impairment charge on loan commitments and financial guarantees	55
Impairment charge on other financial assets <sup>b</sup>	6
<b>Income statement charge for the period</b>	<b>1,202</b>

#### Notes

a Includes foreign exchange and interest and fees in suspense.

b Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £125.5bn (December 2018: £120.1bn) and impairment allowance of £22m (December 2018: £11m). This comprises £10m ECL (December 2018: £9m) on £124.7bn stage 1 assets (December 2018: £119.6bn) and £2m (December 2018: £2m) on £0.8bn stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2018: £0.5bn) and £10m (December 2018: £nil) on £10m Stage 3 other assets (December 2018: £nil).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
<b>Barclays Bank Group</b>								
<b>Home loans</b>								
<b>As at 1 January 2019</b>	15	-	1	-	-	-	16	-
Net transfers between stages	-	-	-	-	-	-	-	-
Business activity in the year	18	-	-	-	-	-	18	-
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1	-	(1)	-	-	-	-	-
Limit management and final repayments	-	-	-	-	-	-	-	-
<b>As at 31 December 2019</b>	<b>34</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34</b>	<b>-</b>
<b>Credit cards, unsecured loans and other retail lending</b>								
<b>As at 1 January 2019</b>	74,624	32	4,304	21	69	20	78,997	73
Net transfers between stages	251	4	(981)	(3)	730	(1)	-	-
Business activity in the year	13,322	2	173	-	6	6	13,501	8
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1,169	(15)	(810)	(2)	(725)	(10)	(366)	(27)
Limit management and final repayments	(11,109)	(1)	(633)	(1)	(13)	(1)	(11,755)	(3)
<b>As at 31 December 2019</b>	<b>78,257</b>	<b>22</b>	<b>2,053</b>	<b>15</b>	<b>67</b>	<b>14</b>	<b>80,377</b>	<b>51</b>
<b>Wholesale loans</b>								
<b>As at 1 January 2019</b>	173,951	59	12,139	83	352	2	186,442	144
Net transfers between stages	(881)	7	585	(8)	296	1	-	-
Business activity in the year	53,666	22	2,777	22	16	-	56,459	44
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	686	(1)	1,211	36	238	41	2,135	76
Limit management and final repayments	(44,421)	(24)	(4,659)	(36)	(266)	(3)	(49,346)	(63)
<b>As at 31 December 2019</b>	<b>183,001</b>	<b>63</b>	<b>12,053</b>	<b>97</b>	<b>636</b>	<b>41</b>	<b>195,690</b>	<b>201</b>



# Risk review

## Risk performance

### Credit risk

## Stage 2 decomposition

### Loans and advances at amortised cost<sup>a</sup>

As at 31 December	2020		2019	
	Gross Exposure	Impairment allowance	Gross Exposure	Impairment allowance
	£m	£m	£m	£m
Quantitative test	17,434	1,698	8,415	848
Qualitative test	3,228	180	3,365	181
30 days past due backstop	1,748	34	859	29
<b>Total Stage 2</b>	<b>22,410</b>	<b>1,912</b>	<b>12,639</b>	<b>1,058</b>

Note

a Where balances satisfy more than one of the above three criteria for determining a significant increase in credit risk, the corresponding gross exposure and ECL has been assigned in order of categories presented.

Stage 2 exposures are predominantly identified using quantitative tests where the lifetime probability of default (PD) has deteriorated more than a pre-determined amount since origination during the year driven by changes in macro-economic variables. This is augmented by inclusion of accounts meeting the designated high risk criteria (including watchlist) for the portfolio under the qualitative test. Qualitative tests include £2bn (2019: £1.7bn) relating to Corporate and Investment Bank, £0.3bn (2019: £0.9bn) relating to Barclaycard International and £0.7bn (2019: £0.7bn) relating to Private Bank.

A small number of other accounts (2% of impairment allowances and 8% of gross exposure) are included in Stage 2. These accounts are not otherwise identified by the quantitative or qualitative tests but are more than 30 days past due. The percentage triggered by these backstop criteria is a measure of the effectiveness of the Stage 2 criteria in identifying deterioration prior to delinquency. These balances include items in Corporate and Investment Bank for reasons such as outstanding interest and fees rather than principal balances.

For further detail on the three criteria for determining a significant increase in credit risk required for Stage 2 classification, refer to Note 7.

## Stage 3 decomposition

### Loans and advances at amortised cost

As at 31 December	2020		2019	
	Gross Exposure	Impairment allowance	Gross Exposure	Impairment allowance
	£m	£m	£m	£m
Exposures not charged-off including within cure period <sup>a</sup>	1,294	398	1,429	490
Exposures individually assessed or in recovery book <sup>b</sup>	3,825	2,071	2,919	1,656
<b>Total Stage 3</b>	<b>5,119</b>	<b>2,469</b>	<b>4,348</b>	<b>2,146</b>

Notes

a Includes £0.6bn (2019: £0.6bn) of gross exposure in a cure period that must remain in Stage 3 for a minimum of 12 months before moving to Stage 2.

b Exposures individually assessed or in recovery book cannot cure out of Stage 3.

## Management adjustments to models for impairment (audited)

Management adjustments to impairment models are applied in order to factor in certain conditions or changes in policy that are not fully incorporated into the impairment models, or to reflect additional facts and circumstances at the period end. Management adjustments are reviewed and incorporated into future model development where applicable.

Total management adjustments to impairment allowance are presented by product below.

### Management adjustments to models for impairment (audited)<sup>a</sup>

As at 31 December	2020		2019	
	Management adjustments to impairment allowances	Proportion of total impairment allowances	Management adjustments to impairment allowances	Proportion of total impairment allowances <sup>b</sup>
	£m	%	£m	%
Home loans	54	12.4	-	-
Credit cards, unsecured loans and other retail lending	960	31.3	3	0.1
Wholesale loans	(78)	(3.3)	(40)	(4.3)
<b>Total</b>	<b>936</b>	<b>16.0</b>	<b>(37)</b>	<b>(0.9)</b>



# Risk review

## Risk performance

### Credit risk

#### Management adjustments to models for impairment charges (audited)<sup>a</sup>

	Impairment allowance pre management adjustments <sup>c</sup>	Economic uncertainty adjustments	Other adjustments	Total impairment allowance
	£m	£m	£m	£m
<b>As at 31 December 2020</b>				
Home loans	380	21	33	434
Credit cards, unsecured loans and other retail lending	2,109	986	(26)	3,069
Wholesale loans	2,410	379	(457)	2,332
<b>Total</b>	<b>4,899</b>	<b>1,386</b>	<b>(450)</b>	<b>5,835</b>

#### Note

a Positive values relate to an increase in impairment allowance.

b The 2019 comparative figures have been restated to include impairment allowance on both drawn and undrawn exposures.

c Includes £3.9bn of modelled ECL, £0.8bn of individually assessed impairments and £0.2bn ECL from non-modelled exposures.

**Economic uncertainty adjustments:** The pandemic impacted the global economy throughout 2020 and macroeconomic forecasts indicate longer term impacts will result in higher unemployment levels and customer and client stress. However, to date, little real credit deterioration has occurred, largely as a result of government and bank support. Observed 30 day arrears rates in consumer loans in particular have remained stable in US cards (2020: 2.5%; 2019: 2.7%). A similar phenomenon is observed in wholesale, where the average risk profile of the portfolio has broadly remained stable between Dec'19 and Dec'20 and has not deteriorated in line with the macro-economic crisis.

Given this backdrop, management has applied COVID-19 specific adjustments to modelled outputs to ensure the full potential impacts of stress are provided for. These adjustments address the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has not yet captured the range of economic uncertainty.

The COVID-19 adjustments of £1.4bn are broadly comprised as follows:

- Use of expert judgement to adjust the probability of default £0.1bn to pre-COVID levels to reflect the impact of temporary support measures on underlying customer behaviour.
- Adjusting macro-economic variables deemed temporarily influenced by support measures, enabling models to consume the expected stress, £1.0bn.
- A £0.3bn adjustment has been applied to selected sectors in Stage 1 to increase the ECL coverage on these names in line with the average Stage 2 coverage of the respective sector. This adjustment is materially in response to the increased stress in these sectors not captured through the ECL models.

#### Other adjustments:

**Wholesale loans:** Adjustments include a release in the Investment Bank to limit excessive ECL sensitivity to the macroeconomic variable for Federal Tax Receipts and a correction to Corporate and Investment Bank ECL to adjust for model inaccuracies informed by back-testing.

Management adjustments of £37m in 2019 represent a number of small adjustments to PDs and losses given default (LGD) partially offset by £50m for UK economic uncertainty, now subsumed within managements broader approach to economic uncertainty.

#### Measurement uncertainty and sensitivity analysis

The measurement of ECL involves complexity and judgement, including estimation of PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default (EAD) and assessing significant increases in credit risk.

The Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium term forecasts), Bloomberg (based on median of economic forecasts) and the Urban Land Institute (for US House Prices), which forms the Baseline scenario. In addition, two adverse scenarios (Downside 1 and Downside 2) and two favourable scenarios (Upside 1 and Upside 2) are derived, with associated probability weightings. The adverse scenarios are calibrated to a broadly similar severity to Barclays' internal stress tests and stress scenarios provided by regulators whilst also considering IFRS 9 specific sensitivities and non-linearity. Downside 2 is benchmarked to the Bank of England's stress scenarios and to the most severe scenario from Moody's inventory, but is not designed to be the same. The favourable scenarios are calibrated to reflect upside risks to the Baseline scenario to the extent that is broadly consistent with recent favourable benchmark scenarios. All scenarios are regenerated at a minimum annually. The scenarios include eight economic variables, (GDP, unemployment, House Price Index (HPI) and base rates in both the UK and US markets), and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately eight years.

Scenarios used to calculate the Group's ECL charge were reviewed and updated regularly throughout 2020, following the outbreak of the COVID-19 pandemic in the first quarter. The current Baseline scenario reflects the latest consensus economic forecasts with a steady recovery in GDP in the UK and the US, and unemployment continuing to decrease in the US and peaking at Q221 in the UK followed by a steady decline. In the downside scenarios, an economic downturn in early 2021 in the UK and the US begins to recover later in the year, with unemployment increasing to the end of 2021. In the upside scenarios, the strong rebound in UK and US GDP continues into 2021, following the bounce-back in growth in Q320 and, subsequently, the projections stay above the year on year growth rates seen in the Baseline for a prolonged period of time before finally reverting to the long term run rate. This reflects the assumption of approved vaccines being successfully rolled out throughout 2021 and pent up savings being deployed into a more certain consumer environment to drive significant growth. Scenario weights have been updated to reflect the latest economics.

## Risk review

### Risk performance

#### Credit risk

As a result of government and bank support measures, significant credit deterioration has not yet occurred. This delay increases uncertainty on the timing of the stress and the realisation of defaults. Management has applied COVID-19 specific adjustments to modelled outputs to reflect the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has yet captured the range of economic uncertainty, particularly in the UK. As a result, ECL is higher than would be the case if it were based on the forecast economic scenarios alone.

#### Scenario weights (audited)

The methodology for estimating probability weights for each of the scenarios involves a comparison of the distribution of key historical UK and US macroeconomic variables against the forecast paths of the five scenarios. The methodology works such that the Baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favourable scenarios depend on the deviation from the Baseline; the further from the Baseline, the smaller the weight. This is reflected in the table below where the probability weights of the scenarios are shown. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The same scenarios and weights that are used in the estimation of expected credit losses are also used for Barclays internal planning purposes. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables, for example, mortgages are highly sensitive to house prices and credit cards and unsecured consumer loans are highly sensitive to unemployment.

The range of forecast paths generated in the calculation of the weights at 31 December 2020 is much wider than in previous periods due to the uncertainty caused by COVID-19, thus the Upside and Downside scenarios are further away from the tails of the distribution than previously resulting in a more even spread of weights than at 31 December 2019.

The economic environment remains uncertain and future impairment charges may be subject to further volatility (including from changes to macroeconomic variable forecasts) depending on the longevity of the COVID-19 pandemic and related containment measures, as well as the longer term effectiveness of central bank, government and other support measures.

The tables on the next page show the key consensus macroeconomic variables used in the five scenarios (Three-year annual paths), the probability weights applied to each scenario and the macroeconomic variables by scenario using 'specific bases' i.e. the most extreme position of each variable in the context of the scenario, for example, the highest unemployment for downside scenarios and the lowest unemployment for upside scenarios. Five-year average tables and movement over time graphs provide additional transparency.

Annual paths show quarterly averages for the year (unemployment and base rate) or change in the year (GDP and HPI). Expected worst point is the most negative quarter, in the relevant 3 year period, which is calculated relative to the start point for GDP and HPI.

# Risk review

## Risk performance

Credit risk

### Baseline average macroeconomic variables used in the calculation of ECL

	2021	2022	2023	Expected Worst Point
As at 31.12.20	%	%	%	%
UK GDP <sup>a</sup>	6.3	3.3	2.6	1.2
UK unemployment <sup>b</sup>	6.7	6.4	5.8	7.4
UK HPI <sup>c</sup>	2.4	2.3	5.0	0.6
UK bank rate	–	(0.1)	-	(0.1)
US GDP <sup>a</sup>	3.9	3.1	2.9	1.0
US unemployment <sup>d</sup>	6.9	5.7	5.6	7.5
US HPI <sup>e</sup>	2.8	4.7	4.7	0.7
US federal funds rate	0.3	0.3	0.3	0.3

	2020	2021	2022	Expected Worst Point
As at 31.12.19	%	%	%	%
UK GDP <sup>a</sup>	1.3	1.5	1.6	0.3
UK unemployment <sup>b</sup>	4.1	4.2	4.2	4.2
UK HPI <sup>c</sup>	1.9	3.1	3.6	0.3
UK bank rate	0.6	0.5	0.8	0.5
US GDP <sup>a</sup>	2.1	1.9	1.9	0.5
US unemployment <sup>d</sup>	3.6	3.9	4.0	4.0
US HPI <sup>e</sup>	3.4	2.9	2.8	1.0
US federal funds rate	1.7	1.5	1.7	1.5

### Downside 2 average macroeconomic variables used in the calculation of ECL

	2021	2022	2023	Expected Worst Point
As at 31.12.20	%	%	%	%
UK GDP <sup>a</sup>	(3.9)	6.5	2.6	(11.0)
UK unemployment <sup>b</sup>	8.0	9.3	7.8	10.1
UK HPI <sup>c</sup>	(13.6)	(10.8)	0.5	(23.0)
UK bank rate	(0.2)	(0.2)	(0.1)	(0.2)
US GDP <sup>a</sup>	(2.4)	3.6	2.1	(6.0)
US unemployment <sup>d</sup>	13.4	11.9	10.1	13.7
US HPI <sup>e</sup>	(17.2)	(0.7)	0.6	(17.8)
US federal funds rate	0.3	0.3	0.3	0.3

	2020	2021	2022	Expected Worst Point
As at 31.12.19	%	%	%	%
UK GDP <sup>a</sup>	(2.3)	(2.7)	(0.3)	(5.7)
UK unemployment <sup>b</sup>	5.7	8.2	8.7	8.8
UK HPI <sup>c</sup>	(7.8)	(22.2)	(5.8)	(32.4)
UK bank rate	2.7	4.0	4.0	1.5
US GDP <sup>a</sup>	(1.2)	(2.6)	(0.6)	(5.3)
US unemployment <sup>d</sup>	4.9	7.7	8.5	8.5
US HPI <sup>e</sup>	(4.4)	(13.6)	(2.9)	(19.8)
US federal funds rate	3.1	3.5	3.5	2.5

# Risk review

## Risk performance

Credit risk

### Downside 1 average macroeconomic variables used in the calculation of ECL

	2021	2022	2023	Expected Worst Point
<b>As at 31.12.20</b>	%	%	%	%
UK GDP <sup>a</sup>	0.1	6.6	3.2	(7.0)
UK unemployment <sup>b</sup>	7.3	8.0	6.9	8.4
UK HPI <sup>c</sup>	(6.7)	(3.5)	1.7	(10.0)
UK bank rate	(0.1)	(0.1)	-	(0.1)
US GDP <sup>a</sup>	0.4	3.6	2.3	(3.0)
US unemployment <sup>d</sup>	11.0	8.9	6.9	11.5
US HPI <sup>e</sup>	(5.9)	1.8	2.6	(5.9)
US federal funds rate	0.3	0.3	0.3	0.3

	2020	2021	2022	Expected Worst Point
<b>As at 31.12.19</b>	%	%	%	%
UK GDP <sup>a</sup>	0.6	0.3	0.6	0.1
UK unemployment <sup>b</sup>	4.7	5.7	5.7	5.8
UK HPI <sup>c</sup>	(2.6)	(4.1)	(1.7)	(8.2)
UK bank rate	1.7	2.8	2.8	0.8
US GDP <sup>a</sup>	1.2	0.4	0.8	0.2
US unemployment <sup>d</sup>	4.0	5.1	5.3	5.4
US HPI <sup>e</sup>	1.2	0.5	0.8	0.5
US federal funds rate	2.6	3.0	3.0	2.0

### Upside 2 average macroeconomic variables used in the calculation of ECL

	2021	2022	2023	Expected Worst Point
<b>As at 31.12.20</b>	%	%	%	%
UK GDP <sup>a</sup>	12.2	5.3	3.9	5.0
UK unemployment <sup>b</sup>	6.2	5.5	4.8	7.4
UK HPI <sup>c</sup>	6.6	10.4	10.8	1.1
UK bank rate	0.1	0.3	0.3	0.1
US GDP <sup>a</sup>	7.1	4.6	4.0	3.4
US unemployment <sup>d</sup>	5.5	4.3	4.1	6.1
US HPI <sup>e</sup>	8.8	9.1	8.9	1.7
US federal funds rate	0.3	0.4	0.6	0.3

	2020	2021	2022	Expected Worst Point
<b>As at 31.12.19</b>	%	%	%	%
UK GDP <sup>a</sup>	3.0	4.0	3.4	0.9
UK unemployment <sup>b</sup>	3.7	3.4	3.5	3.9
UK HPI <sup>c</sup>	6.8	10.8	9.9	1.0
UK bank rate	0.6	0.5	0.5	0.5
US GDP <sup>a</sup>	3.4	4.2	3.6	1.0
US unemployment <sup>d</sup>	3.3	3.0	3.0	3.5
US HPI <sup>e</sup>	7.4	7.6	7.2	1.6
US federal funds rate	1.7	1.5	1.5	1.5

# Risk review

## Risk performance

Credit risk

### Upside 1 average macroeconomic variables used in the calculation of ECL

	2021	2022	2023	Expected Worst Point
	%	%	%	%
<b>As at 31.12.20</b>				
UK GDP <sup>a</sup>	9.3	3.9	3.4	3.5
UK unemployment <sup>b</sup>	6.4	6.0	5.2	7.4
UK HPI <sup>c</sup>	4.6	6.1	6.1	0.8
UK bank rate	0.1	0.1	0.3	0.1
US GDP <sup>a</sup>	5.5	4.0	3.7	2.1
US unemployment <sup>d</sup>	6.0	4.8	4.6	6.7
US HPI <sup>e</sup>	6.8	6.7	6.3	1.4
US federal funds rate	0.3	0.3	0.5	0.3

	2020	2021	2022	Expected Worst Point
	%	%	%	%
<b>As at 31.12.19</b>				
UK GDP <sup>a</sup>	2.2	2.8	2.5	0.6
UK unemployment <sup>b</sup>	3.9	3.8	3.9	4.0
UK HPI <sup>c</sup>	5.0	7.0	6.8	0.7
UK bank rate	0.6	0.5	0.5	0.5
US GDP <sup>a</sup>	2.8	3.3	2.9	0.8
US unemployment <sup>d</sup>	3.5	3.6	3.7	3.7
US HPI <sup>e</sup>	5.1	4.7	4.4	1.4
US federal funds rate	1.7	1.5	1.5	1.5

#### Notes

- a Average Real GDP seasonally adjusted change in year; expected worst point is the minimum growth relative to Q420 (2019: Q419) based on a 12 quarter period.
- b Average UK unemployment rate 16-year+; expected worst point is the highest rate in the 12 quarter period starting Q121 (2019: Q120).
- c Change in year end UK HPI = Halifax All Houses, All Buyers index, relative to prior year end; worst point is based on minimum growth relative to Q420 (2019: Q419) based on a 12 quarter period.
- d Average US civilian unemployment rate 16-year+; expected worst point is the highest rate in the 12 quarter period starting Q121 (2019: Q120).
- e Change in year end US HPI = FHFA house price index, relative to prior year end; worst point is based on minimum growth relative to Q420 (2019: Q419) based on a 12 quarter period.

### Scenario probability weighting (audited)

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	%	%	%	%	%
<b>As at 31 December 2020</b>					
Scenario probability weighting	20.2	24.2	24.7	15.5	15.4
<b>As at 31 December 2019</b>					
Scenario probability weighting	10.1	23.1	40.8	22.7	3.3

Specific bases show the most extreme position of each variable in the context of the scenario, for example, the highest unemployment for downside scenarios, average unemployment for baseline scenarios and lowest unemployment for upside scenarios. GDP and HPI downside and upside scenario data represents the lowest and highest points relative to the start point in the 20 quarter period.

# Risk review

## Risk performance

Credit risk

### Macroeconomic variables used in the calculation of ECL (specific bases) (audited)<sup>a</sup>

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	%	%	%	%	%
<b>As at 31 December 2020</b>					
UK GDP <sup>b</sup>	14.2	8.8	0.7	(22.1)	(22.1)
UK unemployment <sup>c</sup>	4.0	4.0	5.7	8.4	10.1
UK HPI <sup>d</sup>	48.2	30.8	3.6	(4.5)	(18.3)
UK bank rate <sup>e</sup>	0.1	0.1	–	0.6	0.6
US GDP <sup>b</sup>	15.7	12.8	1.6	(10.6)	(10.6)
US unemployment <sup>c</sup>	3.8	3.8	6.4	13.0	13.7
US HPI <sup>d</sup>	42.2	30.9	3.8	(3.7)	(15.9)
US federal funds rate <sup>e</sup>	0.1	0.1	0.3	1.3	1.3
<b>As at 31 December 2019</b>					
UK GDP <sup>b</sup>	15.4	11.7	1.5	0.2	(4.6)
UK unemployment <sup>c</sup>	3.4	3.8	4.1	5.8	8.8
UK HPI <sup>d</sup>	41.1	28.8	2.8	(6.3)	(31.1)
UK bank rate <sup>e</sup>	0.5	0.5	0.7	2.8	4.0
US GDP <sup>b</sup>	17.9	14.9	2.1	0.5	(3.0)
US unemployment <sup>c</sup>	3.0	3.5	3.9	5.4	8.5
US HPI <sup>d</sup>	35.8	23.7	3.2	0.3	(16.7)
US federal funds rate <sup>e</sup>	1.5	1.5	1.8	3.0	3.5

Average basis represents the average quarterly value of variables in the 20 quarter period with GDP and HPI based on yearly average and quarterly CAGRs respectively.

### Macroeconomic variables used in the calculation of ECL (5-year averages) (audited)<sup>a</sup>

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	%	%	%	%	%
<b>As at 31 December 2020</b>					
UK GDP <sup>e</sup>	2.5	1.6	0.7	0.1	(0.9)
UK unemployment <sup>f</sup>	5.0	5.3	5.7	6.5	7.2
UK HPI <sup>g</sup>	8.2	5.5	3.6	(0.2)	(3.6)
UK bank rate <sup>f</sup>	0.3	0.2	–	–	(0.1)
US GDP <sup>e</sup>	2.9	2.4	1.6	0.8	0.1
US unemployment <sup>f</sup>	5.3	5.7	6.4	8.3	10.4
US HPI <sup>g</sup>	7.3	5.5	3.8	0.8	(3.0)
US federal funds rate <sup>f</sup>	0.5	0.5	0.3	0.3	0.3
<b>As at 31 December 2019</b>					
UK GDP <sup>e</sup>	2.9	2.2	1.5	0.8	(0.6)
UK unemployment <sup>f</sup>	3.6	3.9	4.1	5.1	7.0
UK HPI <sup>g</sup>	7.1	5.2	2.8	(1.1)	(6.9)
UK bank rate <sup>f</sup>	0.6	0.6	0.7	2.1	3.1
US GDP <sup>e</sup>	3.4	2.9	2.1	1.3	(0.1)
US unemployment <sup>f</sup>	3.2	3.7	3.9	4.7	6.6
US HPI <sup>g</sup>	6.3	4.3	3.2	1.6	(3.4)
US federal funds rate <sup>f</sup>	1.7	1.7	1.8	2.8	3.2

#### Notes

a UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index; US GDP = Real GDP growth seasonally adjusted; US unemployment = US civilian unemployment rate 16-year+; US HPI = FHFA house price index.

b Maximum growth relative to Q419 (2019: Q418), based on 20 quarter period in Upside scenarios; 5-year yearly average CAGR in Baseline; minimum growth relative to Q419 (2019: Q418), based on 20 quarter period in Downside scenarios.

c Lowest quarter in Upside scenarios; 5-year average in Baseline; highest quarter in Downside scenarios. Period based on 20 quarters from Q120 (2019: Q119).

d Maximum growth relative to Q419 (2019: Q418), based on 20 quarter period in Upside scenarios; 5-year quarter end CAGR in Baseline; minimum growth relative to Q419 (2019: Q418), based on 20 quarter period in Downside scenarios.

e 5-year yearly average CAGR, starting 2019 (2019: 2018)

f 5-year average. Period based on 20 quarters from Q120 (2019: Q119)

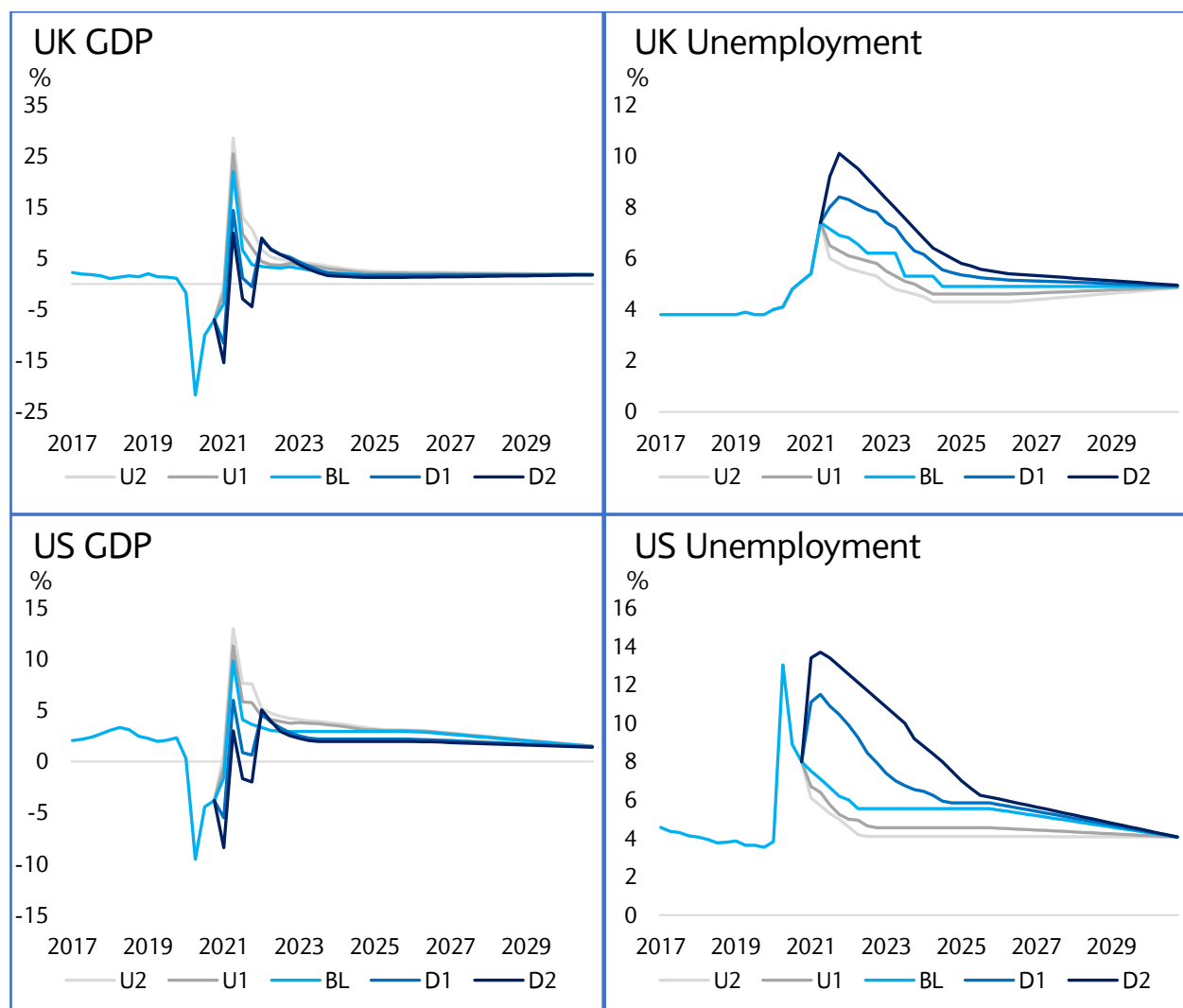
g 5-year quarter end CAGR, starting Q419 (2019: Q418)

2019 data presented on a revised, simplified basis for ease of comparison.

## Risk review

### Risk performance

#### Credit risk



GDP growth based on year on year growth each quarter (Q/(Q-4))

#### ECL under 100% weighted scenarios for modelled portfolios (audited)

The table below shows the Expected Credit Risk (ECL) assuming scenarios have been 100% weighted. Model exposures are allocated to a stage based on the individual scenario rather than through a probability-weighted approach as required for Barclays reported impairment allowances. As a result, it is not possible to back solve to the final reported weighted ECL from the individual scenarios as a balance may be assigned to a different stage dependent on the scenario. Model exposure uses Exposure at default (EAD) values and is not directly comparable to gross exposure used in prior disclosures. For Credit cards, unsecured loans and other retail lending, an average EAD measure is used (12 month or lifetime depending on stage allocation in each scenario). Therefore, the model exposure movement into Stage 2 is higher than the corresponding Stage 1 reduction.

All ECL using a model is included, with the exception of Treasury assets (£8.8m of ECL), providing additional coverage as compared to the 2019 year-end disclosure. Non-modelled exposures and management adjustments are excluded. Management adjustments can be found on pages 56 to 57.

Model Exposures allocated to Stage 3 do not change in any of the scenarios as the transition criteria relies only on observable evidence of default as at 31 December 2020 and not on macroeconomic scenarios.

The Downside 2 scenario represents a severe global recession with substantial falls in UK GDP. Unemployment rises towards 10% in UK markets and 14% in US markets and there are substantial falls in asset prices including housing.

Under the Downside 2 scenario, model exposure moves between stages as the economic environment weakens. This can be seen in the movement of £17bn of model exposure into Stage 2 between the Weighted and Downside 2 scenario. ECL increases in Stage 2 predominantly due to unsecured portfolios as economic conditions deteriorate.



# Risk review

## Risk performance

### Credit risk

As at 31 December 2020	Scenarios					
	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
<b>Stage 1 Model Exposure (£m)</b>						
Home loans	4,404	4,422	4,416	4,407	4,387	4,365
Credit cards, unsecured loans and other retail lending	24,980	24,929	25,097	24,820	24,411	24,247
Wholesale loans	115,949	121,769	120,741	118,930	113,027	101,759
<b>Stage 1 Model ECL (£m)</b>						
Home loans	4	4	4	4	5	5
Credit cards, unsecured loans and other retail lending	236	187	204	230	258	263
Wholesale loans	219	239	231	205	218	221
<b>Stage 1 Coverage (%)</b>						
Home loans	0.1	0.1	0.1	0.1	0.1	0.1
Credit cards, unsecured loans and other retail lending	0.9	0.8	0.8	0.9	1.1	1.1
Wholesale loans	0.2	0.2	0.2	0.2	0.2	0.2
<b>Stage 2 Model Exposure (£m)</b>						
Home loans	557	539	545	554	575	597
Credit cards, unsecured loans and other retail lending	3,171	2,111	2,462	3,215	4,721	5,796
Wholesale loans	29,834	24,015	25,043	26,853	32,757	44,024
<b>Stage 2 Model ECL (£m)</b>						
Home loans	33	31	31	32	36	40
Credit cards, unsecured loans and other retail lending	512	327	382	481	796	1,045
Wholesale loans	1,358	922	1,010	1,174	1,683	2,751
<b>Stage 2 Coverage (%)</b>						
Home loans	5.9	5.8	5.7	5.8	6.3	6.7
Credit cards, unsecured loans and other retail lending	16.1	15.5	15.5	15.0	16.9	18.0
Wholesale loans	4.6	3.8	4.0	4.4	5.1	6.2
<b>Stage 3 Model Exposure (£m)</b>						
Home loans	728	728	728	728	728	728
Credit cards, unsecured loans and other retail lending	1,279	1,279	1,279	1,279	1,279	1,279
Wholesale loans <sup>a</sup>	863	863	863	863	863	863
<b>Stage 3 Model ECL (£m)</b>						
Home loans	298	278	281	284	306	363
Credit cards, unsecured loans and other retail lending	1,190	1,170	1,180	1,191	1,211	1,210
Wholesale loans <sup>a</sup>	25	20	21	23	29	40
<b>Stage 3 Coverage (%)</b>						
Home loans	40.9	38.2	38.6	39.0	42.0	49.9
Credit cards, unsecured loans and other retail lending	93.0	91.5	92.3	93.1	94.7	94.6
Wholesale loans <sup>a</sup>	2.9	2.3	2.4	2.7	3.4	4.6
<b>Total Model ECL (£m)</b>						
Home loans	335	313	316	320	347	408
Credit cards, unsecured loans and other retail lending	1,938	1,684	1,766	1,902	2,265	2,518
Wholesale loans <sup>a</sup>	1,602	1,181	1,262	1,402	1,930	3,012
<b>Total ECL</b>	<b>3,875</b>	<b>3,178</b>	<b>3,344</b>	<b>3,624</b>	<b>4,542</b>	<b>5,938</b>

Note  
a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £835m is reported as individually assessed impairments in the table below.

# Risk review

## Risk performance

### Credit risk

Reconciliation to total ECL		£m
Total model ECL		3,875
ECL from individually assessed impairments		835
ECL from non-modelled and other management adjustments <sup>a</sup>		1,125
<b>Total ECL</b>		<b>5,835</b>

#### Note

a Includes £0.9bn of post model adjustments and £0.2bn ECL from non-modelled exposures.

The dispersion of results around the Baseline is an indication of uncertainty around the future projections. The disclosure highlights the results of the alternative scenarios enabling the reader to understand the extent of the impact on exposure and ECL from the upside/downside scenarios. Consequently, the use of five scenarios with associated weightings results in a total weighted ECL uplift from the Baseline ECL of 7%, largely driven wholesale loans.

**Home loans:** Total weighted ECL of £335m represents a 5% increase over the Baseline ECL (£320m) reflecting the nature of the Italy portfolio.

**Credit cards, unsecured loans and other retail lending:** Total weighted ECL of £1,938m represents a 2% increase over the Baseline ECL (£1,902m) reflecting the range of economic scenarios used, mainly impacted by Unemployment and key retail variables. Total ECL increases to £2,518m under the Downside 2 scenario, mainly driven by Stage 2, where coverage rates increase to 18% from a weighted scenario approach of 16.1% and a £3bn increase in model exposure that meets the Significant Increase in Credit Risk criteria and transitions from Stage 1 to Stage 2.

**Wholesale loans:** Total weighted ECL of £1,602m represents a 14% increase over the Baseline ECL (£1,402m) reflecting the range of economic scenarios used, with exposures in the Investment Bank particularly sensitive to the Downside 2 scenario.

# Risk review

## Risk performance

### Credit risk

As at 31 December 2019	Scenarios					
	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
<b>Stage 1 Model Exposure (£m)</b>						
Home loans	4,887	4,902	4,894	4,887	4,876	4,863
Credit cards, unsecured loans and other retail lending	37,599	37,361	37,534	37,269	37,921	38,414
Wholesale loans	141,272	142,393	142,125	141,806	139,227	126,882
<b>Stage 1 Model ECL (£m)</b>						
Home loans	5	4	4	5	5	5
Credit cards, unsecured loans and other retail lending	350	344	347	342	349	356
Wholesale loans	184	141	152	164	244	268
<b>Stage 1 Coverage (%)</b>						
Home loans	0.1	0.1	0.1	0.1	0.1	0.1
Credit cards, unsecured loans and other retail lending	0.9	0.9	0.9	0.9	0.9	0.9
Wholesale loans	0.1	0.1	0.1	0.1	0.2	0.2
<b>Stage 2 Model Exposure (£m)</b>						
Home loans	511	496	505	512	522	535
Credit cards, unsecured loans and other retail lending	4,228	3,350	3,540	4,025	5,615	7,204
Wholesale loans	13,099	11,979	12,246	12,566	15,145	27,489
<b>Stage 2 Model ECL (£m)</b>						
Home loans	36	32	34	35	41	47
Credit cards, unsecured loans and other retail lending	784	584	638	739	1,115	2,450
Wholesale loans	352	253	280	314	493	1,240
<b>Stage 2 Coverage (%)</b>						
Home loans	7.1	6.6	6.7	6.8	7.8	8.8
Credit cards, unsecured loans and other retail lending	18.5	17.4	18.0	18.4	19.8	34.0
Wholesale loans	2.7	2.1	2.3	2.5	3.3	4.5
<b>Stage 3 Model Exposure (£m)</b>						
Home loans	711	711	711	711	711	711
Credit cards, unsecured loans and other retail lending	1,697	1,697	1,697	1,697	1,697	1,697
Wholesale loans <sup>a</sup>	279	279	279	279	279	279
<b>Stage 3 Model ECL (£m)</b>						
Home loans	260	258	259	260	261	264
Credit cards, unsecured loans and other retail lending	1,382	1,367	1,374	1,380	1,395	1,418
Wholesale loans <sup>a</sup>	3	2	2	3	4	5
<b>Stage 3 Coverage (%)</b>						
Home loans	36.5	36.3	36.4	36.5	36.7	37.2
Credit cards, unsecured loans and other retail lending	81.5	80.5	81.0	81.3	82.2	83.6
Wholesale loans <sup>a</sup>	1.0	0.8	0.9	0.9	1.3	1.9
<b>Total Model ECL (£m)</b>						
Home loans	301	294	297	300	307	316
Credit cards, unsecured loans and other retail lending	2,516	2,295	2,359	2,461	2,859	4,224
Wholesale loans <sup>a</sup>	539	396	434	481	741	1,513
<b>Total ECL</b>	<b>3,356</b>	<b>2,985</b>	<b>3,090</b>	<b>3,242</b>	<b>3,907</b>	<b>6,053</b>

Note  
a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £398m is reported as individually assessed impairments in the table below.

## Risk review

### Risk performance

#### Credit risk

#### Reconciliation to total ECL<sup>a</sup>

£m

Total model ECL	3,355
ECL from individually assessed impairments	398
ECL from non-modelled and other management adjustments	195
<b>Total ECL</b>	<b>3,948</b>

#### Note

a The table has been re-presented to separately show the impact of individually assessed impairments of £398m. This was included in the Barclays Bank PLC Annual Report 2019 with non-modelled and other adjustments of £232m. Non-modelled and other adjustments are now disclosed within the other management adjustments category of £195m.

#### Staging sensitivity (audited)

An increase of 1% (£1,393m) of total gross exposure into Stage 2 (from Stage 1), would result in an increase in ECL impairment allowance of £110m based on applying the difference in Stage 2 and Stage 1 average impairment coverage ratios to the movement in gross exposure (refer to Loans and advances at amortised cost by product on page 51).

# Risk review

## Risk performance

### Credit risk

#### Analysis of the concentration of credit risk

A concentration of credit risk exists when a number of counterparties are located in a common geographical region or are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Barclays Bank Group implements limits on concentrations in order to mitigate the risk. The analyses of credit risk concentrations presented below are based on the location of the counterparty or customer or the industry in which they are engaged.

#### Geographic concentrations

Exposure is concentrated in the Americas 41% (2019: 43%), in the UK 25% (2019: 26%) and Europe 26% (2019: 24%).

#### Credit risk concentrations by geography (audited)

##### Barclays Bank Group

	United Kingdom	Americas	Europe	Asia	Africa and Middle East	Total
	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2020</b>						
<b>On-balance sheet:</b>						
Cash and balances at central banks	31,235	36,063	69,962	17,987	655	155,902
Cash collateral and settlement balances	30,261	27,255	30,105	9,487	508	97,616
Loans and advances at amortised cost	61,754	40,403	23,931	4,859	3,320	134,267
Reverse repurchase agreements and other similar secured lending	10	152	323	8,285	211	8,981
Trading portfolio assets	9,787	31,003	16,861	5,947	946	64,544
Financial assets at fair value through the income statement	31,745	88,302	25,706	14,742	7,524	168,019
Derivative financial instruments	93,685	90,796	101,099	14,532	2,581	302,693
Financial assets at fair value through other comprehensive income	6,921	19,451	22,138	3,276	115	51,901
Other assets	392	185	37	-	-	614
<b>Total on-balance sheet</b>	<b>265,790</b>	<b>333,610</b>	<b>290,162</b>	<b>79,115</b>	<b>15,860</b>	<b>984,537</b>
<b>Off-balance sheet:</b>						
Contingent liabilities	5,200	10,121	3,809	1,222	580	20,932
Loan commitments	46,746	175,893	36,713	4,132	1,538	265,022
<b>Total off-balance sheet</b>	<b>51,946</b>	<b>186,014</b>	<b>40,522</b>	<b>5,354</b>	<b>2,118</b>	<b>285,954</b>
<b>Total</b>	<b>317,736</b>	<b>519,624</b>	<b>330,684</b>	<b>84,469</b>	<b>17,978</b>	<b>1,270,491</b>
<b>As at 31 December 2019</b>						
<b>On-balance sheet:</b>						
Cash and balances at central banks	29,791	28,273	52,003	15,128	745	125,940
Cash collateral and settlement balances	23,775	23,593	25,955	5,326	837	79,486
Loans and advances at amortised cost	62,568	45,863	24,450	5,881	2,874	141,636
Reverse repurchase agreements and other similar secured lending	12	15	401	470	833	1,731
Trading portfolio assets	11,538	27,249	12,922	4,786	763	57,258
Financial assets at fair value through the income statement	26,363	70,832	11,272	12,534	1,921	122,922
Derivative financial instruments	70,256	63,337	83,165	11,189	1,694	229,641
Financial investments - debt securities	8,383	16,092	17,884	2,945	101	45,405
Other assets	407	124	81	2	-	614
<b>Total on-balance sheet</b>	<b>233,093</b>	<b>275,378</b>	<b>228,133</b>	<b>58,261</b>	<b>9,768</b>	<b>804,633</b>
<b>Off-balance sheet:</b>						
Contingent liabilities	6,789	10,838	3,862	1,562	726	23,777
Loan commitments	39,247	192,857	33,182	3,130	1,611	270,027
<b>Total off-balance sheet</b>	<b>46,036</b>	<b>203,695</b>	<b>37,044</b>	<b>4,692</b>	<b>2,337</b>	<b>293,804</b>
<b>Total</b>	<b>279,129</b>	<b>479,073</b>	<b>265,177</b>	<b>62,953</b>	<b>12,105</b>	<b>1,098,437</b>

# Risk review

## Risk performance

### Credit risk

#### Industry concentrations

Total exposures concentrated in banks and other financial institutions is 51% (2019: 46%), predominantly within derivative financial instruments and financial assets. The proportion of the overall exposure concentrated in governments and central banks is 21% (2019: 20%). Further details on material and emerging risks can be found on pages 27 to 38.

#### Credit risk concentrations by industry (audited)

##### Barclays Bank Group

	Banks £m	Other financial insti- tutions £m	Manu- facturing £m	Const- ruction and property £m	Govern- ment and central bank £m	Energy and water £m	Wholesale and retail distributio n and leisure £m	Business and other services £m	Home loans £m	Cards, unsecured loans and other personal lending £m	Other £m	Total £m
<b>As at 31 December 2020</b>												
<b>On-balance sheet:</b>												
Cash and balances at central banks	3	-	-	-	155,899	-	-	-	-	-	-	155,902
Cash collateral and settlement balances	17,961	66,696	375	35	10,828	871	30	576	-	-	244	97,616
Loans and advances at amortised cost	8,649	24,766	7,122	12,889	13,759	4,554	7,814	13,528	11,193	23,955	6,038	134,267
Reverse repurchase agreements and other similar secured lending	656	7,964	-	-	361	-	-	-	-	-	-	8,981
Trading portfolio assets	2,752	11,464	4,104	516	35,607	3,052	1,883	2,625	-	-	2,541	64,544
Financial assets at fair value through the income statement	22,766	131,929	603	2,481	5,519	13	64	3,479	971	-	194	168,019
Derivative financial instruments	155,986	116,421	4,126	2,725	11,649	3,288	1,235	2,496	-	-	4,767	302,693
Financial assets at fair value through other comprehensive income	13,003	4,258	1	333	33,774	-	-	527	-	-	5	51,901
Other assets	303	193	5	3	1	10	1	95	-	-	3	614
<b>Total on-balance sheet</b>	<b>222,079</b>	<b>363,691</b>	<b>16,336</b>	<b>18,982</b>	<b>267,397</b>	<b>11,788</b>	<b>11,027</b>	<b>23,326</b>	<b>12,164</b>	<b>23,955</b>	<b>13,792</b>	<b>984,537</b>
<b>Off-balance sheet:</b>												
Contingent liabilities	1,150	5,501	3,187	1,260	1,028	3,223	978	2,283	-	155	2,167	20,932
Loan commitments	1,773	51,900	39,447	12,843	1,398	25,766	16,626	24,001	134	69,646	21,488	265,022
<b>Total off-balance sheet</b>	<b>2,923</b>	<b>57,401</b>	<b>42,634</b>	<b>14,103</b>	<b>2,426</b>	<b>28,989</b>	<b>17,604</b>	<b>26,284</b>	<b>134</b>	<b>69,801</b>	<b>23,655</b>	<b>285,954</b>
<b>Total</b>	<b>225,002</b>	<b>421,092</b>	<b>58,970</b>	<b>33,085</b>	<b>269,823</b>	<b>40,777</b>	<b>28,631</b>	<b>49,610</b>	<b>12,298</b>	<b>93,756</b>	<b>37,447</b>	<b>1,270,491</b>
<b>As at 31 December 2019</b>												
<b>On-balance sheet:</b>												
Cash and balances at central banks	4	-	-	-	125,936	-	-	-	-	-	-	125,940
Cash collateral and settlement balances	16,638	54,582	516	64	6,122	536	51	642	-	-	335	79,486
Loans and advances at amortised cost	9,185	20,230	7,940	13,610	11,402	5,278	8,226	14,588	10,986	33,560	6,631	141,636
Reverse repurchase agreements and other similar secured lending	1,172	486	-	-	73	-	-	-	-	-	-	1,731
Trading portfolio assets	2,806	9,050	2,787	1,053	32,298	2,996	842	3,158	-	-	2,268	57,258
Financial assets at fair value through the income statement	11,694	97,824	620	3,609	5,340	37	-	3,318	358	-	122	122,922
Derivative financial instruments	125,612	83,286	2,049	2,273	7,811	3,077	562	1,635	-	2	3,334	229,641
Financial assets at fair value through other comprehensive income	13,158	2,938	-	208	28,489	-	-	415	-	-	197	45,405
Other assets	180	312	1	-	2	7	-	104	-	2	6	614
<b>Total on-balance sheet</b>	<b>180,449</b>	<b>268,708</b>	<b>13,913</b>	<b>20,817</b>	<b>217,473</b>	<b>11,931</b>	<b>9,681</b>	<b>23,860</b>	<b>11,344</b>	<b>33,564</b>	<b>12,893</b>	<b>804,633</b>
<b>Off-balance sheet:</b>												
Contingent liabilities	1,250	8,043	3,549	703	1,231	3,318	1,072	2,831	-	109	1,671	23,777
Loan commitments	1,861	47,619	42,001	13,358	1,703	29,865	14,320	22,491	49	73,573	23,187	270,027
<b>Total off-balance sheet</b>	<b>3,111</b>	<b>55,662</b>	<b>45,550</b>	<b>14,061</b>	<b>2,934</b>	<b>33,183</b>	<b>15,392</b>	<b>25,322</b>	<b>49</b>	<b>73,682</b>	<b>24,858</b>	<b>293,804</b>
<b>Total</b>	<b>183,560</b>	<b>324,370</b>	<b>59,463</b>	<b>34,878</b>	<b>220,407</b>	<b>45,114</b>	<b>25,073</b>	<b>49,182</b>	<b>11,393</b>	<b>107,246</b>	<b>37,751</b>	<b>1,098,437</b>

# Risk review

## Risk performance

### Credit risk

#### Approach to management and representation of credit quality

##### Asset credit quality

The credit quality distribution is based on the IFRS 9 12 month probability of default (PD) at the reporting date to ensure comparability with other ECL disclosures on pages 51 to 56.

The Barclays Bank Group uses the following internal measures to determine credit quality for loans:

Default Grade	Retail and Wholesale lending	Credit Quality Description
	Probability of default	
1-3	0.0 to < 0.05%	Strong
4-5	0.05 to < 0.15%	
6-8	0.15 to < 0.30%	
9-11	0.30 to < 0.60%	
12-14	0.60 to < 2.15%	Satisfactory
15-19	2.15 to < 10%	
19	10 to < 11.35%	
20-21	11.35% to < 100%	Higher Risk
22	100%	

For retail clients, a range of analytical tools is used to derive the probability of default of clients at inception and on an ongoing basis.

These credit quality descriptions can be summarised as follows:

**Strong:** there is a very high likelihood of the asset being recovered in full.

**Satisfactory:** while there is a high likelihood that the asset will be recovered and therefore, of no cause for concern to the Barclays Bank Group, the asset may not be collateralised, or may relate to unsecured retail facilities. At the lower end of this grade there are customers that are being more carefully monitored, for example, corporate customers which are indicating some evidence of deterioration, mortgages with a high loan to value, and unsecured retail loans operating outside normal product guidelines.

**Higher risk:** there is concern over the obligor's ability to make payments when due. However, these have not yet converted to actual delinquency. There may also be doubts over the value of collateral or security provided. However, the borrower or counterparty is continuing to make payments when due and is expected to settle all outstanding amounts of principal and interest.

##### Debt securities

For assets held at fair value, the carrying value on the balance sheet will include, among other things, the credit risk of the issuer. Most listed and some unlisted securities are rated by external rating agencies. The Barclays Bank Group mainly uses external credit ratings provided by Standard & Poor's, Fitch or Moody's. Where such ratings are not available or are not current, the Barclays Bank Group will use its own internal ratings for the securities.

##### Balance sheet credit quality

The following tables present the credit quality of Barclays Bank Group assets exposed to credit risk.

##### Overview

As at 31 December 2020, the ratio of the Barclays Bank Group's on-balance sheet assets classified as strong (0.0 < 0.60%) remained stable at 86% (2019: 85%) of total assets exposed to credit risk.



# Risk review

## Risk performance

Credit risk

<b>Balance sheet credit quality (audited)</b>									
<b>Barclays Bank Group</b>	<b>PD Range</b>	<b>0.0 to &lt;0.60%</b>	<b>0.60 to &lt;11.35%</b>	<b>11.35% to 100%</b>	<b>Total</b>	<b>0.0 to &lt;0.60%</b>	<b>0.60 to &lt;11.35%</b>	<b>11.35% to 100%</b>	<b>Total</b>
<b>As at 31 December 2020</b>		<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
<b>Cash and balances at central banks</b>		155,902	-	-	155,902	100	-	-	100
<b>Cash collateral and settlement balances</b>		86,882	10,725	9	97,616	89	11	-	100
<b>Loans and advances at amortised cost</b>									
Home loans		7,582	2,840	771	11,193	68	25	7	100
Credit cards, unsecured loans and other retail lending		10,742	11,259	1,367	23,368	46	48	6	100
Wholesale loans		75,672	20,828	3,206	99,706	76	21	3	100
<b>Total loans and advances at amortised cost</b>		<b>93,996</b>	<b>34,927</b>	<b>5,344</b>	<b>134,267</b>	<b>70</b>	<b>26</b>	<b>4</b>	<b>100</b>
<b>Reverse repurchase agreements and other similar secured lending</b>		8,969	12	-	8,981	100	-	-	100
<b>Trading portfolio assets:</b>									
Debt securities		51,109	4,871	216	56,196	91	9	-	100
Traded loans		704	5,107	2,537	8,348	9	61	30	100
<b>Total trading portfolio assets</b>		<b>51,813</b>	<b>9,978</b>	<b>2,753</b>	<b>64,544</b>	<b>80</b>	<b>16</b>	<b>4</b>	<b>100</b>
<b>Financial assets at fair value through the income statement:</b>									
Loans and advances		13,174	14,232	43	27,449	48	52	-	100
Debt securities		1,136	515	46	1,697	67	30	3	100
Reverse repurchase agreements		96,318	41,566	674	138,558	70	30	-	100
Other financial assets		302	13	-	315	96	4	-	100
<b>Total financial assets at fair value through the income statement</b>		<b>110,930</b>	<b>56,326</b>	<b>763</b>	<b>168,019</b>	<b>66</b>	<b>34</b>	<b>-</b>	<b>100</b>
<b>Derivative financial instruments</b>		282,864	19,352	477	302,693	94	6	-	100
<b>Financial assets at fair value through other comprehensive income</b>		51,893	8	-	51,901	100	-	-	100
<b>Other assets</b>		572	42	-	614	93	7	-	100
<b>Total on-balance sheet</b>		<b>843,821</b>	<b>131,370</b>	<b>9,346</b>	<b>984,537</b>	<b>86</b>	<b>13</b>	<b>1</b>	<b>100</b>
<b>As at 31 December 2019</b>									
<b>Cash and balances at central banks</b>		125,940	-	-	125,940	100	-	-	100
<b>Cash collateral and settlement balances</b>		69,351	10,135	-	79,486	87	13	-	100
<b>Loans and advances at amortised cost</b>									
Home loans		7,536	2,626	824	10,986	68	24	8	100
Credit cards, unsecured loans and other retail lending		13,631	18,019	1,853	33,503	40	54	6	100
Wholesale loans		75,638	19,716	1,793	97,147	78	20	2	100
<b>Total loans and advances at amortised cost</b>		<b>96,805</b>	<b>40,361</b>	<b>4,470</b>	<b>141,636</b>	<b>69</b>	<b>28</b>	<b>3</b>	<b>100</b>
<b>Reverse repurchase agreements and other similar secured lending</b>		1,642	89	-	1,731	95	5	-	100
<b>Trading portfolio assets:</b>									
Debt securities		48,258	3,479	143	51,880	93	7	-	100
Traded loans		864	3,219	1,295	5,378	16	60	24	100
<b>Total trading portfolio assets</b>		<b>49,122</b>	<b>6,698</b>	<b>1,438</b>	<b>57,258</b>	<b>85</b>	<b>12</b>	<b>3</b>	<b>100</b>
<b>Financial assets at fair value through the income statement:</b>									
Loans and advances		11,030	7,880	227	19,137	58	41	1	100
Debt securities		4,786	404	30	5,220	91	8	1	100
Reverse repurchase agreements		63,411	34,232	180	97,823	65	35	-	100
Other financial assets		736	6	-	742	99	1	-	100
<b>Total financial assets at fair value through the income statement</b>		<b>79,963</b>	<b>42,522</b>	<b>437</b>	<b>122,922</b>	<b>65</b>	<b>35</b>	<b>-</b>	<b>100</b>
<b>Derivative financial instruments</b>		216,508	13,012	121	229,641	94	6	-	100
<b>Financial assets at fair value through other comprehensive income</b>		45,405	-	-	45,405	100	-	-	100
<b>Other assets</b>		501	113	-	614	82	18	-	100
<b>Total on-balance sheet</b>		<b>685,237</b>	<b>112,930</b>	<b>6,466</b>	<b>804,633</b>	<b>85</b>	<b>14</b>	<b>1</b>	<b>100</b>

## Risk review

### Risk performance

#### Credit risk

#### Credit exposures by internal PD grade

The below tables represents credit risk profile by PD grade for loans and advances at amortised cost, contingent liabilities and loan commitments.

Stage 1 higher risk assets, presented gross of associated collateral held, are of weaker credit quality but have not significantly deteriorated since origination. Examples would include leveraged corporate loans or non-prime credit cards.

IFRS 9 Stage 1 and Stage 2 classification is not dependent solely on the absolute probability of default but on elements that determine a Significant Increase in Credit Risk (see Note 7 to the financial statements on page 121), including relative movement in probability of default since initial recognition. There is therefore no direct relationship between credit quality and IFRS 9 stage classification.

#### Barclays Bank Group

As at 31 December 2020

#### Credit risk profile by internal PD grade for loans and advances at amortised cost (audited)

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	36,388	689	-	37,077	2	3	-	5	37,072	-
4-5	0.05 to < 0.15%	Strong	17,008	627	-	17,635	17	4	-	21	17,614	0.1
6-8	0.15 to < 0.30%	Strong	13,667	2,463	-	16,130	34	52	-	86	16,044	0.5
9-11	0.30 to < 0.60%	Strong	21,049	2,432	-	23,481	88	127	-	215	23,266	0.9
12-14	0.60 to < 2.15%	Satisfactory	16,951	4,913	-	21,864	293	351	-	644	21,220	2.9
15-19	2.15 to < 10%	Satisfactory	5,264	6,661	-	11,925	183	651	-	834	11,091	7.0
19	10 to < 11.35%	Satisfactory	1,042	1,698	-	2,740	25	99	-	124	2,616	4.5
20-21	11.35 to < 100%	Higher Risk Credit	435	2,927	-	3,362	43	625	-	668	2,694	19.9
22	100%	Impaired	-	-	5,119	5,119	-	-	2,469	2,469	2,650	48.2
<b>Total</b>			<b>111,804</b>	<b>22,410</b>	<b>5,119</b>	<b>139,333</b>	<b>685</b>	<b>1,912</b>	<b>2,469</b>	<b>5,066</b>	<b>134,267</b>	<b>3.6</b>

As at 31 December 2019

#### Credit risk profile by internal PD grade for loans and advances at amortised cost (audited)

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	37,430	564	-	37,994	9	15	-	24	37,970	0.1
4-5	0.05 to < 0.15%	Strong	17,117	783	-	17,900	6	-	-	6	17,894	-
6-8	0.15 to < 0.30%	Strong	15,020	581	-	15,601	16	1	-	17	15,584	0.1
9-11	0.30 to < 0.60%	Strong	24,490	944	-	25,434	71	6	-	77	25,357	0.3
12-14	0.60 to < 2.15%	Satisfactory	24,211	1,740	-	25,951	134	102	-	236	25,715	0.9
15-19	2.15 to < 10%	Satisfactory	7,491	5,450	-	12,941	185	339	-	524	12,417	4.0
19	10 to < 11.35%	Satisfactory	1,945	339	-	2,284	21	34	-	55	2,229	2.4
20-21	11.35 to < 100%	Higher Risk Credit	641	2,238	-	2,879	50	561	-	611	2,268	21.2
22	100%	Impaired	-	-	4,348	4,348	-	-	2,146	2,146	2,202	49.4
<b>Total</b>			<b>128,345</b>	<b>12,639</b>	<b>4,348</b>	<b>145,332</b>	<b>492</b>	<b>1,058</b>	<b>2,146</b>	<b>3,696</b>	<b>141,636</b>	<b>2.5</b>

# Risk review

## Risk performance

### Credit risk

As at 31 December 2020

#### Credit risk profile by internal PD grade for contingent liabilities<sup>a</sup> (audited)

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	5,502	188	-	5,690	1	-	-	1	5,689	-
4-5	0.05 to < 0.15%	Strong	2,765	428	-	3,193	3	2	-	5	3,188	0.2
6-8	0.15 to < 0.30%	Strong	1,468	165	-	1,633	3	4	-	7	1,626	0.4
9-11	0.30 to < 0.60%	Strong	3,524	552	-	4,076	5	33	-	38	4,038	0.9
12-14	0.60 to < 2.15%	Satisfactory	2,712	546	-	3,258	8	25	-	33	3,225	1.0
15-19	2.15 to < 10%	Satisfactory	305	398	-	703	7	21	-	28	675	4.0
19	10 to < 11.35%	Satisfactory	264	423	-	687	17	83	-	100	587	14.6
20-21	11.35 to < 100%	Higher Risk Credit	40	769	-	809	-	61	-	61	748	7.5
22	100%	Impaired	-	-	654	654	-	-	10	10	644	1.5
<b>Total</b>			<b>16,580</b>	<b>3,469</b>	<b>654</b>	<b>20,703</b>	<b>44</b>	<b>229</b>	<b>10</b>	<b>283</b>	<b>20,420</b>	<b>1.4</b>

As at 31 December 2019

#### Credit risk profile by internal PD grade for contingent liabilities<sup>a</sup> (audited)

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m		
1-3	0.0 to < 0.05%	Strong	6,198	118	-	6,316	1	-	-	1	6,315	-
4-5	0.05 to < 0.15%	Strong	4,199	40	-	4,239	1	-	-	1	4,238	-
6-8	0.15 to < 0.30%	Strong	2,953	103	-	3,056	1	-	-	1	3,055	-
9-11	0.30 to < 0.60%	Strong	4,551	136	-	4,687	2	2	-	4	4,683	0.1
12-14	0.60 to < 2.15%	Satisfactory	2,529	654	-	3,183	7	8	-	15	3,168	0.5
15-19	2.15 to < 10%	Satisfactory	663	244	-	907	4	8	-	12	895	1.3
19	10 to < 11.35%	Satisfactory	421	172	-	593	9	9	-	18	575	3.0
20-21	11.35 to < 100%	Higher Risk Credit	117	282	-	399	-	30	-	30	369	7.5
22	100%	Impaired	-	-	354	354	-	-	5	5	349	1.4
<b>Total</b>			<b>21,631</b>	<b>1,749</b>	<b>354</b>	<b>23,734</b>	<b>25</b>	<b>57</b>	<b>5</b>	<b>87</b>	<b>23,647</b>	<b>0.4</b>

# Risk review

## Risk performance

### Credit risk

As at 31 December 2020

#### Credit risk profile by internal PD grade for loan commitments<sup>a</sup> (audited)

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
			£m	£m	£m	£m	£m	£m	£m	£m		
1-3	0.0 to < 0.05%	Strong	52,522	5,311	-	57,833	3	1	-	4	57,829	-
4-5	0.05 to < 0.15%	Strong	62,677	5,730	-	68,407	11	8	-	19	68,388	-
6-8	0.15 to < 0.30%	Strong	41,621	6,260	-	47,881	15	20	-	35	47,846	0.1
9-11	0.30 to < 0.60%	Strong	25,461	6,187	-	31,648	14	19	-	33	31,615	0.1
12-14	0.60 to < 2.15%	Satisfactory	20,730	6,978	-	27,708	113	18	-	131	27,577	0.5
15-19	2.15 to < 10%	Satisfactory	3,621	2,991	-	6,612	23	44	-	67	6,545	1.0
19	10 to < 11.35%	Satisfactory	4,778	4,971	-	9,749	11	25	-	36	9,713	0.4
20-21	11.35 to < 100%	Higher Risk Credit	750	3,775	-	4,525	5	115	-	120	4,405	2.7
22	100%	Impaired	-	-	1,411	1,411	-	-	41	41	1,370	2.9
<b>Total</b>			<b>212,160</b>	<b>42,203</b>	<b>1,411</b>	<b>255,774</b>	<b>195</b>	<b>250</b>	<b>41</b>	<b>486</b>	<b>255,288</b>	<b>0.2</b>

As at 31 December 2019

#### Credit risk profile by internal PD grade for loan commitments<sup>a</sup> (audited)

Grading	PD range %	Credit quality description	Gross carrying amount				Allowance for ECL				Net exposure £m	Coverage ratio %
			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
			£m	£m	£m	£m	£m	£m	£m	£m		
1-3	0.0 to < 0.05%	Strong	77,725	990	-	78,715	4	-	-	4	78,711	-
4-5	0.05 to < 0.15%	Strong	53,910	1,480	-	55,390	3	-	-	3	55,387	-
6-8	0.15 to < 0.30%	Strong	43,728	811	-	44,539	6	1	-	7	44,532	-
9-11	0.30 to < 0.60%	Strong	28,813	1,294	-	30,107	10	2	-	12	30,095	-
12-14	0.60 to < 2.15%	Satisfactory	27,115	2,066	-	29,181	26	9	-	35	29,146	0.1
15-19	2.15 to < 10%	Satisfactory	4,322	2,050	-	6,372	7	21	-	28	6,344	0.4
19	10 to < 11.35%	Satisfactory	3,454	1,814	-	5,268	4	7	-	11	5,257	0.2
20-21	11.35 to < 100%	Higher Risk Credit	594	1,852	-	2,446	-	15	-	15	2,431	0.6
22	100%	Impaired	-	-	349	349	-	-	50	50	299	14.3
<b>Total</b>			<b>239,661</b>	<b>12,357</b>	<b>349</b>	<b>252,367</b>	<b>60</b>	<b>55</b>	<b>50</b>	<b>165</b>	<b>252,202</b>	<b>0.1</b>

Note

a Excludes loan commitments and financial guarantees carried at fair value of £9.5bn (2019: £17.7bn) for Barclays Bank Group.

# Risk review

## Risk performance

### Credit risk

#### Analysis of specific portfolios and asset types

##### Credit cards, unsecured loans and other retail lending

The principal portfolios listed below accounted for 77% (2019: 83%) of Barclays Bank Group's total credit cards, unsecured loans and other retail lending.

##### Credit cards and unsecured loans principal portfolios

	Gross exposure	30 day arrears rate, excluding recovery book	90 day arrears rate, excluding recovery book	Annualised gross write-off rate	Annualised net write-off rate
	£m	%	%	%	%
<b>As at 31 December 2020</b>					
US cards	16,845	2.5	1.4	5.6	5.6
Germany consumer lending	3,458	1.9	0.8	1.2	1.1
<b>As at 31 December 2019</b>					
US cards	22,041	2.7	1.4	4.5	4.4
Barclays Partner Finance <sup>a</sup>	4,134	0.9	0.3	1.7	1.7
Germany consumer lending	3,683	1.8	0.7	1.1	1.0

##### Notes

a On 1 April 2020, the Barclays Partner Finance business moved from Barclays International to Barclays UK. The 2019 comparative figures have not been restated.

**US cards:** 30 days arrears rate decreased to 2.5% (2019: 2.7%) due to government support schemes and payment holidays resulting in fewer accounts entering into delinquency. 90 day arrears rate remained stable at 1.4%. Write-off rates were in line with seasonal trends. A total of 251k payment holidays were provided to customers in the year. At 31 December 2020, the book value of the portfolio where payment holidays remain in place was £54.7m, representing 0.3% of the portfolio.

**Germany consumer lending:** Increases in 30 and 90 days arrears rates were primarily driven by the drop in the overall balances. A total of 9k payment holidays were provided to customers in the year. At 31 December 2020, the book value of the portfolio where payment holidays remain in place was £0.24m, representing 0.01% of the portfolio.

# Risk review

## Risk performance

### Market risk

#### Summary of Contents

	Page	
▪ Market risk overview	76	Outlines key measures used to summarise the market risk profile of the Barclays Bank Group such as VaR.
▪ Measures of market risk in the Barclays Bank Group and accounting measures	76	
▪ Summary of performance in the period		
▪ Traded market risk	76	The Barclays Bank Group discloses details on management measures of market risk. Total management VaR includes all trading positions and is presented on a diversified basis by risk factor.
▪ Review of management measures	76	
– The daily average, maximum and minimum values of management VaR	77	
– Business scenario stresses	77	This section also outlines the macroeconomic conditions modelled as part of the Barclays Bank Group's risk management framework.

All disclosures in this section (pages 76 to 77) are unaudited unless otherwise stated.

#### Overview

This section contains key statistics describing the market risk profile of the Barclays Bank Group:

- Page 41 covers the management of market risk. Management measures are shown on page 76.

#### Measures of market risk in the Barclays Bank Group and accounting measures

Traded market risk measures such as VaR and balance sheet exposure measures have fundamental differences:

- Balance sheet measures show accruals-based balances or marked to market values as at the reporting date.
- VaR measures also take account of current marked to market values but, in addition, hedging effects between positions are considered.
- Market risk measures are expressed in terms of changes in value or volatilities as opposed to static values.

For these reasons, it is not possible to present direct reconciliations of traded market risk and accounting measures.

#### Summary of performance in the period

Average management VaR increased to £31m (2019: £23m), driven by an increase in market volatility in late Q1 and Q2 during the initial phase of the COVID-19 pandemic. Management VaR stabilised and declined in the second half of the year.

#### Traded market risk review

##### Review of management measures

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

The table below shows the total management VaR on a diversified basis by risk factor. Total management VaR includes all trading positions in CIB and the supporting Barclays Bank Group Treasury desks.

Limits are applied against each risk factor VaR as well as total management VaR, which are then cascaded further by risk managers to each business.

# Risk review

## Risk performance

### Market risk

The daily average, maximum and minimum values of management VaR

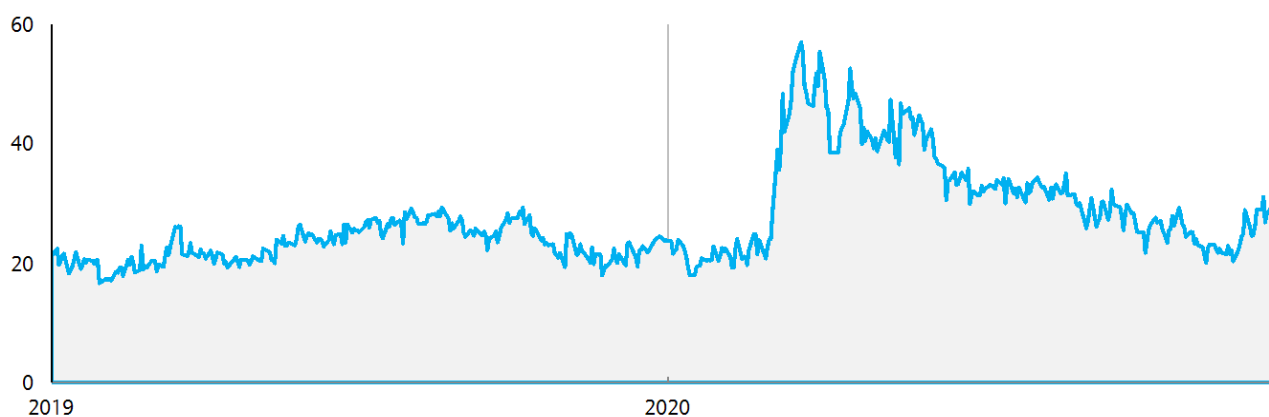
#### Management VaR (95%, one day) (audited)

	2020			2019		
	Average £m	High £m	Low £m	Average £m	High £m	Low £m
<b>For the year ended 31 December</b>						
Credit risk	20	38	10	12	17	8
Interest rate risk	10	17	6	6	11	3
Equity risk	13	35	6	10	22	5
Basis risk	9	14	7	8	11	6
Spread risk	5	9	3	4	5	3
Foreign exchange risk	4	7	2	3	5	2
Commodity risk	1	1	-	1	2	-
Inflation risk	2	3	1	2	3	1
Diversification effect <sup>a</sup>	(33)	n/a	n/a	(23)	n/a	n/a
<b>Total management VaR</b>	<b>31</b>	<b>57</b>	<b>17</b>	<b>23</b>	<b>29</b>	<b>16</b>

#### Notes

a Diversification effects recognise that forecast losses from different assets or businesses are unlikely to occur concurrently, hence the expected aggregate loss is lower than the sum of the expected losses from each area. Historical correlations between losses are taken into account in making these assessments. The high and low VaR figures reported for each category did not necessarily occur on the same day as the high and low VaR reported as a whole. Consequently, a diversification effect balance for the high and low VaR figures would not be meaningful and is therefore omitted from the above table.

#### Barclays Bank Group Management VaR<sup>a</sup> (£m)



#### Business scenario stresses

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

In 2020 the scenario analyses showed that the largest market risk related impacts would be due to a severe deterioration in financial liquidity and a global recession.



# Risk review

## Risk performance

Treasury and Capital risk

### Summary of Contents

Page

#### Liquidity risk performance

▪ Liquidity risk overview	79	The risk that the firm is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.
▪ Liquidity risk stress testing	79	

This section provides an overview of the Barclays Bank Group's liquidity risk.

▪ Contractual maturity of financial assets and liabilities	79	Provides details on the contractual maturity of all financial instruments and other assets and liabilities.
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#### Capital risk performance

▪ Capital risk overview	84	Capital risk is the risk that the firm has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the firm's pension plans.
- Capital ratios	84	
- Capital resources	84	
- Capital Requirements Regulation (CRR) leverage ratio	84	

This section details Barclays Bank Group's capital and leverage position.

▪ Foreign exchange risk	85	Barclays Bank Group discloses the two sources of foreign exchange risk that it is exposed to.
- Transactional foreign currency exposure	85	
- Translational foreign exchange exposure	85	
- Functional currency of operations	85	

▪ Pension risk review	86	A review focusing on the UK retirement fund, which represents the majority of Barclays Bank Group's total retirement benefit obligation.
- Assets	86	
- Liabilities	86	
- IAS 19 position	87	
- Risk measurement	87	

#### Interest rate risk in the banking book performance

▪ Interest rate risk in the banking book overview and summary of performance	87	A description of the non-traded market risk framework is provided.
▪ Net interest income sensitivity	88	Barclays Bank Group discloses a sensitivity analysis on pre-tax net interest income for non-trading financial assets and liabilities. The analysis is carried out by currency.
▪ Analysis of equity sensitivity		
▪ Volatility of the FVOCI portfolio in the liquidity pool	89	Barclays Bank Group discloses the overall impact of a parallel shift in interest rates on other comprehensive income and cash flow hedges.
		Barclays Bank Group measures the volatility of the value of the FVOCI instruments in the liquidity pool through non-traded market risk VaR.

# Risk review

## Risk performance

### Treasury and Capital risk

#### Liquidity risk

All disclosures in this section (pages 79 to 83) are unaudited unless otherwise stated.

#### Overview

The efficient management of liquidity is essential to the Barclays Bank Group in order to retain the confidence of markets and maintain the sustainability of the business. The liquidity risk control framework is used to manage all liquidity risk exposures under both BAU and stressed conditions. The framework is designed to maintain liquidity resources that are sufficient in amount, quality and funding tenor profile to support the liquidity risk appetite as expressed by the Barclays Bank PLC Board. The liquidity risk appetite is monitored against both internal and regulatory liquidity metrics.

For the purpose of liquidity management, Barclays Bank PLC and its subsidiary Barclays Capital Securities Limited, a UK broker dealer entity, are monitored on a combined basis by the PRA under a Domestic Liquidity Sub-Group (Barclays Bank PLC DoLSub) arrangement.

#### Liquidity risk stress testing

The liquidity risk assessment measures the potential contractual and contingent stress outflows under a range of stress scenarios, which are then used to determine the size of the liquidity pool that is immediately available to meet anticipated outflows if a stress occurs. The scenarios include a 30 day Barclays-specific stress event, a 90 day market-wide stress event and a 30 day combined scenario consisting of both a Barclays specific and market-wide stress event.

The CRR (amended by CRR II) Liquidity Coverage Ratio (LCR) requirement takes into account the relative stability of different sources of funding and potential incremental funding requirements in a stress. The LCR is designed to promote short-term resilience of a bank's liquidity risk profile by holding sufficient high quality liquid assets to survive an acute stress scenario lasting for 30 days.

As at 31 December 2020, Barclays Bank PLC DoLSub held eligible liquid assets well above 100% of net stressed outflows to its internal and regulatory requirements. The split of the liquidity pool between cash and deposits with central banks, government bonds and other eligible securities is broadly similar to the Barclays Group.

A significant proportion of the liquidity pool is located in Barclays Bank PLC and Barclays Bank Ireland PLC. The residual portion of the liquidity pool, which is predominantly in the US subsidiaries, is held against entity-specific stress outflows and local regulatory requirements.

The liquidity pool increased to £206bn (December 2019: £169bn) and the LCR remained above the 100% regulatory requirement at 145% (December 2019:141%). The increase in the liquidity pool was driven by a 14% growth in deposits and lower unsecured lending in Consumer, Cards and Payments. The growth in deposits was largely a consequence of government and central bank policy response to the COVID19 pandemic.

	As at 31.12.20 £bn	As at 31.12.19 £bn
Barclays Bank Group liquidity pool	206	169
	%	%
Barclays Bank PLC DoLSub Liquidity Coverage Ratio	145	141

The Barclays Bank Group has direct access to US, European and Asian capital markets through its global investment banking operations and to long-term investors through its clients worldwide. Key sources of wholesale funding include money markets, certificates of deposit, commercial paper, medium term issuances (including structured notes) and securitisations. This funding capacity enables the Barclays Bank Group to maintain a stable and diversified funding base.

The Barclays Bank Group also supports various central bank monetary initiatives, such as the Bank of England's Term Funding Scheme (TFS) and Term Funding Scheme with additional incentives for SMEs (TFSME), and the European Central Bank's Targeted Long-Term Refinancing Operations (TLTRO). These are reported under 'repurchase agreements and other similar secured borrowing' on the balance sheet. In addition to the £1.4bn TFS balance outstanding at the beginning of the year, the Barclays Bank Group drew £3.6bn under TFSME and £2.2bn under TLTRO during the year. These balances were outstanding at the year-end.

#### Contractual maturity of financial assets and liabilities

The table on the next page provides detail on the contractual maturity of all financial instruments and other assets and liabilities. Derivatives (other than those designated in a hedging relationship) and trading portfolio assets and liabilities are included in the 'on demand' column at their fair value. Liquidity risk on these items is not managed on the basis of contractual maturity since these items are not held for settlement according to such maturity and will frequently be settled before contractual maturity at fair value. Derivatives designated in a hedging relationship are included according to their contractual maturity.

# Risk review

## Risk performance

Treasury and Capital risk

### Contractual maturity of financial assets and liabilities (audited)

Barclays Bank Group As at 31 December 2020	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Assets</b>											
Cash and balances at central banks	155,122	182	598	-	-	-	-	-	-	-	155,902
Cash collateral and settlement balances	1,281	96,335	-	-	-	-	-	-	-	-	97,616
Loans and advances at amortised cost	12,854	11,149	6,291	3,770	4,314	21,271	16,663	22,387	14,127	21,441	134,267
Reverse repurchase agreements and other similar secured lending	150	8,648	-	-	-	-	183	-	-	-	8,981
Trading portfolio assets	127,664	-	-	-	-	-	-	-	-	-	127,664
Financial assets at fair value through the income statement	17,377	123,948	7,547	6,959	4,027	4,294	1,216	2,284	1,853	2,256	171,761
Derivative financial instruments	302,429	24	-	-	-	15	15	112	77	21	302,693
Financial assets at fair value through other comprehensive income	-	3,086	1,627	151	95	3,059	3,770	12,741	19,236	8,137	51,902
Other financial assets	213	286	107	5	-	3	-	-	-	-	614
<b>Total financial assets</b>	<b>617,090</b>	<b>243,658</b>	<b>16,170</b>	<b>10,885</b>	<b>8,436</b>	<b>28,642</b>	<b>21,847</b>	<b>37,524</b>	<b>35,293</b>	<b>31,855</b>	<b>1,051,400</b>
<b>Other assets</b>											<b>8,331</b>
<b>Total assets</b>											<b>1,059,731</b>
<b>Liabilities</b>											
Deposits at amortised cost	181,455	39,409	13,975	3,665	2,283	1,144	532	602	1,252	379	244,696
Cash collateral and settlement balances	1,944	83,605	-	-	-	-	-	-	-	-	85,549
Repurchase agreements and other similar secured borrowing	4	2,545	-	-	-	1,400	2,329	4,073	-	92	10,443
Debt securities in issue	-	12,207	3,808	3,833	1,791	2,124	640	2,815	1,995	210	29,423
Subordinated liabilities	-	3,708	3,222	459	143	3,545	4,811	6,241	5,629	4,247	32,005
Trading portfolio liabilities	46,139	-	-	-	-	-	-	-	-	-	46,139
Financial liabilities designated at fair value	15,555	172,250	8,677	5,067	2,928	8,593	6,939	8,576	8,344	12,697	249,626
Derivative financial instruments	299,637	-	50	-	-	66	67	174	183	403	300,580
Other financial liabilities	70	2,072	15	15	16	233	50	90	187	62	2,810
<b>Total financial liabilities</b>	<b>544,804</b>	<b>315,796</b>	<b>29,747</b>	<b>13,039</b>	<b>7,161</b>	<b>17,105</b>	<b>15,368</b>	<b>22,571</b>	<b>17,590</b>	<b>18,090</b>	<b>1,001,271</b>
<b>Other liabilities</b>											<b>4,750</b>
<b>Total liabilities</b>											<b>1,006,021</b>
<b>Cumulative liquidity gap</b>	<b>72,286</b>	<b>148</b>	<b>(13,429)</b>	<b>(15,583)</b>	<b>(14,308)</b>	<b>(2,771)</b>	<b>3,708</b>	<b>18,661</b>	<b>36,364</b>	<b>50,129</b>	<b>53,710</b>

# Risk review

## Risk performance

Treasury and Capital risk

### Contractual maturity of financial assets and liabilities (audited)

Barclays Bank Group As at 31 December 2019	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Assets</b>											
Cash and balances at central banks	125,065	766	109	-	-	-	-	-	-	-	125,940
Cash collateral and settlement balances	2,122	77,361	3	-	-	-	-	-	-	-	79,486
Loans and advances at amortised cost	11,396	10,376	9,764	4,513	6,227	17,780	18,460	26,294	14,565	22,261	141,636
Reverse repurchase agreements and other similar secured lending	13	1,449	-	-	-	77	190	-	-	2	1,731
Trading portfolio assets	113,337	-	-	-	-	-	-	-	-	-	113,337
Financial assets at fair value through the income statement	14,257	90,292	13,969	3,431	1,150	1,082	313	888	1,803	2,285	129,470
Derivative financial instruments	229,460	49	-	-	-	7	21	1	78	25	229,641
Financial investments	-	-	-	-	-	-	-	-	-	-	-
Financial assets at fair value through other comprehensive income	-	3,176	1,672	817	455	3,510	4,305	9,737	17,544	4,190	45,406
Other financial assets	307	168	126	-	13	-	-	-	-	-	614
<b>Total financial assets</b>	<b>495,957</b>	<b>183,637</b>	<b>25,643</b>	<b>8,761</b>	<b>7,845</b>	<b>22,456</b>	<b>23,289</b>	<b>36,920</b>	<b>33,990</b>	<b>28,763</b>	<b>867,261</b>
<b>Other assets</b>											<b>9,411</b>
<b>Total assets</b>											<b>876,672</b>
<b>Liabilities</b>											
Deposits at amortised cost	158,218	39,831	7,127	2,291	3,147	1,102	536	530	545	554	213,881
Cash collateral and settlement balances	3,077	64,592	13	-	-	-	-	-	-	-	67,682
Repurchase agreements and other similar secured borrowing	7	1,489	-	-	-	-	-	470	-	66	2,032
Debt securities in issue	-	12,418	4,601	3,262	3,036	2,989	131	3,444	3,366	289	33,536
Subordinated liabilities	-	207	834	397	832	7,999	6,836	7,627	4,784	3,909	33,425
Trading portfolio liabilities	35,212	-	-	-	-	-	-	-	-	-	35,212
Financial liabilities designated at fair value	13,952	128,078	10,890	6,519	3,797	6,968	6,235	7,702	7,127	13,178	204,446
Derivative financial instruments	228,338	-	-	8	-	36	41	42	88	387	228,940
Other financial liabilities	217	1,388	19	18	16	777	29	86	183	70	2,803
<b>Total financial liabilities</b>	<b>439,021</b>	<b>248,003</b>	<b>23,484</b>	<b>12,495</b>	<b>10,828</b>	<b>19,871</b>	<b>13,808</b>	<b>19,901</b>	<b>16,093</b>	<b>18,453</b>	<b>821,957</b>
<b>Other liabilities</b>											<b>4,100</b>
<b>Total liabilities</b>											<b>826,057</b>
<b>Cumulative liquidity gap</b>	<b>56,936</b>	<b>(7,430)</b>	<b>(5,271)</b>	<b>(9,005)</b>	<b>(11,988)</b>	<b>(9,403)</b>	<b>78</b>	<b>17,097</b>	<b>34,994</b>	<b>45,304</b>	<b>50,615</b>

Expected maturity date may differ from the contractual dates, to account for:

- Trading portfolio assets and liabilities and derivative financial instruments, which may not be held to maturity as part of the Barclays Bank Group's trading strategies.
- Corporate and retail deposits, reported under deposits at amortised cost, are repayable on demand or at short notice on a contractual basis. In practice, their behavioural maturity is typically longer than their contractual maturity, and therefore provide stable funding for the Barclays Bank Group's operations and liquidity needs.
- Loans to corporate and retail customers, which are included within loans and advances at amortised cost and financial assets at fair value, may be repaid earlier in line with terms and conditions of the contract.
- Debt securities in issue, subordinated liabilities, and financial liabilities designated at fair value, may include early redemption features.

# Risk review

## Risk performance

### Treasury and Capital risk

#### Contractual maturity of financial liabilities on an undiscounted basis

The following table presents the cash flows payable by the Barclays Bank Group under financial liabilities by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows of all financial liabilities (i.e. nominal values).

The balances in the below table do not agree directly to the balances in the consolidated balance sheet as the table incorporates all cash flows, on an undiscounted basis, related to both principal as well as those associated with all future coupon payments.

Derivative financial instruments held for trading and trading portfolio liabilities are included in the on demand column at their fair value.

#### Contractual maturity of financial liabilities - undiscounted (audited)

Barclays Bank Group	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
<b>As at 31 December 2020</b>									
Deposits at amortised cost	181,455	39,409	13,975	5,949	1,686	600	1,258	385	244,717
Cash collateral and settlement balances	1,944	83,605	-	-	-	-	-	-	85,549
Repurchase agreements and other similar secured borrowing	4	2,545	-	-	3,729	4,087	-	154	10,519
Debt securities in issue	-	12,226	3,818	5,629	2,799	2,923	2,098	277	29,770
Subordinated liabilities	-	3,716	3,342	703	8,845	6,555	6,922	6,500	36,583
Trading portfolio liabilities	46,139	-	-	-	-	-	-	-	46,139
Financial liabilities designated at fair value	15,555	172,282	8,684	7,998	15,599	8,586	8,369	20,398	257,471
Derivative financial instruments	299,637	4	50	-	133	175	190	442	300,631
Other financial liabilities	70	2,076	19	39	313	113	227	86	2,943
<b>Total financial liabilities</b>	<b>544,804</b>	<b>315,863</b>	<b>29,888</b>	<b>20,318</b>	<b>33,104</b>	<b>23,039</b>	<b>19,064</b>	<b>28,242</b>	<b>1,014,322</b>
<b>As at 31 December 2019</b>									
Deposits at amortised cost	158,218	39,844	7,138	5,457	1,648	532	554	595	213,986
Cash collateral and settlement balances	3,077	64,614	13	-	-	-	-	-	67,704
Repurchase agreements and other similar secured borrowing	7	1,491	-	-	-	485	-	149	2,132
Debt securities in issue	-	12,473	4,627	6,332	3,229	3,582	3,508	290	34,041
Subordinated liabilities	-	207	845	1,302	18,750	9,875	6,364	8,617	45,960
Trading portfolio liabilities	35,212	-	-	-	-	-	-	-	35,212
Financial liabilities designated at fair value	13,952	128,203	11,020	10,597	13,500	8,054	7,519	19,392	212,237
Derivative financial instruments	228,338	-	-	8	79	45	99	396	228,965
Other financial liabilities	217	1,388	19	34	819	99	197	98	2,871
<b>Total financial liabilities</b>	<b>439,021</b>	<b>248,220</b>	<b>23,662</b>	<b>23,730</b>	<b>38,025</b>	<b>22,672</b>	<b>18,241</b>	<b>29,537</b>	<b>843,108</b>

#### Maturity of off-balance sheet commitments received and given

The table below presents the maturity split of the Barclays Bank Group's off-balance sheet commitments received and given at the balance sheet date. The amounts disclosed in the table are the undiscounted cash flows (i.e. nominal values) on the basis of earliest opportunity at which they are available.

# Risk review

## Risk performance

Treasury and Capital risk

### Maturity analysis of off-balance sheet commitments received (audited)

	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2020</b>											
Guarantees, letters of credit and credit insurance	6,462	86	37	68	8	18	14	47	40	25	6,805
Other commitments received	92	-	-	-	-	-	-	-	-	-	92
<b>Total off-balance sheet commitments received</b>	<b>6,554</b>	<b>86</b>	<b>37</b>	<b>68</b>	<b>8</b>	<b>18</b>	<b>14</b>	<b>47</b>	<b>40</b>	<b>25</b>	<b>6,897</b>
<b>As at 31 December 2019</b>											
Guarantees, letters of credit and credit insurance	5,205	106	22	81	-	11	12	21	12	34	5,504
Other commitments received	91	-	-	2,373	-	-	-	-	-	-	2,464
<b>Total off-balance sheet commitments received</b>	<b>5,296</b>	<b>106</b>	<b>22</b>	<b>2,454</b>	<b>-</b>	<b>11</b>	<b>12</b>	<b>21</b>	<b>12</b>	<b>34</b>	<b>7,968</b>

### Maturity analysis of off-balance sheet commitments given (audited)

	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than nine months	Over nine months but not more than one year	Over one year but not more than two years	Over two years but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2020</b>											
Contingent liabilities	20,630	213	57	6	1	25	-	-	-	-	20,932
Documentary credits and other short-term trade related transactions	1,084	1	1	-	-	-	-	-	-	-	1,086
Standby facilities, credit lines and other commitments	262,586	564	93	123	95	49	196	202	21	7	263,936
<b>Total off-balance sheet commitments given</b>	<b>284,300</b>	<b>778</b>	<b>151</b>	<b>129</b>	<b>96</b>	<b>74</b>	<b>196</b>	<b>202</b>	<b>21</b>	<b>7</b>	<b>285,954</b>
<b>As at 31 December 2019</b>											
Contingent liabilities	22,836	366	86	125	140	143	42	28	3	8	23,777
Documentary credits and other short-term trade related transactions	1,287	3	1	-	-	-	-	-	-	-	1,291
Standby facilities, credit lines and other commitments	264,346	1,134	792	973	638	118	98	273	139	225	268,736
<b>Total off-balance sheet commitments given</b>	<b>288,469</b>	<b>1,503</b>	<b>879</b>	<b>1,098</b>	<b>778</b>	<b>261</b>	<b>140</b>	<b>301</b>	<b>142</b>	<b>233</b>	<b>293,804</b>

# Risk review

## Risk performance

### Treasury and Capital risk

#### Capital risk

All disclosures in this section (pages 84 to 87) are unaudited unless otherwise stated.

#### Overview

Barclays Bank PLC is currently regulated by the PRA on a solo-consolidated basis. Barclays Bank PLC solo-consolidated comprises Barclays Bank PLC plus certain additional subsidiaries, subject to PRA approval. The disclosures below provide key capital metrics for Barclays Bank PLC solo-consolidated with further information on its risk profile to be included in the Barclays PLC Pillar 3 Report 2020, due to be published on 18 February 2021 and which will be available at [home.barclays/investor-relations/reports-and-events/annual-reports](http://home.barclays/investor-relations/reports-and-events/annual-reports).

Under the withdrawal agreement between the UK and the EU, the 11-month transition period expired at 11pm on 31 December 2020. Any references to CRR as amended by CRR II mean, unless otherwise specified, CRR as amended by CRR II, as it forms part of UK law pursuant to the European Union (Withdrawal) Act 2018 and subject to the temporary transitional powers (TTP) available to UK regulators to delay or phase-in on-shoring changes to UK regulatory requirements arising at the end of the transition period until 31 March 2022, as at the applicable reporting date. Throughout the TTP period, the Bank of England and PRA are expected to review the UK legislation framework and any disclosures made by the Barclays Bank Group will be subject to any resulting guidance. Following its stated intention to consult, on 12 February 2021 the PRA launched a consultation on certain items within the Basel standards that remain to be implemented in the UK as well as setting out proposed new PRA CRR rules.

The following regulatory updates formed part of CRR as amended by CRR II prior to 31 December 2020 and subsequently form part of UK law as defined above.

On 22 April 2020, the regulatory technical standards on prudent valuation were amended to include an increase to diversification factors applied to certain additional valuation adjustments. The amendments temporarily reduced the additional value adjustment deduction (PVA) and were applied until 31 December 2020 inclusive.

On 27 June 2020, CRR as amended by CRR II was further amended to accelerate specific CRR II measures and implement a new IFRS 9 transitional relief calculation. Previously due to be implemented in June 2021, the accelerated measures primarily relate to the CRR leverage calculation to include additional settlement netting and limited changes to the calculation of RWAs.

The IFRS 9 transitional arrangements have been extended by two years and a new modified calculation has been introduced. 100% relief will be applied to increases in Stage 1 and Stage 2 provisions from 1 January 2020 throughout 2020 and 2021; 75% in 2022; 50% in 2023; 25% in 2024 with no relief applied from 2025. The phasing out of transitional relief on the "day 1" impact of IFRS 9 as well as increases in Stage 1 and Stage 2 provisions between 1 January 2018 and 31 December 2019 under the modified calculation remain unchanged and continue to be subject to 70% transitional relief throughout 2020; 50% for 2021; 25% for 2022 and with no relief applied from 2023.

#### Capital ratios<sup>a,b,c</sup>

As at 31 December	2020	2019
CET1	14.2%	13.9%
Tier 1 (T1)	18.1%	18.1%
Total regulatory capital	21.0%	22.1%

#### Capital resources (audited)

As at 31 December	2020 £m	2019 £m
CET1 capital	25,227	22,080
T1 capital	32,172	28,600
Total regulatory capital	37,493	34,955

<b>Total risk weighted assets (RWAs) (unaudited)</b>	<b>178,156</b>	158,393
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#### Capital Requirements Regulation (CRR) leverage ratio<sup>a,d,e</sup>

As at 31 December	2020 £m	2019 £m
CRR leverage ratio	3.9%	3.9%
T1 capital	32,172	28,600
CRR leverage exposure	826,371	731,715

#### Notes

- a Capital, RWAs and leverage are calculated applying the transitional arrangements of the CRR as amended by CRR II. This includes IFRS 9 transitional arrangements and the grandfathering of CRR and CRR II non-compliant capital instruments.
- b The fully loaded CET1 ratio was 13.6%, with £24.1bn of CET1 capital and £177.3bn of RWAs, calculated without applying the transitional arrangements of the CRR as amended by CRR II.



# Risk review

## Risk performance

### Treasury and Capital risk

- c The Barclays PLC CET1 ratio, as is relevant for assessing against the conversion trigger in Barclays Bank PLC 7.625% Contingent Capital Notes, was 15.1%. For this calculation CET1 capital and RWAs are calculated applying the transitional arrangements under the CRR, as amended by CRR II, including the IFRS 9 transitional arrangements. The benefit of the Financial Services Authority (FSA) October 2012 interpretation of the transitional provisions, relating to the implementation of CRD IV, expired in December 2017.
- d Barclays Bank PLC solo-consolidated is not subject to the UK leverage framework and discloses the CRR Leverage ratio which had no binding requirement as at 31 December 2020. Had the UK leverage rules been applied, which provides a similar exclusion on qualifying claims on central banks as under CRR II, the 31 December 2020 leverage exposure would have reduced to £731.4bn and the leverage ratio would have increased to 4.3%. The exclusion for qualifying claims on central banks under CRR II is subject to PRA approval for all UK banks and as at 31 December 2020 this approval had not been given.
- e The Financial Policy Committee intends to review the UK leverage framework in 2021.

## Foreign exchange risk (audited)

The Barclays Bank Group is exposed to two sources of foreign exchange risk.

### a) Transactional foreign currency exposure

Transactional foreign currency exposures represent exposure on banking assets and liabilities, denominated in currencies other than the functional currency of the transacting entity.

The Barclays Bank Group's risk management policies are designed to prevent the holding of significant open positions in foreign currencies outside the trading portfolio managed by Barclays International which is monitored through VaR.

Banking book transactional foreign exchange risk outside of Barclays International is monitored on a daily basis by the market risk function and minimised by the businesses.

### b) Translational foreign exchange exposure

The Barclays Bank Group investments in overseas subsidiaries and branches create capital resources denominated in foreign currencies, principally USD and EUR. Changes in the GBP value of the net investments due to foreign currency movements are captured in the currency translation reserve, resulting in a movement in shareholders' equity.

## Functional currency of operations (audited)

	Foreign currency net investments	Borrowings which hedge the net investments	Derivatives which hedge the net investments	Structural currency exposures pre- economic hedges	Economic hedges	Remaining structural currency exposures
	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2020</b>						
USD	24,262	(4,512)	(764)	18,986	(5,918)	13,068
EUR	5,174	(278)	(3)	4,893	(286)	4,607
JPY	582	-	-	582	-	582
Other	1,596	(42)	(24)	1,530	-	1,530
<b>Total</b>	<b>31,614</b>	<b>(4,832)</b>	<b>(791)</b>	<b>25,991</b>	<b>(6,204)</b>	<b>19,787</b>
<b>As at 31 December 2019</b>						
USD	25,628	(8,073)	(1,111)	16,443	(5,339)	11,104
EUR	2,987	(3)	-	2,984	(1,122)	1,862
JPY	533	-	-	533	-	533
Other	1,741	-	(34)	1,707	-	1,707
<b>Total</b>	<b>30,889</b>	<b>(8,076)</b>	<b>(1,145)</b>	<b>21,667</b>	<b>(6,461)</b>	<b>15,206</b>

Economic hedges relate to exposures arising on foreign currency denominated preference share and AT1 instruments. These instruments are accounted for at historical cost under IFRS and do not qualify as hedges for accounting purposes. The gain or loss arising from changes in the GBP value of these instruments is recognised on redemption in retained earnings.

During 2020, total structural currency exposure net of hedging instruments increased by £4.6bn to £19.8bn (2019: £15.2bn). Foreign currency net investments increased by £0.7bn to £31.6bn (2019: £30.9bn) driven predominantly by a £2.2bn increase in Euro offset by a £1.4bn decrease in US dollars and £0.1bn decrease in other currencies. The hedges associated with these foreign currency investments decreased by £3.6bn to £5.6bn (2019: £9.2bn).

# Risk review

## Risk performance

### Treasury and Capital risk

#### Pension risk review

The UK Retirement Fund (UKRF) represents approximately 97% (2019: 97%) of the Barclays Bank Group's total retirement benefit obligations globally. As such this risk review section focuses exclusively on the UKRF. The UKRF is closed to new entrants and there is no new final salary benefit being accrued. Existing active members accrue a combination of a cash balance benefit and a defined contribution element. Pension risk arises as the market value of the pension fund assets may decline, investment returns may reduce or the estimated value of the pension liabilities may increase.

#### Assets

The Trustee Board of the UKRF defines its overall long-term investment strategy with investments across a broad range of asset classes. This results in an appropriate mix of return seeking assets as well as liability matching assets to better match future pension obligations. The two largest market risks within the asset portfolio relate to interest rates and equities. The split of scheme assets is shown within Note 31 to the financial statements. The fair value of the UKRF assets was £33.9bn as at 31 December 2020 (2019: £31.4bn).

#### Liabilities

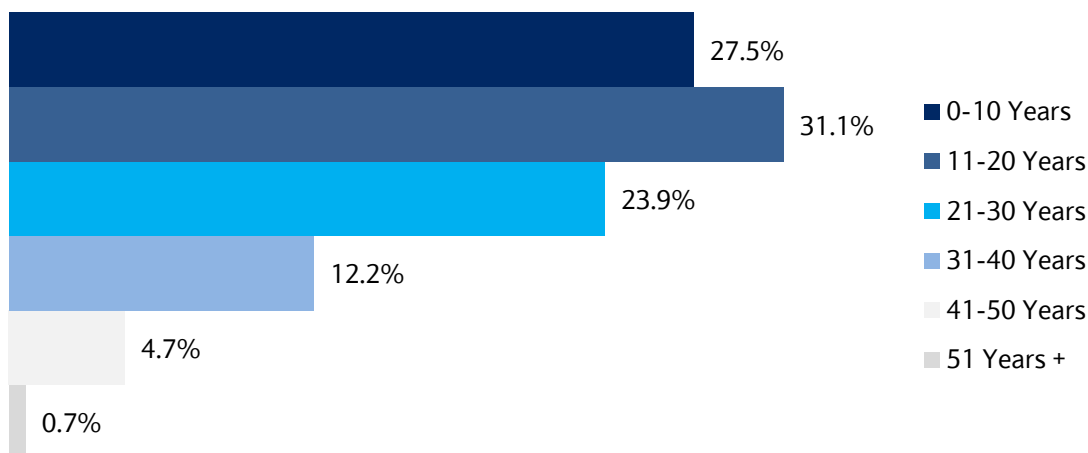
The UKRF retirement benefit obligations are a series of future cash flows with relatively long duration. On an IAS 19 basis these cash flows are sensitive to changes in the expected long-term price inflation rate (RPI) and the discount rate (GBP AA corporate bond yield):

- An increase in long-term expected inflation corresponds to an increase in liabilities.
- A decrease in the discount rate corresponds to an increase in liabilities.

Pension risk is generated through the Barclays Bank Group's defined benefit schemes and this risk is set to reduce over time as the main defined benefit scheme is closed to new entrants. The chart below outlines the shape of the UKRF's liability cash flow profile as at 31 December 2020 that takes account of the future inflation indexing of payments to beneficiaries. The majority of the cash flows (approximately 95%) fall between 0 and 40 years, peaking between 11 and 20 years and reducing thereafter. The shape may vary depending on changes to inflation and longevity expectations and any members who elect to transfer out. Transfers out will bring forward the liability cash flows.

For more detail on the UKRF's financial and demographic valuation assumptions see Note 31 to the financial statements.

#### Proportion of liability cash flows

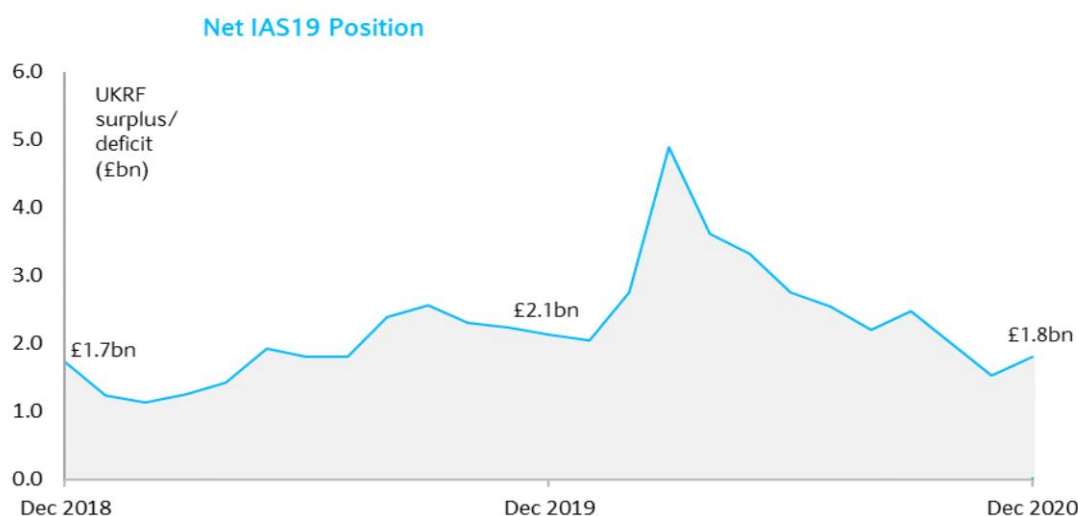


# Risk review

## Risk performance

Treasury and Capital risk

### IAS 19 pension position in 2019



The graph above shows the evolution of the UKRF's net IAS 19 position over the last two years. During 2020 the reduction in the IAS 19 position was driven by the net effect of bank contributions and a structured transaction agreed between the Barclays Bank Group and the Trustee which deferred the regulatory capital impact of the contributions until 2023-2025. Credit spreads tightening during the year had a negative impact which was broadly offset by changes in other market levels, in particular equity prices and interest rates, and updates to the discount rate methodology and demographic assumptions.

Refer to Note 31 to the financial statements for the sensitivity of the UKRF to changes in key assumptions and further information on the structured transaction.

#### Risk measurement

In line with the Barclays Bank Group's risk management framework the assets and liabilities of the UKRF are modelled within a VaR framework to show the volatility of the pension position at a total portfolio level. This enables the risks, diversification and liability matching characteristics of the UKRF obligations and investments to be adequately captured. VaR is measured and monitored on a monthly basis. Risks are reviewed and reported regularly at forums including the Barclays PLC Board Risk Committee, the Barclays Group Risk Committee, the Pensions Management Group and the Pension Executive Board. The VaR model takes into account the valuation of the liabilities on an IAS 19 basis (see Note 31 to the financial statements). The Trustee receives quarterly VaR measures on a funding basis.

The pension liability is also sensitive to post-retirement mortality assumptions which are reviewed regularly (see Note 31 to the financial statements for more details). To mitigate part of this risk the UKRF has entered into a longevity swap hedging approximately a quarter of current pensioner liabilities.

In addition, the impact of pension risk to the Barclays Bank Group is taken into account as part of the stress testing process. Stress testing is performed internally on at least an annual basis. The UKRF exposure is also included as part of regulatory stress tests.

The Barclays Bank Group's defined benefit pension schemes affects shareholders' equity in two ways:

- An IAS 19 deficit is treated as a liability on the Barclays Bank Group's balance sheet and an IAS19 surplus as an asset. Movements in the IAS19 position due to remeasurements, including actuarial losses, are recognised immediately through Other Comprehensive Income and as such impact shareholders' equity.
- In the Barclays Bank Group's statutory balance sheet an IAS 19 surplus or deficit is partially offset by a deferred tax liability or asset respectively.

## Interest rate risk in the banking book

All disclosures in this section (pages 87 to 89) are unaudited unless otherwise stated.

### Overview

The treasury and capital risk framework covers interest rate sensitive exposures held in the banking book, mostly relating to accrual accounted and FVOCI instruments. The potential volatility of net interest income is measured by an Annual Earnings at Risk (AEaR) metric which is monitored regularly and reported to senior management and the Barclays Bank PLC Board Risk Committee as part of the limit monitoring framework.

# Risk review

## Risk performance

Treasury and Capital risk

### Summary of performance in the period

- NII sensitivity to a -25bp shock to rates has increased year on year due to additional margin compression exposure driven by central bank rate cuts and growth in customer deposit balances through the year. The increase in margin compression exposure is partially mitigated by hedging and potential margin decompression benefit on variable rate loans.

### Key metrics

**-£263m**

AEaR across the Barclays Bank Group from a negative 25bps shock to forward interest rate curves.

### Net interest income sensitivity

The table below shows a sensitivity analysis on pre-tax net interest income for non-traded financial assets and liabilities, including the effect of any hedging. NII sensitivity uses the Annual Earnings at Risk (AEaR) metric. Note that this metric assumes an instantaneous parallel change to forward interest rate curves. The model does not apply floors to shocked market rates, but does recognise contractual product specific interest rate floors where relevant. The main model assumptions are: (i) one-year ahead time horizon; (ii) balance sheet is held constant; (iii) balances are adjusted for assumed behavioural profiles (i.e. considers that customers may prepay the mortgages before the contractual maturity); and (iv) behavioural assumptions are kept unchanged in all rate scenarios.

#### Net Interest Income sensitivity (AEaR) by currency (audited)

	2020		2019	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
	£m	£m	£m	£m
<b>Barclays Bank Group</b>				
GBP	32	(169)	19	(34)
USD	47	(61)	29	(32)
EUR	9	(32)	(14)	(16)
Other currencies	(2)	(1)	(9)	8
<b>Total</b>	<b>86</b>	<b>(263)</b>	25	(74)

NII sensitivity asymmetry arises due to the current low interest rate levels as some customer products have embedded floors. NII sensitivity to a -25bp shock to rates has increased year on year due to additional margin compression exposure driven by central bank rate cuts and growth in customer deposit balances through the year. NII Sensitivity to a +25bps shock has increased year on year primarily driven by the growth in customer deposit balances.

### Analysis of equity sensitivity

The analysis of equity sensitivity table measures the overall impact of a +/- 25bps movement in interest rates on profit after tax, the FVOCI reserve and the cash flow hedging reserve; encompassing pension obligations. For non-NII items a DV01 metric is used, which is an indicator of the shift in value for a 1 basis point movement in the yield curve.

# Risk review

## Risk performance

Treasury and Capital risk

Analysis of equity sensitivity (audited)	31 December 2020		31 December 2019	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
	£m	£m	£m	£m
<b>Barclays Bank Group</b>				
Net interest income	86	(263)	25	(74)
Taxation effects on the above	(21)	63	(6)	18
<b>Effect on profit for the year</b>	<b>65</b>	<b>(200)</b>	<b>19</b>	<b>(56)</b>
<b>As percentage of net profit after tax</b>	<b>2.7%</b>	<b>(8.2%)</b>	<b>0.7%</b>	<b>(2.0%)</b>
Effect on profit for the year (per above)	65	(200)	19	(56)
Fair value through other comprehensive income reserve	(417)	433	(295)	303
Cash flow hedging reserve	(554)	554	(497)	497
Taxation effects on the above	262	(266)	198	(200)
<b>Effect on equity</b>	<b>(644)</b>	<b>521</b>	<b>(575)</b>	<b>544</b>
<b>As percentage of equity</b>	<b>(1.2%)</b>	<b>1.0%</b>	<b>(1.1%)</b>	<b>1.1%</b>

Movements in the FVOCI reserve impact CET1 capital. However, movements in the pensions remeasurement reserve recognised in FVOCI only affect CET1 capital if there is an IAS 19 pension deficit. Movements in the cash flow hedge reserve do not affect CET1 capital.

### Volatility of the FVOCI portfolio in the liquidity pool

Changes in value of FVOCI exposures directly impact through capital via the FVOCI reserve. The volatility in the value of the FVOCI investments in the liquidity pool is captured and managed through a value measure rather than an earning measure, i.e. non-traded market risk VaR.

Although the underlying methodology to calculate the non-traded VaR is identical to the one used in traded management VaR, the two measures are not directly comparable. The non-traded VaR represents the volatility to capital driven by the FVOCI exposures. These exposures are in the banking book and do not meet the criteria for trading book treatment.

### Analysis of volatility of the FVOCI portfolio in the liquidity pool

	2020			2019		
	Average	High	Low	Average	High	Low
<b>For the year ended 31 December</b>	£m	£m	£m	£m	£m	£m
Non-traded market value at risk (daily, 95%)	47	59	31	42	49	34

Daily VaR trended upwards in H1 2020 due to an increase in time series volatility caused by the COVID-19 pandemic stress. Risk in the liquidity pool was reduced at the start of Q320, which caused a downward trend in daily VaR, and daily VaR was stable in Q420.

# Risk review

## Risk performance

### Operational risk

All disclosures in this section on pages 90 to 92 are unaudited unless otherwise stated.

#### Overview

Operational risks are inherent in the Barclays Bank Group's business activities and it is not cost effective or possible to attempt to eliminate all operational risks. The Operational Risk Framework is therefore focused on identifying operational risks, assessing them and managing them within the Barclays Bank Group's approved risk appetite.

The Operational Risk principal risk comprises the following risks: Data Management Risk; Financial Reporting Risk; Fraud Risk; Information Security Risk; Operational Resilience Planning Risk; Payments Process Risk; People Risk; Physical Security Risk; Premises Risk; Supplier Risk; Tax Risk; Technology Risk and Transaction Operations Risk. The operational risk profile is also informed by a number of risk themes: Cyber; Data; and Resilience. These themes represent threats to the Barclays Bank Group that extend across multiple risk types, and therefore require an integrated risk management approach.

For definitions of these risks refer to pages 121 to 122 of the Barclays PLC Pillar 3 Report 2020. In order to provide complete coverage of the potential adverse impacts on the Barclays Bank Group arising from operational risk, the operational risk taxonomy extends beyond the risks listed above to cover operational risks associated with other principal risks too.

This section provides an analysis of the Barclays Bank Group's operational risk profile, including events above the Barclays Bank Group's reportable threshold, which have had a financial impact in 2020. The Barclays Bank Group's operational risk profile is informed by bottom-up risk assessments undertaken by each business unit and top-down qualitative review by the Operational Risk specialists for each risk type. Fraud, Transaction Operations, Information Security and Technology continue to be highlighted as key operational risk exposures.

For information on conduct risk events, see the conduct risk section.

#### Summary of performance in the period

During 2020, total operational risk losses<sup>a</sup> decreased to £109m (2019: £124m) and the number of recorded events for 2020 decreased to 879 from 1,044 events recorded during the prior year. The total operational risk losses for the year were mainly driven by events falling within the Execution, Delivery & Process Management category, which tend to be high volume but low impact events.

#### Key metrics

**70%**

of the Barclays Bank Group's net reportable operational risk events had a loss value of £50,000 or less

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**56%**

of events by number are due to Execution, Delivery and Process Management

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**86%**

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

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#### Operational risk profile

Within operational risk, there are a large number of small value risk events. In 2020, 70% (2019: 79%) of the Barclays Bank Group's reportable operational risk events by volume had a value of less than £50,000 each. Cumulatively, events under this £50,000 threshold accounted for only 11% (2019: 12%) of the Barclays Bank Group's total net operational risk losses. A small proportion of operational risk events have a material impact on the financial results of the Barclays Bank Group.

The analysis below presents the Barclays Bank Group's operational risk events by Basel event category:

## Risk review

### Risk performance

#### Operational risk



**Note**  
 a The data disclosed includes operational risk losses for reportable events impacting the Barclays Bank Group business areas, having impact of  $\geq$  £10,000 and excludes Gain or Insurance Recovery impacts, events that are Conduct or Legal risk, aggregate and boundary events. A boundary event is an operational risk event that results in a credit risk impact. Due to the nature of risk events that keep evolving, data for prior year losses are updated.

- Execution, Delivery and Process Management impacts during 2020 of £94m increased from previous year (2019: £86m) and accounted for a higher proportion, 86% of total operational risk losses (2019: 69%). The events in this category are typical of the banking industry as a whole where high volumes of transactions are processed on a daily basis, mapping mainly to Barclays Transaction Operations risk type. The overall frequency of events in this category increased in 2020 to 56% of total events by volume (2019: 41%).
- External Fraud frequency of events fell significantly in 2020 to 36% of total events (2019: 50%), with volume decreasing to 317 events from 526 in the previous year. In this category, high volume, low value events are driven by transactional fraud often related to debit and credit card usage. Ratio of losses in this category dropped to 8% of total 2020 losses (2019: 21%).
- Business Disruption and System Failures impacts accounted for a reduced share of total impacts at 6% (2019: 9%), with actual losses down to £6m (2019: £11m) and volume of events fell down to 39 (2019: 76).

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

Operational Resilience is and has been a key area of focus for the Barclays Bank Group. The COVID-19 pandemic is the most severe global health emergency the World Health Organization (WHO) has ever declared. Whilst overall the Barclays Bank Group proved to be resilient, the COVID-19 pandemic has caused disruption to the Barclays Bank Group's customers, suppliers, and staff globally. The COVID-19 pandemic has reinforced our continued focus on resilience risk.

Due to the COVID-19 pandemic, the Barclays Bank Group experienced operational disruptions primarily during the Barclays Bank Group's and its suppliers' transition to a Work-from-Home environment and in response to high market volatility. Further, the prolonged nature of the event identified the need to enhance our resilience planning programme to improve our response to similar events with an extreme and prolonged impact. Despite these issues, the early activation of our Crisis Leadership Team facilitated swift and decisive actions to limit and manage the impacts which resulted in normal risk exposures as reported above. For additional information on the risk exposure due to the COVID-19 pandemic, see the operational risk management section.

Likewise, operational risk associated with cyber-security remains a top focus for the Barclays Bank Group. The sophistication of threat actors continues to grow as noted by multiple external risk events observed throughout the year. Multiple ransomware attacks across the global Barclays supplier base were observed and we worked closely with the affected suppliers to manage potential impacts to the Barclays Bank



## Risk review

### Risk performance

#### Operational risk

Group and its clients and customers. The Barclays Bank Group's cyber-security events were managed within its risk tolerances and there were limited to no loss events associated with cyber-security recorded within the event categories above. For additional information on the Barclays Bank Group's cyber-security risk exposure, see the operational risk management section.

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

# Risk review

## Risk performance

Model risk, Conduct risk, Reputation risk, Legal risk

All disclosures in these model risk, conduct risk, reputation risk and legal risk sections on page 93 are unaudited unless otherwise stated.

### Model risk

Since the inception of model risk as a principal risk, key achievements to date include creating a Barclays Group-wide model inventory, design and roll out of a robust Model Risk Management (MRM) framework and the validation of high materiality models. In 2020 the framework and governance of model risk was further improved by:

- strengthening the model inventory management infrastructure by moving onto a new strategic technology

### Conduct risk

The Barclays Bank Group is committed to continuing to drive the right culture throughout all levels of the organisation. The Barclays Bank Group will continue to enhance effective management of conduct risk and appropriately consider the relevant tools, governance and management information in decision-making processes. Focus on management of conduct risk is ongoing and, alongside other relevant business and control management information, the Barclays Bank Group Conduct Risk Dashboards are a key component of this.

The Barclays Bank Group continues to review the role and impact of conduct risk events and issues in remuneration decisions at both the individual and business level.

During 2020, the COVID-19 pandemic created new risks and heightened existing ones. To date, the Barclays Bank Group has focused on managing the heightened inherent conduct risks and continues to monitor these as the pandemic continues.

Businesses have continued to assess the potential customer, client and market impacts of strategic change. As part of the 2020 Medium-Term Planning Process and associated Strategic Risk Assessment, material conduct risks associated with strategic and financial plans were assessed.

Throughout 2020, conduct risks were raised by each business area for consideration by the Barclays PLC and Barclays Bank PLC

### Reputation risk

The Barclays Bank Group is committed to continuing to drive the right culture throughout all levels of the organisation. The Barclays Bank Group will continue to enhance effective management of reputation risk and appropriately consider the relevant tools, governance and management information in decision-making processes.

The Barclays Bank PLC Board considers reputation risks raised by businesses. The Board has also considered whether management's proposed actions have been appropriate to mitigate the risks effectively.

### Legal risk

#### Summary of performance in the period

The Barclays Bank Group remains committed to continuous improvements to manage legal risk effectively. A number of enhancements have been implemented during 2020, including a refresh of the Barclays Group-wide legal risk management framework and a review and update of the supporting legal risk policies, legal risk tolerances and risk appetite. Legal risk reporting has been enhanced both in terms of format and content. There has

- platform, which will enable future enhancements and automation of controls;
- progressing the validation of low materiality models to achieve 95% target for models under governance; and
- enhancing model risk management oversight with the establishment of dedicated MRM forums which bring together model developers, model owners and model validators.

In 2021 MRM will continue to focus on the validation of low materiality models, further embedding of validation and governance activities and on expanding the coverage of the MRM framework to new model types.

Board Risk Committees. The Committees reviewed the risks raised and whether management's proposed actions were appropriate to mitigate the risks effectively.

The Barclays Bank Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 25 to the financial statements (Legal, competition and regulatory matters) and Note 23 to the financial statements (Provisions), for further details. Related costs include customer redress and remediation, as well as fines and settlements. Resolution of these litigation and conduct matters remains a necessary and important part of delivering the Barclays Bank Group's strategy and an ongoing commitment to improve oversight of culture and conduct.

The Barclays Bank PLC Board Risk Committee and senior management received Conduct Risk Dashboards setting out key indicators in relation to Conduct, Financial Crime, Culture and Complaints. These continue to be evolved and enhanced to allow effective oversight and decision-making. The Barclays Bank Group has operated at the overall set tolerance for conduct risk throughout 2020. The tolerance adherence is assessed by the business through key indicators which are aggregated to provide an overall risk profile rating and reported to the Barclays Bank PLC Board Risk Committee as part of the Conduct Risk Dashboard.

The Barclays Bank Group remains focused on continuous improvements being made to manage risk effectively with an emphasis on enhancing governance and management information to identify risk at earlier stages.

The Barclays Bank Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 25 to the financial statements (Legal, competition and regulatory matters) and Note 23 to the financial statements (Provisions), for further details. Related costs include customer redress and remediation, as well as fines and settlements. Resolution of these litigation and conduct matters is an ongoing commitment to improve oversight of culture and conduct and management of reputation risks arising.

The Barclays Bank Group remains focused on the continuous improvements being made to manage risk effectively, with an emphasis on enhancing governance and management information to help identify risks at earlier stages.

also been a re-write of the Barclays Group-wide legal risk mandatory training, reinforced by ongoing engagement with and education of the Barclays Group's businesses and functions by Legal Function colleagues.

Throughout 2020, the Barclays Bank Group has operated within set tolerances for legal risk. Tolerance adherence is assessed through key indicators, which are also used to evaluate the legal risk profile and are reviewed, at least annually, through the relevant risk and control committees. Minimum mandatory controls to manage legal risks are set out in the legal risk standards and are subject to ongoing monitoring.

# Risk review

## Supervision and regulation

### Supervision of the Barclays Bank Group

The Barclays Bank Group's operations, including its overseas branches, subsidiaries and associates, are subject to a large number of rules and regulations that are a condition for authorisation to conduct banking and financial services business in each of the jurisdictions in which the Barclays Bank Group operates. These apply to business operations, impact financial returns and include capital, leverage and liquidity requirements, authorisation, registration and reporting requirements, restrictions on certain activities, conduct of business regulations and many others.

Regulatory developments impact the Barclays Bank Group globally. We focus particularly on UK, US and EU regulation due to the location of the Barclays Bank Group's principal areas of business. Regulations elsewhere may also have a significant impact on the Barclays Bank Group due to the location of its branches, subsidiaries and, in some cases, clients. For more information on the risks related to the supervision and regulation of the Barclays Bank Group, including regulatory change, see the material existing and emerging risk entitled 'Regulatory Change agenda and impact on Business Model' in the Material existing and emerging risks section.

### Supervision in the UK

In the UK, day-to-day regulation and supervision of the Barclays Bank Group is divided between the Prudential Regulation Authority (PRA) (a division of the Bank of England (BoE)) and the Financial Conduct Authority (FCA). In addition, the Financial Policy Committee (FPC) of the BoE has influence on the prudential requirements that may be imposed on the banking system through its powers of direction and recommendation.

Barclays Bank PLC is an authorised credit institution and subject to prudential supervision by the PRA and subject to conduct regulation and supervision by the FCA. The Barclays Group is also subject to prudential supervision by the PRA on a group consolidated basis. Barclays Capital Securities Limited is authorised and supervised by the PRA as a PRA-designated investment firm and subject to conduct regulation and supervision by the FCA. Barclays Execution Services Limited is an appointed representative of Barclays Bank PLC, Barclays Bank UK PLC and Clydesdale Financial Services Limited.

The Barclays Group is also subject to regulatory initiatives undertaken by the UK Payment Systems Regulator (PSR), as a participant in payment systems regulated by the PSR.

The PRA's supervision of the Barclays Group is conducted through a variety of regulatory tools, including the collection of information by way of prudential returns or cross-firm reviews, reports obtained from skilled persons, regular supervisory visits to firms and regular meetings with management and directors to discuss issues such as strategy, governance, financial resilience, operational resilience, risk management, and recovery and resolution.

Both the PRA and the FCA apply standards that either anticipate or go beyond requirements established by global or EU standards, whether in relation to capital, leverage and liquidity, resolvability and resolution or matters of conduct.

The FCA's supervision of the UK firms in the Barclays Group is carried out through a combination of proactive engagement, regular thematic work and project work based on the FCA's sector assessments, which analyse the different areas of the market and the risks that may lie ahead.

The FCA and the PRA also apply the Senior Managers and Certification Regime (the SMCR) which imposes a regulatory approval, individual accountability and fitness and propriety framework in respect of senior or key individuals within relevant firms.

FCA supervision has focused on conduct risk and customer/client outcomes, including product design, customer behaviour, market operations, LIBOR transition, fair pricing, affordability, access to cash, and fair treatment of vulnerable customers.

PRA supervision has focused on capital management, credit risk management, Board effectiveness, operational resilience and resolvability.

Both the PRA and the FCA have assessed the impact of COVID-19 and Brexit on UK financial markets and customers.

### Supervision in the EU

The Barclays Bank Group's operations in Europe are authorised and regulated by a combination of its home regulators and host regulators in the European countries where the Barclays Bank Group operates.

Barclays Bank Ireland PLC is licensed as a credit institution by the Central Bank of Ireland (CBI) and is designated as a significant institution falling under direct supervision on a solo basis by the European Central Bank (ECB) for prudential purposes. Barclays Bank Ireland PLC's EU branches are supervised by the ECB and are also subject to direct supervision for local conduct purposes by national supervisory authorities in the jurisdictions where they are established. Barclays Bank Ireland PLC is also subject to supervision by the CBI as home state or competent authority under various EU financial services directives and regulations.

### Brexit

The EU-UK Trade and Cooperation Agreement (TCA), which provides a new economic and social partnership between the EU and UK, came into force provisionally on 1 January 2021. The TCA does not cover the provision of financial services into the EU and there is no agreement on passporting, equivalence or regulatory cooperation. Therefore, UK-based entities within the Barclays Group (such as Barclays Bank PLC and Barclays Bank UK PLC) are no longer able to rely on the EU passporting framework for the provision of financial services to EU clients. Accordingly, Barclays Bank PLC and Barclays Capital Securities Limited have put in place new arrangements in the provision of cross-border banking and investment services to customers and counterparties in the EEA, including by servicing EEA clients through the Barclays Group's EEA hub (Barclays Bank Ireland PLC).

The EU and the UK have agreed to establish structured regulatory cooperation on financial services, with the aim of establishing a durable and stable relationship, based on a shared commitment to preserve financial stability, market integrity, and the protection of investors and consumers. The EU and the UK have committed to agreeing a Memorandum of Understanding setting out a "framework" for regulatory cooperation in financial services by March 2021. We anticipate that consideration will be given to equivalence determinations as part of the discussions.

Mutual equivalence decisions between the UK and EU relating to market access would allow UK-based entities within the Barclays Group to offer a restricted number of financial products and services to customers and clients based in the EEA, including permanent access to EU

## Risk review

### Supervision and regulation

trading venues as well as allowing EEA based clients to access some UK originated products and services, including permanent access to UK trading venues. However, the EU equivalence regime is very different to benefiting from passporting rights; the equivalence regimes that facilitate access to customers and clients based in the EEA under EU law differ significantly in their scope, operation and impact. Equivalence decisions do not cover services to retail customers, for example. Under the current framework, equivalence decisions can be revoked at any time. To date, the EU and UK have only agreed a temporary position on mutual equivalence in relation to clearing and settlement (CCPs). In addition, HM Treasury has made certain unilateral equivalence decisions, including under the Capital Requirements Regulation (CRR) and European Market Infrastructure Regulation (EMIR).

'Onshoring' was the process of amending EU legislation and regulatory requirements in the UK so that they work in a UK-only context, including directly applicable EU legislation such as EU regulations and decisions that form part of UK law by virtue of the European Union (Withdrawal) Act 2018, now that the Brexit transition period has ended.

The onshoring process means that there are some areas where the requirements on UK firms and other regulated persons have changed. To help UK firms adapt to their new requirements, HM Treasury gave UK financial regulators the power to make transitional provisions to financial services legislation for a temporary period. This is known as the Temporary Transitional Power (TTP).

The FCA has applied the TTP on a broad basis from the end of the transition period until 31 March 2022. This means UK firms and other regulated persons do not generally need to adjust to the changes to their UK regulatory obligations brought about by onshoring straight away, although there are some exceptions to this and obligations which have changed and which took effect from 1 January 2021 include reporting obligations under various EU financial services directives and regulations, certain requirements under the Market Abuse Regulation, issuer rules, contractual recognition of bail-in, securitisation, use of credit ratings, mortgage lending after the transition period against land in the EEA, payments services and certain other matters.

On 31 December, the FCA published a statement on its use of the TTP to modify the UK's derivatives trading obligation (the UK DTO). Without mutual equivalence, some firms and EEA clients will be caught by a conflict of law between the EU DTO and the UK DTO. The FCA is therefore using the TTP to modify the application of the UK DTO. Where firms that are subject to the UK DTO trade with, or on behalf of, EU clients that are subject to the EU DTO, they will be able to transact or execute those trades on EU venues providing that: (i) firms take reasonable steps to be satisfied the client does not have arrangements in place to execute the trade on a trading venue to which both the UK and EU have granted equivalence (for example, a US venue such as a swap execution facility); and (ii) the EU venue has the necessary regulatory status to do business in the UK (such venues include those that are a Recognised Overseas Investment Exchange, have been granted the relevant temporary permission, or are certain that they benefit from the Overseas Person Exclusion). This modification of the application of the UK DTO applies to UK firms, EU firms using the UK's temporary permissions regime, and branches of overseas firms in the UK. Transactions concluded by an EEA UCITS fund or an EEA AIF are currently outside the scope of the UK DTO. The relief under the TTP does not apply to trades with non-EU clients, proprietary trading conducted, for example, to hedge a firm's own risk exposure, and trades between UK branches of EU firms. These trades remain subject to the UK DTO and firms are required to take reasonable steps to ensure compliance during Q1 2021. The FCA will consider by 31 March 2021 whether market or regulatory developments warrant a review of its approach.

On 28 December 2020, the PRA published a policy statement (PS30/20) on changes to its rules, as well as the use of temporary transitional directions. The PRA's transitional direction and the majority of the provisions in the rulebook instrument came into force at the end of the transition period on 31 December 2020. The transitional direction delays onshoring changes that fall within the PRA's remit. The PRA TTP will apply until 31 March 2022, unless otherwise stated in the direction or it is varied or revoked before then.

As a result of the onshoring of EU legislation in the UK and the exercise of the TTPs, UK firms in the Barclays Group are currently subject to substantially the same rules and regulations as before Brexit. The UK intends to recast onshored EU legislation into PRA and FCA rules and to complete UK implementation of the remaining Basel III reforms. The regulatory regimes for EU and UK financial services may change further, and temporary permissions and equivalence decisions may expire, and not be replaced, which would result in further adjustments to the UK regulatory landscape.

#### Supervision in the US

Barclays PLC, Barclays Bank PLC and its New York branch, and Barclays Bank PLC's US subsidiaries are subject to a comprehensive regulatory framework involving numerous statutes, rules and regulations in the US. For example, the Barclays Bank Group's US activities and operations are subject to supervision and regulation by the Board of Governors of the Federal Reserve System (FRB), as well as additional supervision, requirements and restrictions imposed by other federal and state regulators and self-regulatory organisations (SROs). In some cases, US requirements may impose restrictions on the Barclays Bank Group's global activities, in addition to its activities in the US.

Barclays PLC, Barclays Bank PLC, Barclays US Holdings Limited (BUSHL), Barclays US LLC (BUSL) and Barclays Group US Inc. (BGUS) are regulated as bank holding companies (BHCs) by the FRB. BUSL is the Barclays Bank Group's top-tier US holding company that holds substantially all of the Barclays Bank Group's US subsidiaries (including Barclays Capital Inc. and Barclays Bank Delaware). BUSL is subject to requirements in respect of capital adequacy, capital planning and stress testing, risk management and governance, liquidity, leverage limits, large exposure limits, activities restrictions and financial regulatory reporting. Barclays Bank PLC's New York branch is also subject to enhanced prudential standards relating to, among other things, liquidity and risk management.

Barclays PLC, Barclays Bank PLC, BUSHL and BUSL have elected to be treated as financial holding companies (FHCs) under the Bank Holding Company Act of 1956. FHC status allows these entities to engage in a variety of financial and related activities, directly or through subsidiaries, including underwriting, dealing and market making in securities. Failure to maintain FHC status could result in increasingly stringent penalties and, ultimately, in the closure or cessation of certain operations in the US.

In addition to oversight by the FRB, Barclays Bank PLC's New York branch and many of the Barclays Bank Group's subsidiaries are regulated by additional authorities based on the location or activities of those entities. The New York branch of Barclays Bank PLC is subject to supervision and regulation by the New York State Department of Financial Services (NYSDFS). Barclays Bank Delaware, a Delaware chartered bank, is subject to supervision and regulation by the Delaware Office of the State Bank Commissioner, the Federal Deposit Insurance Corporation (FDIC), the Federal Reserve Bank of New York and the Consumer Financial Protection Bureau (CFPB). The deposits of Barclays Bank Delaware are insured by the FDIC. Barclays PLC, Barclays Bank PLC, BUSHL, BUSL, and BGUS are required to act as a source of strength for Barclays Bank Delaware. This could, among other things, require these entities to inject capital into Barclays Bank Delaware if it fails to meet applicable regulatory capital requirements.

# Risk review

## Supervision and regulation

The Barclays Bank Group's US securities broker/dealer and investment banking operations, are conducted primarily through Barclays Capital Inc., and are also subject to ongoing supervision and regulation by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and other government agencies and SROs under US federal and state securities laws.

The Barclays Bank Group's US futures, options and swaps-related activities, including client clearing operations are subject to ongoing supervision and regulation by the Commodity Futures Trading Commission (CFTC), the National Futures Association and other SROs. Barclays Bank PLC is also a US registered swap dealer and is subject to the FRB swaps rules with respect to margin and capital requirements.

### Supervision in Asia Pacific

The Barclays Bank Group's operations in Asia Pacific are supervised and regulated by a broad range of national banking and financial services regulators.

### Prudential regulation

Certain Basel III standards were implemented in EU law through the Capital Requirements Regulation (CRR) and the Capital Requirements Directive IV (CRD IV), as amended by CRR II and CRD V. Under the terms of the EU-UK Withdrawal Agreement of 24 January 2020, Barclays Bank PLC plus certain additional subsidiaries remained subject to the EU regulatory framework until the end of the transition period on 31 December 2020. Beyond the minimum standards required by CRR, the PRA has expected the Barclays Group, in common with other major UK banks and building societies, to meet a 7% Common Equity Tier 1 (CET1) ratio at the level of the consolidated group since 1 January 2016.

Global systemically important banks (G-SIBs), such as the Barclays Group, are subject to a number of additional prudential requirements, including the requirement to hold additional loss-absorbing capacity and additional capital buffers above the level required by Basel III standards. The level of the G-SIB buffer is set by the Financial Stability Board (FSB) according to a bank's systemic importance and can range from 1% to 3.5% of risk-weighted assets (RWAs). The G-SIB buffer must be met with CET1. In November 2020, the FSB published an update to its list of G-SIBs, maintaining the 1.5% G-SIB buffer that applies to the Barclays Group.

The Barclays Group is also subject to a 'combined buffer requirement' consisting of (i) a capital conservation buffer, and (ii) a countercyclical capital buffer (CCyB). The CCyB is based on rates determined by the regulatory authorities in each jurisdiction in which the Barclays Group maintains exposures. In March 2020, the FPC cut the UK CCyB rate to 0% with immediate effect in order to support the supply of credit expected as a result of the COVID-19 pandemic.

The PRA requires UK firms to hold additional capital to cover risks which the PRA assesses are not fully captured by the Pillar 1 capital requirement. The PRA sets this additional capital requirement (Pillar 2A) at least annually, derived from each firm's individual capital guidance. Under current PRA rules, the Pillar 2A must be met with at least 56% CET1 capital and no more than 25% tier 2 capital. In addition, the capital that firms use to meet their minimum requirements (Pillar 1 and Pillar 2A) cannot be counted towards meeting the combined buffer requirement.

The PRA may also impose a 'PRA buffer' to cover risks over a forward looking planning horizon, including with regard to firm-specific stresses or management and governance weaknesses. If the PRA buffer is imposed on a specific firm, it must be met separately to the combined buffer requirement, and must be met fully with CET1 capital.

In the US, in October 2019, the FRB and other US regulatory agencies released final rules to tailor the applicability of prudential requirements for large domestic US banking organisations, foreign banking organisations and their intermediate holding companies (IHCs), including BUSL. BUSL is a "Category III" IHC. BUSL (and Barclays Bank Delaware) is therefore subject to reduced (calibrated at 85%) standardised liquidity requirements, including the liquidity coverage ratio, which has been implemented by the US regulatory agencies, and the NSFR, which will become effective on 1 July 2021.

In June 2018 and October 2019, the FRB finalised rules regarding single counterparty credit limits (SCCL). The SCCL apply to the largest US BHCs and foreign banks' (including the Barclays Bank Group's) US operations. The SCCL creates two separate limits for foreign banks, the first on combined US operations (CUSO) and the second on the US IHC (BUSL). The SCCL for US BHCs, including BUSL, requires that exposure to an unaffiliated counterparty of BUSL not exceed 25% of BUSL's tier 1 capital. With respect to the CUSO, the SCCL rule allows certification to the FRB that a foreign bank complies with comparable home country regulation.

Barclays Bank PLC is not required to comply with the CUSO requirement until 1 July 2021.

### Stress testing

The Barclays Group and certain of its members, including Barclays Bank PLC, are subject to supervisory stress testing exercises in a number of jurisdictions, designed to assess the resilience of banks to adverse economic or financial developments and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. Assessment by regulators is on both a quantitative and qualitative basis, the latter focusing on such elements as data provision, stress testing capability including model risk management and internal management processes and controls.

### Recovery and Resolution

#### Stabilisation and resolution framework

The UK framework for recovery and resolution was established by the Banking Act 2009, as amended. The EU framework was established by the 2014 Bank Recovery and Resolution Directive (BRRD), as amended by BRRD II.

The BoE, as the UK resolution authority, has the power to resolve a UK financial institution that is failing or likely to fail by exercising several stabilisation options, including transferring such institution's business or securities to a commercial purchaser or a 'bridge bank' owned by the BoE or transferring the institution into temporary public ownership. When exercising any of its stabilisation powers, the BoE must generally provide that shareholders bear first losses, followed by creditors in accordance with the priority of their claims in insolvency.

In order to enable the exercise of its stabilisation powers, the BoE may impose a temporary stay on the rights of creditors to terminate, accelerate or close out contracts, or override events of default or termination rights that might otherwise be invoked as a result of a resolution action and modify contractual arrangements in certain circumstances (including a variation of the terms of any securities). HM Treasury may also amend the law for the purpose of enabling it to use its powers under this regime effectively, potentially with retrospective effect.



## Risk review

### Supervision and regulation

In addition, the BoE has the power to permanently write-down, or convert into equity, tier 1 capital instruments, tier 2 capital instruments and internal eligible liabilities at the point of non-viability of the bank.

The BoE's preferred approach for the resolution of the Barclays Group is a bail-in strategy with a single point of entry at Barclays PLC. Under such a strategy, Barclays PLC's subsidiaries would remain operational while Barclays PLC's capital instruments and eligible liabilities would be written down or converted to equity in order to recapitalise the Barclays Group and allow for the continued provision of services and operations throughout the resolution. The order in which the bail-in tool is applied reflects the hierarchy of capital instruments under CRD IV and otherwise respecting the hierarchy of claims in an ordinary insolvency. Accordingly, the more subordinated the claim, the more likely losses will be suffered by owners of the claim.

The PRA has made rules that require authorised firms to draw up recovery plans and resolution packs, as required by the BRRD. Recovery plans are designed to outline credible actions that authorised firms could implement in the event of severe stress in order to restore their business to a stable and sustainable condition. Removal of potential impediments to an orderly resolution of a banking group or one or more of its subsidiaries is considered as part of the BoE's and PRA's supervisory strategy for each firm, and the PRA can require firms to make significant changes in order to enhance resolvability. The Barclays Group currently provides the PRA with a recovery plan annually and with a resolution pack as requested.

In July 2019, the BoE and PRA published final policies on the Resolvability Assessment Framework (RAF), designed to increase transparency and accountability and clarify the responsibilities on firms with respect to resolution. Firms are required to develop capabilities by 1 January 2022 covering three resolvability outcomes: (i) adequate financial resources; (ii) being able to continue to do business through resolution and restructuring; and (iii) being able to communicate and co-ordinate within the firm and with authorities. The first self-assessment report on these capabilities is expected to be submitted to the PRA/BoE by October 2021 with public disclosures by both firms and the PRA/BoE in June 2022 (and every two years thereafter).

While regulators in many jurisdictions have indicated a preference for single point of entry resolution for the Barclays Group, additional resolution or bankruptcy provisions may apply to certain Barclays Bank Group entities or branches.

In the US, BUSL is subject to the Orderly Liquidation Authority established by Title II of the Dodd-Frank Act (DFA), a regime for the orderly liquidation of systemically important financial institutions by the FDIC, as an alternative to proceedings under the US Bankruptcy Code. In addition, the licensing authorities of Barclays Bank PLC New York branch and of Barclays Bank Delaware have the authority to take possession of the business and property of the applicable branch or entity they license and/or to revoke or suspend such licence.

In the US, Title I of the DFA, as amended, and the implementing regulations issued by the FRB and the FDIC require each bank holding company with assets of \$250bn or more, including those within the Barclays Group, to prepare and submit a plan for the orderly resolution of subsidiaries and operations in the event of future material financial distress or failure. The Barclays Group's next submission of the US Resolution Plan in respect of its US operations will be a "targeted plan" due on 17 December 2021.

Barclays Bank Ireland PLC, as a significant institution under the Single Resolution Mechanism Regulation (SRMR), is subject to the powers of the Single Resolution Board (SRB) as the Eurozone resolution authority. The CBI and the ECB require Barclays Bank Ireland PLC to submit a standalone BRRD-compliant recovery plan on an annual basis. The SRB has the power to require data submissions specific to Barclays Bank Ireland PLC under powers conferred upon it by the BRRD and the SRMR. The SRB will exercise these powers to determine the optimal resolution strategy for Barclays Bank Ireland PLC in the context of the BoE's preferred resolution strategy of single point of entry with bail-in at Barclays PLC. The SRB also has the power under the BRRD and the SRMR to develop a resolution plan for Barclays Bank Ireland PLC.

#### *TLAC and MREL*

The Barclays Group is subject to a Minimum Requirement for own funds and Eligible Liabilities (MREL), which includes a component reflecting the FSB's standards on total loss absorbency capacity (TLAC).

The MREL requirements will be fully implemented by 1 January 2022, at which time G-SIBs with resolution entities incorporated in the UK will be required to meet an MREL equivalent to the higher of: (i) two times the sum of their Pillar 1 and Pillar 2A requirements; or (ii) the higher of two times their leverage ratio or 6.75% of leverage exposures. Internal MREL for operating subsidiaries is subject to a scalar in the 75-90% range of the external requirement that would apply to the subsidiary if it were a resolution entity. The starting point for the scalar is 90% for ring-fenced bank sub-groups.

Barclays Bank Ireland PLC is subject to the SRB's MREL policy, as issued in May 2020, in respect of the internal MREL that it will be required to issue to Barclays Bank Group. The SRB's current calibration of internal MREL for non-resolution entities is expressed as two ratios that have to be met in parallel: (a) two times the sum of: (i) the firm's Pillar 1 requirement; (ii) its Pillar 2 requirement; and (b) two times the leverage ratio. The SRB's policy does not envisage the application of any scalar in respect of the internal MREL requirement.

In the US, the FRB's TLAC rule includes provisions that require BUSL to have: (i) a specified outstanding amount of eligible long-term debt; (ii) a specified outstanding amount of TLAC (consisting of common and preferred equity regulatory capital plus eligible long-term debt); and (iii) a specified common equity buffer. In addition, the FRB's TLAC rule prohibits BUSL, for so long as the Barclays Group's overall resolution plan treats BUSL as a non-resolution entity, from issuing TLAC to entities other than those within the Barclays Group.

#### *Bank Levy and FSCS*

The BRRD established a requirement for EU member states to set up a pre-funded resolution financing arrangement with funding equal to 1% of covered deposits by 31 December 2024 to cover the costs of bank resolutions. The UK has implemented this requirement by way of a tax on the balance sheets of banks known as the 'Bank Levy'.

In addition, the UK has a statutory compensation fund called the Financial Services Compensation Scheme (FSCS), which is funded by way of annual levies on most authorised financial services firms.

#### **Structural reform**

In the UK, the Financial Services (Banking Reform) Act 2013 put in place a framework for ring-fencing certain operations of large banks. Ring-fencing requires, among other things, the separation of the retail and smaller deposit-taking business activities of UK banks into a legally distinct, operationally separate and economically independent entity, which is not permitted to undertake a range of activities.

# Risk review

## Supervision and regulation

US regulation places further substantive limits on the activities that may be conducted by banks and holding companies, including foreign banking organisations such as the Barclays Group. The 'Volcker Rule', which was part of the DFA and which came into effect in the US in 2015, prohibits banking entities from undertaking certain proprietary trading activities and limits such entities' ability to sponsor or invest in certain private equity funds and hedge funds (in each case broadly defined). As required by the rule, the Barclays Group has developed and implemented an extensive compliance and monitoring programme addressing proprietary trading and covered fund activities (both inside and outside of the US).

### Market infrastructure regulation

In recent years, regulators as well as global-standard setting bodies such as the International Organisation of Securities Commissions (IOSCO) have focused on improving transparency and reducing risk in markets, particularly risks related to over-the-counter (OTC) transactions. This focus has resulted in a variety of new regulations across the G20 countries and beyond that require or encourage on-venue trading, clearing, posting of margin and disclosure of pre-trade and post-trade information.

The European Market Infrastructure Regulation (EMIR) has introduced requirements designed to improve transparency and reduce the risks associated with the derivatives market. EMIR has potential operational and financial impacts on the Barclays Group, including by imposing new collateral requirements. Over the coming months alterations to the existing derivative margin rules are expected to be finalised.

The Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation (collectively referred to as MiFID II) have affected many of the markets in which the Barclays Group operates, the instruments in which it trades and the way it transacts with market counterparties and other customers. MiFID II is currently undergoing a review process, including as part of the EU's ongoing focus on the development of a stronger Capital Markets Union.

The EU Regulation on Sustainability-Related Disclosures introduces disclosure obligations requiring financial institutions to explain how they integrate environmental, social and governance factors in their investment decisions for certain financial products. In addition, the EU Taxonomy Regulation provides for a general framework for the development of an EU-wide classification system for environmentally sustainable economic activities. Finally, the UK and EU regulators are consulting on, amongst other things, proposals for regulatory measures to enhance climate and environmental disclosures and climate risk assessments, which will have an impact on the Barclays Bank Group's existing practices in these areas.

The EU Benchmarks Regulation applies to the administration, contribution and use of benchmarks within the EU. Financial institutions within the EU are prohibited from using benchmarks unless their administrators are authorised, registered or otherwise recognised in the EU, subject to transitional provisions expiring on 1 January 2022 (or 31 December 2022 under the UK onshored Benchmarks Regulation). Amendments to extend these provisions are underway for both the EU and UK Benchmarks Regulations. The FCA has stated that it does not intend to support LIBOR after the end of 2021. International initiatives in conjunction with global regulators are therefore underway to develop alternative benchmarks and risk-free rate fallback arrangements, including updates to existing, as well as new, applicable legislation.

US regulators have imposed similar rules as the EU with respect to the mandatory on-venue trading and clearing of certain derivatives, and post-trade transparency, as well as in relation to the margining of OTC derivatives. US regulators have finalised certain aspects of their rules with respect to their application on a cross-border basis, including with respect to their registration requirements in relation to non-US swap dealers and security-based swap dealers. The regulators may adopt further rules, or provide further guidance, regarding cross-border applicability. In December 2017, the CFTC and the European Commission recognised the trading venues of each other's jurisdiction to allow market participants to comply with mandatory on-venue trading requirements while trading on certain venues recognised by the other jurisdiction. In November 2020, the CFTC extended temporary relief that would permit trading venues and market participants located in the UK to continue to rely on this mutual recognition framework following the withdrawal of the UK from the EU.

Certain participants in US swap markets are required to register with the CFTC as 'swap dealers' or 'major swap participants' and/or, beginning in November 2021, with the SEC as 'security-based swap dealers' or 'major security-based swap participants'. Such registrants are subject to CFTC, and will be subject to SEC, regulation and oversight. Entities required to register as swap dealers are subject to business conduct, record-keeping and reporting requirements under CFTC rules. Barclays Bank PLC is subject to regulation by the FRB, and has provisionally registered with the CFTC as a swap dealer.

Accordingly, Barclays Bank PLC is subject to CFTC rules on business conduct, record-keeping and reporting and to FRB rules on capital and margin. The CFTC has approved certain comparability determinations that permit substituted compliance with non-US regulatory regimes for certain swap regulations. Substituted compliance is permitted for certain transaction-level requirements, where applicable, only with respect to transactions between a non-US swap dealer and a non-US counterparty, whereas entity-level determinations generally apply on an entity-wide basis regardless of counterparty status. In November 2020, the CFTC extended temporary relief that would permit swap dealers located in the UK to continue to rely on existing CFTC substituted compliance determinations with respect to EU requirements in the event of a withdrawal of the UK from the EU. In addition, the CFTC has issued guidance that would require a non-US swap dealer to comply with certain CFTC rules in connection with transactions that are "arranged, negotiated or executed" from the US. The CFTC has provided temporary no-action relief from application of the guidance. In July 2020 the CFTC adopted rules that, for certain CFTC requirements, codify on a permanent basis, the temporary no-action relief for transactions that are arranged, negotiated or executed in the US. The final rules also codify certain aspects of the CFTC's current cross-border framework with respect to internal and external business conduct requirements, and it is expected that the CFTC will introduce additional rules addressing the application of the cross-border framework to mandatory clearing, trading and reporting requirements. In October 2017, the CFTC issued an order permitting substituted compliance with EU margin rules for certain uncleared derivatives. However, as the Barclays Bank Group is subject to the margin rules of the FRB, it will not benefit from the CFTC's action unless the FRB takes a similar approach.

The SEC has finalised the rules governing security based swap dealer registration in 2015, and registration of security-based swap dealers, as well as compliance with applicable security based swap dealer requirements, is expected to begin in November 2021.

It is anticipated that Barclays Bank PLC and/or one or more of its affiliates will be required to register as a security-based swap dealer and will be required to comply with the SEC's rules for security-based swap dealers. These rules may impose costs and other requirements or restrictions that could impact our business. As with similar CFTC rules, it is expected that substituted compliance will be available for certain security-based swap dealer requirements; however, the SEC is currently considering applications for substituted compliance but has only issued a final comparability determination for Germany, and the ultimate scope and applicability of other determinations, including in respect of the UK, remains unclear.



# Risk review

## Supervision and regulation

### Other regulation

#### *Culture*

Our regulators have enhanced their focus on the promotion of cultural values as a key area for banks, although they generally view the responsibility for reforming culture as primarily sitting with the industry.

#### *Data protection and PSD2*

Most countries where Barclays Group operates have comprehensive laws requiring openness and transparency about the collection and use of personal information, and protection against loss and unauthorised or improper access. The EU's General Data Protection Regulation (GDPR) created a broadly harmonised privacy regime across EU member states, introducing mandatory breach notification, enhanced individual rights, a need to openly demonstrate compliance, and significant penalties for breaches. The extraterritorial effect of the GDPR means entities established outside the EU may fall within the Regulation's ambit when offering goods or services to European based customers or clients. Following the UK's withdrawal from the EU, the UK continues to apply the GDPR framework (as onshored into UK law and hence now referred to as the 'UK GDPR' - this sits alongside an amended version of the UK Data Protection Act 2018). Two years after its introduction the GDPR has become the global touchstone as countries around the world either usher in or contemplate similar data privacy laws, or align their existing legislation. During 2020 new privacy laws have been passed in Switzerland, took effect in Brazil and Dubai, and were proposed in India and China.

In the US, Barclays US Consumer Bank is subject to the US Federal Gramm-Leach-Bliley Act (GLBA) and the California Consumer Privacy Act of 2018, which came into effect on 1 January 2020 (CCPA). The GLBA limits the use and disclosure of non-public personal information to non-affiliated third parties and requires financial institutions to provide written notice of their privacy policies and practices. Any violations of the GLBA could subject the US Consumer Bank to additional reporting requirements or regulatory investigation or audits by the financial regulators. The CCPA only applies to personal information that is not collected, processed, sold or disclosed pursuant to the GLBA, and it requires the US Consumer Bank to provide California consumers with additional disclosures regarding the collection, use and sharing of personal information, and grants California consumers access, deletion, and other rights with respect to their personal information. The CCPA subjects the US Consumer Bank to enforcement penalties by the Attorney General of the State of California, and grants a private right of action with respect to certain data breaches.

From 14 September 2019, new rules apply under the revised Payment Services Directive (PSD2) that affect the way banks and other payment services providers check that the person requesting access to an account or trying to make a payment is permitted to do so. This is referred to as strong customer authentication (SCA). In April 2020, the FCA provided an additional six months (to 14 September 2021) for the industry to implement SCA for e-commerce.

#### *Cyber security and operational resilience*

Regulators in the UK, the EU and the US continue to focus on cyber security risk management, organisational operational resilience and overall soundness across all financial services firms, with customer and market expectations of continuous access to financial services at an all-time high.

This is evidenced by the publication of a number of proposed laws and changes to regulatory frameworks. For example, the UK regulators published for consultation a new framework for operational resilience that focuses on the identification of important business services, setting impact tolerances for them, and then testing against them. The European Commission has proposed legislation on cyber security and operational resilience for the financial services sector, including oversight of third party service providers. The regulatory focus has been further heightened by the COVID-19 pandemic. The existing and anticipated requirements for increased controls will serve to improve industry standardisation and resilience capabilities, enhancing our ability to deliver services during periods of potential disruption. However, such measures are likely to result in increased technology and compliance costs for the Barclays Bank Group.

#### *Sanctions and financial crime*

The UK Bribery Act 2010 introduced a new form of corporate criminal liability focused broadly on a company's failure to prevent bribery on its behalf. The Criminal Finances Act 2017 introduced new corporate criminal offences of failing to prevent the facilitation of UK and overseas tax evasion. Both pieces of legislation have broad application and in certain circumstances may have extraterritorial impact on entities, persons or activities located outside the UK, including Barclays PLC's subsidiaries outside the UK. The UK Bribery Act requires the Barclays Bank Group to have adequate procedures to prevent bribery which, due to the extraterritorial nature of the Act, makes this both complex and costly. Additionally, the Criminal Finances Act requires the Barclays Group to have reasonable prevention procedures in place to prevent the criminal facilitation of tax evasion by persons acting for, or on behalf of, the Barclays Group.

In May 2018, the Sanctions and Anti-Money Laundering Act became law in the UK. The Act allows for the adoption of an autonomous UK sanctions regime, as well as a more flexible licensing regime post-Brexit. On 6 July 2020, the UK Government announced the first sanctions that have been implemented independently by the UK outside the auspices of the UN and EU. The autonomous UK sanctions regime came into force on 1 January 2021. Those sanctions apply within the UK and in relation to the conduct of all UK persons wherever they are in the world; they also apply to overseas branches of UK companies.

In the US, the Bank Secrecy Act, the USA PATRIOT Act 2001, the Anti-Money Laundering Act of 2020 and regulations thereunder contain numerous anti-money laundering and anti-terrorist financing requirements for financial institutions. In addition, the Barclays Bank Group is subject to the US Foreign Corrupt Practices Act, which prohibits, among other things, corrupt payments to foreign government officials. It is also subject to various economic sanctions laws, regulations and executive orders administered by the US government, which prohibit or restrict some or all business activities and other dealings with or involving certain individuals, entities, groups, countries and territories.

In some cases, US state and federal regulations addressing sanctions, money laundering and other financial crimes may impact entities, persons or activities located or undertaken outside the US, including Barclays PLC and its subsidiaries. US government authorities have aggressively enforced these laws against financial institutions in recent years. Failure of a financial institution to ensure compliance with such laws could have serious legal, financial and reputational consequences for the institution.

# Financial statements

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# Report of Independent Registered Public Accounting Firm

## Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors  
Barclays Bank PLC:

### *Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheets of Barclays Bank PLC and subsidiaries (the Company) as of December 31, 2020 and 2019, the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated cash flows statements for each of the years in the three-year period ended December 31, 2020 and the related notes and specific disclosures described in Note 1 of the consolidated financial statements as being part of the consolidated financial statements (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

### *Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

### *Critical Audit Matters*

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

### ***Impairment allowance for loans and advances at amortized cost, including off-balance sheet elements of the allowance***

As discussed in the credit risk disclosures on pages 47 to 75, the Company's impairment allowance for loans and advances, including off-balance sheet elements at amortized cost was £5.8bn as at 31 December 2020.

We identified the assessment of impairment allowance for loans and advances at amortized cost, including off-balance sheet elements as a critical audit matter. A high degree of audit effort, including specialized skills and knowledge, was required because it involved significant measurement uncertainty. Specifically, complex and subjective auditor judgement was required to assess the following:

- Model estimations – Complex and subjective auditor judgement was applied in assessing the Company's modelled estimations of Expected Credit Losses ("ECL") due to the inherently judgmental nature of the underlying models, namely the IFRS 9 Probability of Default ("PD"), the Loss Given Default ("LGD"), the Probability of Survival ("PS") and the Exposure at Default ("EAD"). The IFRS 9 PD and revolving PS models

## Report of Independent Registered Public Accounting Firm

are the key drivers of complexity in the Company's calculation of impairment allowance for loans and advances at amortized cost, including off-balance sheet elements, and also impact the staging of assets;

- Economic scenarios – Complex and subjective auditor judgement was applied in assessing the forward-looking economic scenarios used by the Company and the probability weightings applied to them, especially when considering the uncertain economic environment; and,
- Qualitative adjustments – Adjustments to the model-driven impairment allowance for loans and advances at amortized cost, including off-balance sheet elements are raised by the Company to address known model limitations or emerging trends as well as risks not captured by models. These adjustments represent approximately 16.0% of the impairment allowance for loans and advances at amortized cost, including off-balance sheet elements. Complex and subjective auditor judgement was applied in assessing qualitative adjustments to the model-driven impairment allowance due to the inherent estimation uncertainty associated with these adjustments, especially in relation to adjustments introduced to respond to the impact of economic uncertainty.

In addition, auditor judgement was required to evaluate the sufficiency of audit evidence obtained.

The following are the primary procedures we performed to address this critical audit matter.

- We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process for estimating the impairment allowance for loans and advances at amortized cost, including off-balance sheet elements. This included controls relating to the (1) application of the staging criteria, (2) model validation, implementation and monitoring, (3) authorization and calculation of qualitative adjustments and management overlays, and (4) selection and implementation of economic variables and the controls over the economic scenario selection and probabilities.
- We involved credit risk modelling professionals with specialized skills and knowledge, who assisted in the following:
  - evaluating the Company's impairment methodologies for compliance with IFRS (including the staging criteria used);
  - reperforming and inspecting model code for the calculation of certain components of the ECL model (including the staging criteria) to assess its consistency with the Company's approved staging criteria and the output of the model;
  - evaluating for a selection of models which were changed or updated during the year as to whether the changes (including the updated model code) were appropriate by assessing the updated model methodology against the applicable accounting standard;
  - evaluating the model output for a selection of models by inspecting the corresponding model functionality and independently implementing the model by rebuilding the model code and comparing our independent output with management's output; and
  - assessing and reperforming, for a selection of models, the reasonableness of the model predictions by comparing them against actual results and evaluating the resulting differences.
- In addition, we involved economic professionals with specialized skills and knowledge, who assisted in:
  - assessing the reasonableness of the Company's methodology for determining the economic scenarios used and the probability weightings applied to them;
  - assessing key economic variables which included comparing samples of economic variables to external sources;
  - assessing the overall reasonableness of the economic forecasts by comparing the Company's forecasts to our own modelled forecasts; and
  - assessing the reasonableness of the Company's qualitative adjustments by challenging key economic assumptions applied in their calculation based on external sources.

We evaluated the collective results of the procedures performed to assess the sufficiency of the audit evidence obtained related to the Company's impairment allowance for loans and advances at amortized cost, including off-balance sheet elements of the allowance.

### ***Valuation of certain difficult-to-value financial instruments recorded at fair value***

As discussed in Note 16 to the Company's consolidated financial statements, the balance of financial assets and liabilities recorded at fair value as at December 31, 2020 was £654.0bn and £596.3bn, respectively. Of these amounts, Level 3 assets (£10.9bn) and liabilities (£6.6bn) represented 1.7% of the Company's financial assets carried at fair value and 1.1% of the Company's financial liabilities carried at fair value. The

## Report of Independent Registered Public Accounting Firm

Company has Level 2 financial assets at fair value of £556.8bn and financial liabilities at fair value of £557.5bn. Included in these amounts are certain difficult-to-value fair value financial instruments for which the Company is required to apply valuation techniques which often involve the exercise of significant judgment and the use of assumptions and valuation models.

We identified the valuation of certain difficult-to-value financial instruments recorded at fair value as a critical audit matter. This is because there was significant measurement uncertainty associated with the fair value estimates of these instruments and subjective auditor judgment was required to evaluate pricing data inputs, valuation models and fair value adjustments ("FVA"), including portfolio-level FVAs related to credit and funding (commonly referred to as "XVAs").

The following are the primary procedures we performed to address this critical audit matter:

- We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process to measure fair value of these portfolios. This included controls related to (1) the independent price verification ('IPV') of certain market pricing data inputs, (2) the determination or calculation of FVAs, including exit adjustments (to mark the portfolio to bid or offer prices), model shortcoming reserves to address model limitations and XVAs and (3) the validation, implementation and usage of valuation models including assessment of the impact of model limitations and assumptions;
- For a selection of material collateral disputes identified through management's control we challenged management's valuation where significant fair value differences were observable through comparison with the market participant's valuation on the other side of the trade;
- For a subset of portfolios that are subject to collateralization, we assessed the valuation methodology, and in certain instances for trades that are subject to collateral disputes, developed an independent estimate of fair value for those trades based on external datasets;
- We performed a retrospective review by inspecting significant gains and losses on a selection of new trades, trade exits, novations and restructurings and evaluated whether these data points indicated elements of fair value not incorporated in the current valuation methodologies;
- We inspected movements in unobservable inputs throughout the period to assess whether gains or losses generated were in line with the accounting standards;
- We involved valuation professionals with specialized skills and knowledge who assisted in the following:
  - assessing the conceptual soundness of significant models and methodologies used in calculating fair values, risk exposures and in calculating FVAs; and
  - developing an independent estimate of fair value for a selection of trades from the above portfolios and challenging the Company where their valuations were outside our tolerance.

### ***Valuation of the defined benefit pension obligation and certain difficult-to-value pension assets in respect of UK Retirement Fund ('UKRF')***

As discussed in Note 31 to the consolidated financial statements, the Company operates defined benefit pension plans and the majority of the balance relates to the UKRF. The total fair value of the defined benefit pension obligation and the associated assets offsetting these obligations as of 31 December 2020 was £33.2bn and £34.7bn, respectively. Of these amounts, £32.1bn of the obligation and £33.9bn of the asset related to UKRF. The determination of the Company's defined benefit pension asset with respect to these plans is dependent on the selection of certain actuarial assumptions, including the discount rate used. In addition, the UKRF is invested in a diverse portfolio which includes certain difficult-to-value pension plan assets, including property and private equity investments.

We identified the valuation of the defined benefit pension obligation in respect of UKRF as a critical audit matter. Subjective and complex auditor judgement, including specialized skills and knowledge, was required in evaluating the discount rates, retail price index ('RPI') volatility impact on pension increases and mortality assumptions used, as well as the methodology used by Company to determine these assumptions, as small changes would have a significant impact on the measurement of the defined benefit pension obligation. In addition, specialized skills and knowledge were required in assessing the valuation of certain difficult-to-value pension plan assets, specifically property and private equity investments, due to the subjective nature of judgements required of management and the measurement uncertainty associated with the use of lagged prices.

The following are the primary procedures we performed to address this critical audit matter.

## Report of Independent Registered Public Accounting Firm

- We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's defined benefit pension obligation process. This included controls related to (1) management's review of IAS19 assumptions including discount rate, RPI volatility impact on pension increases and mortality assumptions as well as the methodology used, (2) investment controls including over property valuation and (3) private equity retrospective review controls.
- We involved actuarial professionals with specialized skills and knowledge who assisted in an independent assessment of the methodology used, as well as the following for the discount rate, pension increases, and mortality rates used by the Company:
  - assessing the appropriateness of the Company's methodology for determining the assumptions by comparing to generally accepted actuarial methods; and
  - evaluating the reasonableness of selected assumptions against publicly available benchmark information.
- We involved property professionals with specialized skills and knowledge who assisted in the following:
  - evaluating the fair value of the property portfolio by analyzing the year on year movement; and
  - assessing the movement of fair value within the property portfolio and challenging the returns per the Company's expert for a selection of specific properties within the portfolio on the basis of equivalent yields observed in the applicable property market.
- For a selection of private equity interests, we performed a retrospective review by comparing the Company's previous estimates of fair value of the net asset value ('NAV') to the NAVs audited by third parties to assess the Company's ability to accurately estimate fair value.
- We evaluated the reasonableness of the Company's best estimate of the fair value of its private equity interests by developing an independent estimate of market movement based on the Company's specific portfolio and its associated market exposure and equivalent indices.

 (signed) KPMG LLP

We have served as the Company's auditor since 2017.

London, United Kingdom  
February 17, 2021

# Consolidated financial statements

## Consolidated income statement

For the year ended 31 December	Notes	2020 £m	2019 £m	2018 £m
<b>Continuing operations</b>				
Interest and similar income	3	6,006	8,085	7,459
Interest and similar expense	3	(2,846)	(4,178)	(4,329)
<b>Net interest income</b>		<b>3,160</b>	<b>3,907</b>	<b>3,130</b>
Fee and commission income	4	7,417	7,664	7,392
Fee and commission expense	4	(1,758)	(1,992)	(1,785)
<b>Net fee and commission income</b>		<b>5,659</b>	<b>5,672</b>	<b>5,607</b>
Net trading income	5	7,076	4,073	4,364
Net investment (expense)/income	6	(121)	420	394
Other income		4	79	105
<b>Total income</b>		<b>15,778</b>	<b>14,151</b>	<b>13,600</b>
Credit impairment charges	7	(3,377)	(1,202)	(643)
<b>Net operating income</b>		<b>12,401</b>	<b>12,949</b>	<b>12,957</b>
Staff costs	29	(4,365)	(4,565)	(4,874)
Infrastructure costs	8	(816)	(835)	(935)
Administration and general expenses	8	(4,202)	(4,318)	(4,224)
Litigation and conduct	8	(76)	(264)	(1,706)
<b>Operating expenses</b>	8	<b>(9,459)</b>	<b>(9,982)</b>	<b>(11,739)</b>
Share of post-tax results of associates and joint ventures		7	57	68
Profit on disposal of subsidiaries, associates and joint ventures		126	88	-
<b>Profit before tax</b>		<b>3,075</b>	<b>3,112</b>	<b>1,286</b>
Taxation	9	(624)	(332)	(229)
Profit after tax in respect of continuing operations		2,451	2,780	1,057
Loss after tax in respect of discontinued operations	38	-	-	(47)
<b>Profit after tax</b>		<b>2,451</b>	<b>2,780</b>	<b>1,010</b>
<b>Attributable to:</b>				
Equity holders of the parent		1,774	2,120	363
Other equity instrument holders		677	660	647
Total equity holders of the parent		2,451	2,780	1,010
<b>Profit after tax</b>		<b>2,451</b>	<b>2,780</b>	<b>1,010</b>



# Consolidated financial statements

## Consolidated statement of comprehensive income

	2020	2019	2018
For the year ended 31 December	£m	£m	£m
<b>Profit after tax</b>	<b>2,451</b>	2,780	1,010
Profit after tax in respect of continuing operations	2,451	2,780	1,057
Loss after tax in respect of discontinuing operations	-	-	(47)
<b>Other comprehensive income/(loss) that may be recycled to profit or loss from continuing operations:</b>			
<b>Currency translation reserve</b>			
Currency translation differences <sup>a</sup>	(647)	(544)	844
<b>Fair value through other comprehensive income reserve movement relating to debt securities</b>			
Net gains/(losses) from changes in fair value	2,402	2,465	(475)
Net (gains)/losses transferred to net profit on disposal	(251)	(454)	74
Net losses transferred to net profit due to impairment	1	1	4
Net (losses)/gains due to fair value hedging	(1,640)	(1,782)	165
Other movements	-	(8)	(25)
Tax	(130)	(63)	53
<b>Cash flow hedging reserve</b>			
Net gains/(losses) from changes in fair value	1,366	823	(197)
Net gains transferred to net profit	(282)	(141)	(213)
Tax	(291)	(171)	103
<b>Other</b>	<b>3</b>	16	27
<b>Other comprehensive income that may be recycled to profit or loss from continuing operations</b>	<b>531</b>	142	360
<b>Other comprehensive (loss)/income not recycled to profit or loss from continuing operations:</b>			
Retirement benefit remeasurements	(77)	(280)	412
Fair value through other comprehensive income reserve movements relating to equity instruments	1	-	(141)
Own credit	(810)	(316)	77
Tax	198	150	(118)
<b>Other comprehensive (loss)/income not recycled to profit or loss from continuing operations</b>	<b>(688)</b>	(446)	230
<b>Other comprehensive (loss)/income for the year from continuing operations</b>	<b>(157)</b>	(304)	590
<b>Other comprehensive loss for the year from discontinued operation</b>	<b>-</b>	-	(3)
<b>Total comprehensive income/(loss) for the year</b>			
<b>Total comprehensive income for the year, net of tax from continuing operations</b>	<b>2,294</b>	2,476	1,647
<b>Total comprehensive loss for the year, net of tax from discontinued operation</b>	<b>-</b>	-	(50)
<b>Total comprehensive income for the year</b>	<b>2,294</b>	2,476	1,597
<b>Attributable to:</b>			
Equity holders of the parent	2,294	2,476	1,597
<b>Total comprehensive income for the year</b>	<b>2,294</b>	2,476	1,597

Note

a Includes £8m loss (2019: £15m profit; 2018: £41m loss) on recycling of currency translation differences.

# Consolidated financial statements

## Consolidated balance sheet

As at 31 December	Notes	2020 £m	2019 £m
<b>Assets</b>			
Cash and balances at central banks		155,902	125,940
Cash collateral and settlement balances		97,616	79,486
Loans and advances at amortised cost	18	134,267	141,636
Reverse repurchase agreements and other similar secured lending		8,981	1,731
Trading portfolio assets	11	127,664	113,337
Financial assets at fair value through the income statement	12	171,761	129,470
Derivative financial instruments	13	302,693	229,641
Financial assets at fair value through other comprehensive income	14	51,902	45,406
Investments in associates and joint ventures	34	24	295
Goodwill and intangible assets	21	1,154	1,212
Property, plant and equipment	19	1,537	1,631
Current tax assets		424	898
Deferred tax assets	9	2,552	2,460
Retirement benefit assets	31	1,814	2,108
Other assets		1,440	1,421
<b>Total assets</b>		<b>1,059,731</b>	<b>876,672</b>
<b>Liabilities</b>			
Deposits at amortised cost	18	244,696	213,881
Cash collateral and settlement balances		85,549	67,682
Repurchase agreements and other similar secured borrowing		10,443	2,032
Debt securities in issue		29,423	33,536
Subordinated liabilities	26	32,005	33,425
Trading portfolio liabilities	11	46,139	35,212
Financial liabilities designated at fair value	15	249,626	204,446
Derivative financial instruments	13	300,580	228,940
Current tax liabilities		644	320
Deferred tax liabilities	9	225	80
Retirement benefit liabilities	31	232	313
Other liabilities	22	5,251	5,239
Provisions	23	1,208	951
<b>Total liabilities</b>		<b>1,006,021</b>	<b>826,057</b>
<b>Equity</b>			
Called up share capital and share premium	27	2,348	2,348
Other equity instruments	27	8,621	8,323
Other reserves	28	3,183	3,235
Retained earnings		39,558	36,709
<b>Total equity</b>		<b>53,710</b>	<b>50,615</b>
<b>Total liabilities and equity</b>		<b>1,059,731</b>	<b>876,672</b>

The Board of Directors approved the financial statements on pages 105 to 196 on 17 February 2021

### James E Staley

Barclays Bank Group – Chief Executive Officer

### Steven Ewart

Barclays Bank Group – Chief Financial Officer

# Consolidated financial statements

## Consolidated statement of changes in equity

	Called up share capital and share premium <sup>a</sup>	Other equity instruments <sup>a</sup>	Other reserves <sup>b</sup>	Retained earnings	Total equity excluding non- controlling interests	Non- controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
<b>Balance as at 1 January 2020</b>	<b>2,348</b>	<b>8,323</b>	<b>3,235</b>	<b>36,709</b>	<b>50,615</b>	-	<b>50,615</b>
Profit after tax	-	677	-	1,774	2,451	-	2,451
Currency translation movements	-	-	(647)	-	(647)	-	(647)
Fair value through other comprehensive income reserve	-	-	383	-	383	-	383
Cash flow hedges	-	-	793	-	793	-	793
Retirement benefit remeasurement	-	-	-	(108)	(108)	-	(108)
Own credit reserve	-	-	(581)	-	(581)	-	(581)
Other	-	-	-	3	3	-	3
<b>Total comprehensive income for the year</b>	-	<b>677</b>	<b>(52)</b>	<b>1,669</b>	<b>2,294</b>	-	<b>2,294</b>
Issue and exchange of other equity instruments	-	298	-	(53)	245	-	245
Other equity instruments coupons paid	-	(677)	-	-	(677)	-	(677)
Equity settled share schemes	-	-	-	349	349	-	349
Vesting of Barclays PLC shares under share-based payment schemes	-	-	-	(300)	(300)	-	(300)
Dividends on ordinary shares	-	-	-	(263)	(263)	-	(263)
Dividends on preference shares and other shareholders equity	-	-	-	(42)	(42)	-	(42)
Capital contribution from Barclays Plc	-	-	-	1,500	1,500	-	1,500
Other reserve movements	-	-	-	(11)	(11)	-	(11)
<b>Balance as at 31 December 2020</b>	<b>2,348</b>	<b>8,621</b>	<b>3,183</b>	<b>39,558</b>	<b>53,710</b>	-	<b>53,710</b>

# Consolidated financial statements

## Consolidated statement of changes in equity

	Called up share capital and share premiuma	Other equity instruments <sup>a</sup>	Other reserves <sup>b</sup>	Retained earnings	Total equity excluding non- controlling interests	Non- controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
<b>Balance as at 1 January 2019</b>	2,348	7,595	3,361	34,405	47,709	2	47,711
Profit after tax	-	660	-	2,120	2,780	-	2,780
Currency translation movements	-	-	(544)	-	(544)	-	(544)
Fair value through other comprehensive income reserve	-	-	159	-	159	-	159
Cash flow hedges	-	-	511	-	511	-	511
Retirement benefit remeasurement	-	-	-	(194)	(194)	-	(194)
Own credit reserve	-	-	(252)	-	(252)	-	(252)
Other	-	-	-	16	16	-	16
<b>Total comprehensive income for the year</b>	-	660	(126)	1,942	2,476	-	2,476
Issue and exchange of other equity instruments	-	728	-	(406)	322	-	322
Other equity instruments coupons paid	-	(660)	-	-	(660)	-	(660)
Equity settled share schemes	-	-	-	392	392	-	392
Vesting of Barclays PLC shares under share-based payment schemes	-	-	-	(349)	(349)	-	(349)
Dividends on ordinary shares	-	-	-	(233)	(233)	-	(233)
Dividends on preference shares and other shareholders equity	-	-	-	(41)	(41)	-	(41)
Capital contribution from Barclays Plc	-	-	-	995	995	-	995
Other reserve movements	-	-	-	4	4	(2)	2
<b>Balance as at 31 December 2019</b>	2,348	8,323	3,235	36,709	50,615	-	50,615

### Notes

a For further details refer to Note 27.

b For further details refer to Note 28.

# Consolidated financial statements

## Consolidated cash flow statement

For the year ended 31 December	Notes	2020 £m	2019 <sup>a</sup> £m	2018 <sup>a</sup> £m
<b>Continuing operations</b>				
<b>Reconciliation of profit before tax to net cash flows from operating activities:</b>				
<b>Profit before tax</b>		<b>3,075</b>	3,112	1,286
<b>Adjustment for non-cash items:</b>				
Credit impairment charges		3,377	1,202	643
Depreciation, amortisation and impairment of property, plant and equipment and intangibles		441	459	397
Other provisions, including pensions		634	417	2,274
Net profit on disposal of investments and property, plant and equipment		(119)	(84)	-
Other non-cash movements including exchange rate movements <sup>c</sup>		(2,362)	(742)	(4,097)
<b>Changes in operating assets and liabilities</b>				
Net decrease/(increase) in cash collateral and settlement balances <sup>b</sup>		4,098	(5,762)	(4,862)
Net decrease/(increase) in loans and advances at amortised cost <sup>c</sup>		7,142	3,937	(7,215)
Net increase in reverse repurchase agreements and other similar secured lending		(7,250)	(118)	(434)
Net increase in deposits		31,148	14,544	16,316
Net (decrease)/increase debt securities in issue		(4,113)	(5,762)	14
Net increase/(decrease) in repurchase agreements and other similar secured borrowing		8,411	(5,346)	2
Net (increase)/decrease in derivative financial instruments		(1,604)	2,390	(6,419)
Net (increase)/decrease in trading assets		(14,327)	(9,299)	10,102
Net increase/(decrease) in trading liabilities		10,927	(1,402)	1,688
Net decrease/(increase) in financial assets and liabilities designated at fair value		2,889	2,485	(6,284)
Net (increase)/decrease in other assets		(93)	(44)	949
Net increase/(decrease) in other liabilities		13	(991)	(6,099)
Corporate income tax (paid)/received		(12)	894	(409)
<b>Net cash from operating activities</b>		<b>42,275</b>	(110)	(2,148)
Purchase of debt securities at amortised cost <sup>c</sup>		(7,890)	(8,565)	(1,564)
Proceeds from sale or redemption of debt securities at amortised cost <sup>c</sup>		3,527	1,305	5,109
Purchase of financial assets at fair value through other comprehensive income		(57,640)	(67,056)	(106,330)
Proceeds from sale or redemption of financial assets at fair value through other comprehensive income		53,367	67,743	108,038
Purchase of property, plant and equipment and intangibles		(303)	(610)	(422)
Proceeds from sale of property, plant and equipment and intangibles		-	-	35
Disposal of discontinued operation, net of cash disposed		-	-	(39,703)
Disposal of subsidiaries and associates, net of cash disposed		736	617	-
Other cash flows associated with investing activities		11	95	1,191
<b>Net cash from investing activities</b>		<b>(8,192)</b>	(6,471)	(33,646)
Dividends paid and coupon payments on other equity instruments		(982)	(934)	(1,142)
Issuance of subordinated debt	26	3,856	6,785	221
Redemption of subordinated debt		(4,746)	(6,574)	(3,246)
Issue of shares and other equity instruments		1,134	2,292	1,925
Redemption of shares and other equity instruments		(903)	(1,970)	(3,588)
Capital contribution from Barclays PLC		-	-	2,000
Vesting of shares under employee share schemes		(300)	(349)	(418)
<b>Net cash from financing activities</b>		<b>(1,941)</b>	(750)	(4,248)
<b>Effect of exchange rates on cash and cash equivalents</b>		<b>1,669</b>	(3,345)	4,159
<b>Net increase/(decrease) in cash and cash equivalents from continuing operations</b>		<b>33,811</b>	(10,676)	(35,883)
<b>Net cash from discontinued operation</b>	38	-	-	(468)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>33,811</b>	<b>(10,676)</b>	<b>(36,351)</b>
Cash and cash equivalents at beginning of year		139,314	149,990	186,341
<b>Cash and cash equivalents at end of year</b>		<b>173,125</b>	<b>139,314</b>	<b>149,990</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and balances at central banks		155,902	125,940	136,359
Loans and advances to banks with original maturity less than three months		7,281	8,158	7,404
Cash collateral balances with central banks with original maturity less than three months <sup>b</sup>		9,086	4,736	5,310
Treasury and other eligible bills with original maturity less than three months		856	480	917
		<b>173,125</b>	<b>139,314</b>	<b>149,990</b>

### Notes

- a 2019 and 2018 comparative figures have been restated to make the cash flow statement more relevant following a review of the disclosure and the accounting policies applied. Amendments have been made to the classification of cash collateral reported within cash and cash equivalents and to the presentation of items within net cash flows from operating and investing activities. Footnotes b and c below quantify the impact of the changes to the respective cash flow categories in prior periods and provide further detail.
- b "Cash collateral balances with central banks with original maturity less than three months" was previously labelled "Cash collateral and settlement balances with banks with original maturity less than three months". This line item has been restated to include only balances that the Barclays Bank Group holds at central banks related to payment schemes. Previously, cash collateral and settlement balances with non-central bank counterparties were also classified as cash equivalents and included within this balance. Comparatives have been restated. The effect of this change decreased cash equivalents by £16,702m as at 31 December 2019, £17,367m as at 31 December 2018 and £18,111m as at 31 December 2017. As a result, net cash from operating activities increased by £665m in 2019 and £744m in 2018 representing the net decrease/(increase) in the cash collateral and settlement balances line item in those periods.
- c Movements in cash and cash equivalents relating to debt securities at amortised cost were previously shown within loans and advances to banks and customers in operating activities. These debt securities holdings are now considered to be part of the investing activity performed by the Barclays Bank Group following a change in accounting policy and have been presented within investing activities in 2020. Comparatives have been restated. The effect of this change was to reclassify £7,260m of net cash outflows from operating activities to investing activities in 2019 and inflows of £3,544m in 2018.

Interest received by the Barclays Bank Group was £12,860m (2019: £26,637m) and interest paid by the Barclays Bank Group was £8,653m (2019: £21,314m).

## Consolidated financial statements

### Consolidated cash flow statement

The Barclays Bank Group is required to maintain balances with central banks and other regulatory authorities and these amounted to £3,119m (2019: £4,505m).

For the purposes of the cash flow statement, cash comprises cash on hand and demand deposits and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. Repurchase and reverse repurchase agreements are not considered to be part of cash equivalents.

# Notes to the financial statements

## For the year ended 31 December 2020

This section describes Barclays Bank Group's significant policies and critical accounting estimates that relate to the financial statements and notes as a whole. If an accounting policy or a critical accounting estimate relates to a particular note, the accounting policy and/or critical accounting estimate is contained with the relevant note.

### 1 Significant accounting policies

#### 1. Reporting entity

Barclays Bank PLC is a public limited company, registered in England under company number 1026167.

These financial statements are prepared for Barclays Bank PLC and its subsidiaries (the Barclays Bank Group) under Section 399 of the Companies Act 2006. The Barclays Bank Group is a major global financial services provider engaged in credit cards, wholesale banking, investment banking, wealth management and investment management services. In addition, separate financial statements have been presented for the holding company.

#### 2. Compliance with International Financial Reporting Standards

The consolidated financial statements of the Barclays Bank Group, and the separate financial statements of Barclays Bank PLC, have been prepared in accordance with international accounting standards in conformity with the requirements of the Company Act 2006 and in accordance with International Financial Reporting Standards (IFRS) and interpretations (IFRICs) as issued by the IASB and adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. These standards have also been endorsed by the UK. The principal accounting policies applied in the preparation of the consolidated and separate financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied with the exception of the early adoption of *Interest Rate Benchmark Reform – Phase 2* (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) which was applied from 1 January 2020.

#### 3. Basis of preparation

The consolidated and separate financial statements have been prepared under the historical cost convention modified to include the fair valuation of investment property, and particular financial instruments, to the extent required or permitted under IFRS as set out in the relevant accounting policies. They are stated in millions of pounds Sterling (£m), the functional currency of Barclays Bank PLC.

The financial statements have been prepared on a going concern basis, in accordance with the Companies Act 2006 as applicable to companies using IFRS. The financial statements are prepared on a going concern basis, as the Board is satisfied that the Barclays Bank Group and parent company have the resources to continue in business for a period of at least 12 months from approval of the financial statements. In making this assessment, the Board has considered a wide range of information relating to present and future conditions.

This involved a review of a working capital report (WCR) for the Barclays Bank Group. The WCR is used by the Barclays Bank Group and the Board to assess the future performance of the business and that it has the resources in place that are required to meet its ongoing regulatory requirements. The assessment is based upon business plans which contain future forecasts of profitability taken from the Barclays Bank Group's three-year medium term plan as well as projections of future regulatory capital requirements and business funding needs. The WCR also includes details of the impact of internally generated stress testing scenarios on the liquidity and capital requirement forecasts. The stress tests used were based on an assessment of reasonably possible downside economic scenarios that the Barclays Bank Group could experience.

The WCR showed that the Barclays Bank Group had sufficient capital in place to support its future business requirements and remained above its regulatory minimum requirements in the stress scenarios. It also showed that the Barclays Bank Group has an expectation that it can continue to meet its funding requirements during the scenarios. Accordingly, the Board concluded that there was a reasonable expectation that the Barclays Bank Group has adequate resources to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements.

#### 4. Accounting policies

The Barclays Bank Group prepares financial statements in accordance with IFRS. The Barclays Bank Group's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing them, are set out under the relevant notes. Accounting policies that affect the financial statements as a whole are set out below.

##### (i) Consolidation

The Barclays Bank Group applies IFRS 10 *Consolidated financial statements*.

The consolidated financial statements combine the financial statements of Barclays Bank PLC and all its subsidiaries. Subsidiaries are entities over which Barclays Bank PLC has control. The Barclays Bank Group has control over another entity when the Barclays Bank Group has all of the following:

- 1) power over the relevant activities of the investee, for example through voting or other rights
- 2) exposure to, or rights to, variable returns from its involvement with the investee and
- 3) the ability to affect those returns through its power over the investee.

The assessment of control is based on the consideration of all facts and circumstances. The Barclays Bank Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Intra-group transactions and balances are eliminated on consolidation. Consistent accounting policies are used throughout the Barclays Bank Group for the purposes of the consolidation.

Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and they do not result in loss of control.

As the consolidated financial statements include partnerships where the Barclays Bank Group member is a partner, advantage has been taken of the exemption under Regulation 7 of the Partnership (Accounts) Regulations 2008 with regard to preparing and filing of individual partnership financial statements.

Details of the principal subsidiaries are given in Note 32.



# Notes to the financial statements

## For the year ended 31 December 2020

### *(ii) Foreign currency translation*

The Barclays Bank Group applies IAS 21 *The Effects of Changes in Foreign Exchange Rates*. Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction. Foreign currency monetary balances are translated into Sterling at the period end exchange rates. Exchange gains and losses on such balances are taken to the income statement. Non-monetary foreign currency balances in relation to items measured in terms of historical cost are carried at historical transaction date exchange rates. Non-monetary foreign currency balances in relation to items measured at fair value are translated using the exchange rate at the date when the fair value was measured.

The Barclays Bank Group's foreign operations (including subsidiaries, joint ventures, associates and branches) based mainly outside the UK may have different functional currencies. The functional currency of an operation is the currency of the main economy to which it is exposed.

Prior to consolidation (or equity accounting) the assets and liabilities of non-Sterling operations are translated at the period end exchange rate and items of income, expense and other comprehensive income are translated into Sterling at the rate on the date of the transactions. Exchange differences arising on the translation of foreign operations are included in currency translation reserves within equity. These are transferred to the income statement when the Barclays Bank Group disposes of the entire interest in a foreign operation, when partial disposal results in the loss of control of an interest in a subsidiary, when an investment previously accounted for using the equity method is accounted for as a financial asset, or on the disposal of an autonomous foreign operation within a branch.

### *(iii) Financial assets and liabilities*

The Barclays Bank Group applies IFRS 9 *Financial Instruments* to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities and the impairment of financial assets. The Barclays Bank Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes.

#### *Recognition*

The Barclays Bank Group recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

#### *Classification and measurement*

Financial assets are classified on the basis of two criteria:

- i) the business model within which financial assets are managed; and
- ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

The Barclays Bank Group assesses the business model criteria at a portfolio level. Information that is considered in determining the applicable business model includes (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including: (i) contingent and leverage features, (ii) non-recourse arrangements and (iii) features that could modify the time value of money.

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent SPPI.

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent SPPI.

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election on initial recognition for non traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition, and the impairment requirements of IFRS 9 do not apply.

The accounting policy for each type of financial asset or liability is included within the relevant note for the item. The Barclays Bank Group's policies for determining the fair values of the assets and liabilities are set out in Note 16.

#### *Derecognition*

The Barclays Bank Group derecognises a financial asset, or a portion of a financial asset, from its balance sheet where the contractual rights to cash flows from the asset have expired, or have been transferred, usually by sale, and with them either substantially all the risks and rewards of the asset or significant risks and rewards, along with the unconditional ability to sell or pledge the asset.

Financial liabilities are de-recognised when the liability has been settled, has expired or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms – generally a difference of 10% or more in the present value of the cash flows or a substantive qualitative amendment – is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Transactions in which the Barclays Bank Group transfers assets and liabilities, portions of them, or financial risks associated with them can be complex and it may not be obvious whether substantially all of the risks and rewards have been transferred. It is often necessary to perform a quantitative analysis. Such an analysis compares the Barclays Bank Group's exposure to variability in asset cash flows before the transfer with its retained exposure after the transfer.

A cash flow analysis of this nature may require judgement. In particular, it is necessary to estimate the asset's expected future cash flows as well as potential variability around this expectation. The method of estimating expected future cash flows depends on the nature of the asset, with market and market-implied data used to the greatest extent possible. The potential variability around this expectation is typically determined

# Notes to the financial statements

## For the year ended 31 December 2020

by stressing underlying parameters to create reasonable alternative upside and downside scenarios. Probabilities are then assigned to each scenario. Stressed parameters may include default rates, loss severity, or prepayment rates.

### *Accounting for reverse repurchase and repurchase agreements including other similar lending and borrowing*

Reverse repurchase agreements (and stock borrowing or similar transaction) are a form of secured lending whereby the Barclays Bank Group provides a loan or cash collateral in exchange for the transfer of collateral, generally in the form of marketable securities subject to an agreement to transfer the securities back at a fixed price in the future. Repurchase agreements are where the Barclays Bank Group obtains such loans or cash collateral, in exchange for the transfer of collateral.

The Barclays Bank Group purchases (a reverse repurchase agreement) or borrows securities subject to a commitment to resell or return them. The securities are not included in the balance sheet as the Barclays Bank Group does not acquire the risks and rewards of ownership. Consideration paid (or cash collateral provided) is accounted for as a loan asset at amortised cost, unless it is designated or mandatorily at fair value through profit and loss.

The Barclays Bank Group may also sell (a repurchase agreement) or lend securities subject to a commitment to repurchase or redeem them. The securities are retained on the balance sheet as the Barclays Bank Group retains substantially all the risks and rewards of ownership. Consideration received (or cash collateral provided) is accounted for as a financial liability at amortised cost, unless it is designated at fair value through profit and loss.

### *(iv) Issued debt and equity instruments*

The Barclays Bank Group applies IAS 32, *Financial Instruments: Presentation*, to determine whether funding is either a financial liability (debt) or equity.

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Barclays Bank Group having an obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when paid or declared by the members at the AGM and treated as a deduction from equity.

Where issued financial instruments contain both liability and equity components, these are accounted for separately. The fair value of the debt is estimated first and the balance of the proceeds is included within equity.

## 5. New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, with the exception of the early adoption of *Interest Rate Benchmark Reform – Phase 2* (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) which was applied from 1 January 2020.

### **IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Amendments relating to Interest Rate Benchmark Reform (Phase 2 amendments)**

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 were amended in August 2020, which are effective for periods beginning on or after 1 January 2021 with earlier adoption permitted. The Barclays Bank Group elected to early adopt the amendments with effect from 1 January 2020. The amendments have been endorsed by the EU and by the UK.

IFRS 9 allows companies when they first apply IFRS 9, to make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39. The Barclays Bank Group made the election to continue to apply the IAS 39 hedge accounting requirements, and consequently, the amendments to IAS 39 in respect of hedge accounting have been adopted by the Barclays Bank Group.

The objective of the amendments is to provide certain reliefs to companies when changes are made to the contractual cash flows or hedging relationships resulting from interest rate benchmark reform. The reliefs adopted by the Barclays Bank Group have been described below.

### *Changes in the basis for determining contractual cash flows*

A change in the basis of determining the contractual cash flows of a financial instrument that are required by the reform is accounted for by updating the effective interest rate, without the recognition of an immediate gain or loss. This practical expedient is only applied where (1) the change to the contractual cash flows is necessary as a direct consequence of the reform and (2) the new basis for determining the contractual cash flows is economically equivalent to the previous basis. For changes made in addition to those required by the reform, the practical expedient is applied first, after which the normal IFRS 9 requirements for modifications of financial instruments is applied.

### *Hedge accounting*

The IAS 39 requirements in respect of hedge accounting have been amended in two phases. The Phase 1 amendments, which were adopted by the Barclays Bank Group in 2019, provide relief to the hedge accounting requirements prior to changing a hedge relationship due to the interest rate benchmark reform (refer to Note 13). The Phase 2 amendments provide relief when changes are made to hedge relationships as a result of the interest rate benchmark reform. The Phase 2 amendments adopted by the Barclays Bank Group are described below.

- Under a temporary exception, changes to the hedge designation and hedge documentation due to the interest rate benchmark reform would not constitute the discontinuation of the hedge relationship nor the designation of a new hedging relationship.
- In respect of the retrospective hedge effectiveness assessment, the Barclays Bank Group may elect on a hedge-by-hedge basis to reset the cumulative fair value changes to zero when the exception to the retrospective assessment ends (Phase 1 relief). Any hedge ineffectiveness will continue to be measured and recognised in full in profit or loss.
- Amounts accumulated in the cash flow hedge reserve would be deemed to be based on the alternative benchmark rate (on which the hedge future cash flows are determined) when there is a change in basis for determining the contractual cash flows.
- For hedges of groups of items (such as those forming part of a macro cash flow hedging strategy), the amendments provide relief for items within a designated group of items that are amended for changes directly required by the reform.
- In respect of whether a risk component of a hedged item is separately identifiable, the amendments provide temporary relief to entities to meet this requirement when an alternative risk free rate (RFR) financial instrument is designated as a risk component. These amendments allow entities upon designation of the hedge to assume that the separately identifiable requirement is met if the entity reasonably expects the RFR risk will become separately identifiable within the next 24 months. This relief applies to each RFR on a rate-by-rate basis and starts when the entity first designates the RFR as a non-contractually specified risk component.

# Notes to the financial statements

## For the year ended 31 December 2020

The amendments to IFRS 7 require certain disclosures to be made to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. Refer to Note 40 where these disclosures have been included.

### Future accounting developments

The following accounting standards have been issued by the IASB but are not yet effective:

#### IFRS 17 – Insurance contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* that was issued in 2005.

IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

In June 2020, the IASB published amendments to IFRS 17. The amendments that are relevant to the Barclays Bank Group are the scope exclusion for credit card contracts and similar contracts that provide insurance coverage, the optional scope exclusion for loan contracts that transfer significant insurance risk, and clarification that only financial guarantees issued are in scope of IFRS 9.

The amendments also defer the effective date of IFRS 17, including the above amendments, to annual reporting periods beginning on or after 1 January 2023.

IFRS 17, including the amendments to IFRS 17, has not yet been endorsed by the EU as of the date that the financial statements are authorised for issue.

Following the UK's withdrawal from the EU on 31 December 2020, the UK-adopted international accounting standards will be applicable. IFRS 17, including the amendments to IFRS 17, has not yet been endorsed by the UK. The Barclays Bank Group is currently assessing the expected impact of adopting this standard.

### 6. 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 the 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 are highlighted under the relevant note. Critical accounting estimates and judgements are disclosed in:

- Credit impairment charges on page 121 to 124
- Tax on page 125 to 128
- Fair value of financial instruments on page 140 to 151
- Pensions and post-retirement benefits – obligations on page 175 to 180
- Provisions including conduct and legal, competition and regulatory matters on page 160 to 165

### 7. Other disclosures

To improve transparency and ease of reference, by concentrating related information in one place, certain disclosures required under IFRS have been included within the Risk review section as follows:

- Credit risk on page 39 to 41 and on pages 47 to 75
- Market risk on page 41 and on pages 76 to 77
- Treasury and capital risk – capital on page 42 and on pages 84 to 85
- Treasury and capital risk – liquidity on page 42 and on pages 79 to 83

These disclosures are covered by the Audit opinion (included on pages 101 to 104) where referenced as audited.

# Notes to the financial statements

## Financial performance and returns

The notes included in this section focus on the results and performance of the Barclays Bank Group. Information on the segmental performance, income generated, expenditure incurred, tax, and dividends are included here.

### 2 Segmental reporting

#### Presentation of segmental reporting

The Barclays Bank Group's segmental reporting is in accordance with IFRS 8 *Operating Segments*. Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the chief operating decision maker. All transactions between business segments are conducted on an arm's-length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

The Barclays Bank Group divisions have been for segmental reporting purposes defined as Corporate and Investment Bank and Consumer, Cards and Payments.

- **Corporate and Investment Bank** which includes Investment Banking, Corporate Banking and global Markets businesses.
- **Consumer, Cards and Payments** which includes Barclays US Consumer Bank, Barclays Payments, Barclaycard Germany and Private Bank.

The below table also includes Head Office which comprises head office and certain central support functions including the Barclays Bank Group service company full time equivalent employees.

#### Analysis of results by business

	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Barclays Bank Group
	£m	£m	£m	£m
<b>For the year ended 31 December 2020</b>				
Total income	12,607	3,490	(319)	15,778
Credit impairment charges	(1,565)	(1,720)	(92)	(3,377)
<b>Net operating income/(expenses)</b>	<b>11,042</b>	<b>1,770</b>	<b>(411)</b>	<b>12,401</b>
Operating expenses	(7,125)	(2,132)	(126)	(9,383)
Litigation and conduct	(4)	(44)	(28)	(76)
Total operating expenses	(7,129)	(2,176)	(154)	(9,459)
Other net income/(expenses) <sup>a</sup>	16	114	3	133
<b>Profit/(loss) before tax</b>	<b>3,929</b>	<b>(292)</b>	<b>(562)</b>	<b>3,075</b>
<b>Total assets (£bn)</b>	<b>990.9</b>	<b>57.8</b>	<b>11.0</b>	<b>1,059.7</b>
<b>Number of employees (full time equivalent)</b>	<b>7,800</b>	<b>3,000</b>	<b>10,100</b>	<b>20,900</b>
<b>Average number of employees (full time equivalent)</b>				<b>20,145</b>

	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Barclays Bank Group
	£m	£m	£m	£m
<b>For the year ended 31 December 2019</b>				
Total income	10,009	4,462	(320)	14,151
Credit impairment charges	(157)	(1,016)	(29)	(1,202)
<b>Net operating income/(expenses)</b>	<b>9,852</b>	<b>3,446</b>	<b>(349)</b>	<b>12,949</b>
Operating expenses	(7,267)	(2,359)	(92)	(9,718)
Litigation and conduct	(108)	(7)	(149)	(264)
Total operating expenses	(7,375)	(2,366)	(241)	(9,982)
Other net income/(expenses) <sup>a</sup>	113	40	(8)	145
<b>Profit/(loss) before tax</b>	<b>2,590</b>	<b>1,120</b>	<b>(598)</b>	<b>3,112</b>
<b>Total assets (£bn)</b>	<b>799.6</b>	<b>65.7</b>	<b>11.4</b>	<b>876.7</b>
<b>Number of employees (full time equivalent)</b>	<b>8,100</b>	<b>3,100</b>	<b>9,300</b>	<b>20,500</b>
<b>Average number of employees (full time equivalent)</b>				<b>21,700</b>

Note

a Other net income/(expenses) represents the share of post-tax results of associates and joint ventures, profit (or loss) on disposal of subsidiaries, associates and joint ventures, and gains on acquisitions.

# Notes to the financial statements

## Financial performance and returns

	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Barclays Bank Group
	£m	£m	£m	£m
<b>For the year ended 31 December 2018</b>				
Total income	9,741	4,267	(408)	13,600
Credit impairment releases/(charges)	152	(808)	13	(643)
<b>Net operating income/(expenses)</b>	<b>9,893</b>	<b>3,459</b>	<b>(395)</b>	<b>12,957</b>
Operating expenses	(7,459)	(2,304)	(130)	(9,893)
GMP charge	-	-	(140)	(140)
Litigation and conduct	(68)	(59)	(1,579)	(1,706)
Total operating expenses	(7,527)	(2,363)	(1,849)	(11,739)
Other net income/(expenses) <sup>a</sup>	28	41	(1)	68
<b>Profit/(loss) before tax</b>	<b>2,394</b>	<b>1,137</b>	<b>(2,245)</b>	<b>1,286</b>
<b>Total assets (£bn)</b>	<b>792.5</b>	<b>71.6</b>	<b>13.6</b>	<b>877.7</b>
<b>Number of employees (full time equivalent)</b>	<b>9,100</b>	<b>3,300</b>	<b>10,000</b>	<b>22,400</b>

Note  
a Other net income/(expenses) represents the share of post-tax results of associates and joint ventures, profit (or loss) on disposal of subsidiaries, associates and joint ventures, and gains on acquisitions.

### Income by geographic region<sup>a</sup>

	2020	2019	2018
	£m	£m	£m
<b>For the year ended 31 December</b>			
United Kingdom	4,954	4,084	4,007
Europe	2,119	1,752	1,615
Americas	7,590	7,251	7,048
Africa and Middle East	37	62	44
Asia	1,078	1,002	886
<b>Total</b>	<b>15,778</b>	<b>14,151</b>	<b>13,600</b>

### Income from individual countries which represent more than 5% of total income<sup>a</sup>

	2020	2019	2018
	£m	£m	£m
<b>For the year ended 31 December</b>			
United Kingdom	4,954	4,084	4,007
United States	7,471	7,121	6,916

Note  
a The geographical analysis is based on the location of the office where the transactions are recorded.

### 3 Net interest income

#### Accounting for interest income and expenses

Interest income on loans and advances at amortised cost and financial assets at fair value through other comprehensive income, and interest expense on financial liabilities held at amortised cost, are calculated using the effective interest method which allocates interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest method requires the Barclays Bank Group to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities.

The Barclays Bank Group incurs certain costs to originate credit card balances with the most significant being co-brand partner fees. To the extent these costs are attributed to customers that continuously carry an outstanding balance (revolvers) and incremental to the origination of credit card balances, they are capitalised and subsequently included within the calculation of the effective interest rate. They are amortised to interest income over the period of expected repayment of the originated balance. Costs attributed to customers that settle their outstanding balances each period (transactors) are deferred on the balance sheet as a cost of obtaining a contract and amortised to fee and commission expense over the life of the customer relationship (refer to Note 4). There are no other individual estimates involved in the calculation of effective interest rates that are material to the results or financial position.

# Notes to the financial statements

## Financial performance and returns

	2020	2019 <sup>a</sup>	2018 <sup>a</sup>
	£m	£m	£m
Cash and balances at central banks	226	919	919
Loans and advances at amortised cost	4,510	5,514	5,554
Fair value through other comprehensive income	604	831	662
Negative interest on liabilities	68	13	35
Other	598	808	289
<b>Interest and similar income</b>	<b>6,006</b>	<b>8,085</b>	<b>7,459</b>
Deposits at amortised cost	(644)	(1,778)	(1,591)
Debt securities in issue <sup>b</sup>	(424)	(873)	(493)
Subordinated liabilities	(1,112)	(1,096)	(1,397)
Negative interest on assets	(325)	(250)	(228)
Other	(341)	(181)	(620)
<b>Interest and similar expense</b>	<b>(2,846)</b>	<b>(4,178)</b>	<b>(4,329)</b>
<b>Net interest income</b>	<b>3,160</b>	<b>3,907</b>	<b>3,130</b>

### Notes

a Comparatives for negative interest income on liabilities and negative interest expense on assets have been re-presented from Other interest income and Other interest expense.

b Barclays Bank Group has amended the presentation of the premium paid for purchased financial guarantees which are embedded in notes it issues directly to the market. From 2020 onwards, the full note coupon (£99m) is presented as interest and similar expense within net interest income. The financial guarantee element of the coupon had previously been recognised in net investment income (2019: £24m, 2018: £1m). The comparatives have not been restated.

Interest and similar income presented above represents interest revenue calculated using the effective interest method. Costs to originate credit card balances of £687m (2019: £684m; 2018: £585m) have been amortised to interest and similar income during the period. Interest and similar income includes £9m (2019: £9m; 2018: £9m) accrued on impaired loans. Other interest expense includes £23m (2019: £25m) relating to IFRS 16 lease interest expenses.

## 4 Net fee and commission income

### Accounting for net fee and commission income

The Barclays Bank Group applies IFRS 15 Revenue from Contracts with Customers. IFRS 15 establishes a five-step model governing revenue recognition. The five-step model requires the Barclays Bank Group to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

The Barclays Bank Group recognises fee and commission income charged for services provided by the Barclays Bank Group as the services are provided, for example, on completion of the underlying transaction. Where the contractual arrangements also result in the Barclays Bank Group recognising financial instruments in scope of IFRS 9, such financial instruments are initially recognised at fair value in accordance with IFRS 9 before applying the provisions of IFRS 15.

Fee and commission income is disaggregated below by fee types that reflect the nature of the services offered across the Barclays Bank Group and operating segments, in accordance with IFRS 15. The below table includes a total for fees in scope of IFRS 15. Refer to Note 2 for more detailed information about operating segments.

Fee type	2020			
	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	£m	£m	£m	£m
Transactional	357	1,973	-	2,330
Advisory	593	100	-	693
Brokerage and execution	1,116	57	-	1,173
Underwriting and syndication	2,867	-	-	2,867
Other	54	152	29	235
<b>Total revenue from contracts with customers</b>	<b>4,987</b>	<b>2,282</b>	<b>29</b>	<b>7,298</b>
Other non-contract fee income	114	5	-	119
<b>Fee and commission income</b>	<b>5,101</b>	<b>2,287</b>	<b>29</b>	<b>7,417</b>
<b>Fee and commission expense</b>	<b>(768)</b>	<b>(988)</b>	<b>(2)</b>	<b>(1,758)</b>
<b>Net fee and commission income</b>	<b>4,333</b>	<b>1,299</b>	<b>27</b>	<b>5,659</b>



# Notes to the financial statements

## Financial performance and returns

	2019			
	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	£m	£m	£m	£m
<b>Fee type</b>				
Transactional	391	2,418	-	2,809
Advisory	821	83	-	904
Brokerage and execution	1,082	49	-	1,131
Underwriting and syndication	2,358	-	-	2,358
Other	90	227	30	347
<b>Total revenue from contracts with customers</b>	<b>4,742</b>	<b>2,777</b>	<b>30</b>	<b>7,549</b>
Other non-contract fee income	110	5	-	115
<b>Fee and commission income</b>	<b>4,852</b>	<b>2,782</b>	<b>30</b>	<b>7,664</b>
<b>Fee and commission expense</b>	<b>(743)</b>	<b>(1,249)</b>	<b>-</b>	<b>(1,992)</b>
<b>Net fee and commission income</b>	<b>4,109</b>	<b>1,533</b>	<b>30</b>	<b>5,672</b>

	2018			
	Corporate and Investment Bank	Consumer, Cards and Payments	Head Office	Total
	£m	£m	£m	£m
<b>Fee type</b>				
Transactional	366	2,248	-	2,614
Advisory	772	78	-	850
Brokerage and execution	1,002	71	-	1,073
Underwriting and syndication	2,462	-	-	2,462
Other	24	222	29	275
<b>Total revenue from contracts with customers</b>	<b>4,626</b>	<b>2,619</b>	<b>29</b>	<b>7,274</b>
Other non-contract fee income	114	4	-	118
<b>Fee and commission income</b>	<b>4,740</b>	<b>2,623</b>	<b>29</b>	<b>7,392</b>
<b>Fee and commission expense</b>	<b>(657)</b>	<b>(1,128)</b>	<b>-</b>	<b>(1,785)</b>
<b>Net fee and commission income</b>	<b>4,083</b>	<b>1,495</b>	<b>29</b>	<b>5,607</b>

### Fee types

#### Transactional

Transactional fees are service charges on deposit accounts, cash management services and transactional processing fees. These include interchange and merchant fee income generated from credit and bank card usage. Transaction and processing fees are recognised at the point in time the transaction occurs or service is performed. Interchange and merchant fees are recognised upon settlement of the card transaction payment.

The Barclays Bank Group incurs certain card related costs including those related to cardholder reward programmes and payments to co-brand partners. Cardholder reward programmes costs related to customers that settle their outstanding balance each period (transactors) are expensed when incurred and presented in fee and commission expense while costs related to customers that continuously carry an outstanding balance (revolvers) are included in the effective interest rate of the receivable (refer to Note 3). Payments to partners for new cardholder account originations related to transactor accounts are deferred as costs to obtain a contract under IFRS 15, while costs related to revolver accounts are included in the effective interest rate of the receivable (refer to Note 3). Those costs deferred under IFRS 15 are capitalised and amortised over the estimated life of the customer relationship. Payments to co-brand partners based on revenue sharing are presented as a reduction of fee and commission income while payments based on profitability are presented in fee and commission expense.

#### Advisory

Advisory fees are generated from wealth management advisory services and investment banking advisory services related to mergers, acquisitions and financial restructurings. Wealth management advisory fees are earned over the period the services are provided and are generally recognised quarterly when the market value of client assets is determined. Investment banking advisory fees are recognised at the point in time when the services related to the transaction have been completed under the terms of the engagement. Investment banking advisory costs are recognised as incurred in fee and commission expense if direct and incremental to the advisory services or are otherwise recognised in operating expenses.

#### Brokerage and execution

Brokerage and execution fees are earned for executing client transactions with various exchanges and over-the-counter markets and assisting clients in clearing transactions. Brokerage and execution fees are recognised at the point in time the associated service has been completed which is generally the trade date of the transaction.



# Notes to the financial statements

## Financial performance and returns

### Underwriting and syndication

Underwriting and syndication fees are earned for the distribution of client equity or debt securities and the arrangement and administration of a loan syndication. This includes commitment fees to provide loan financing. Underwriting fees are generally recognised on trade date if there is no remaining contingency, such as the transaction being conditional on the closing of an acquisition or another transaction. Underwriting costs are deferred and recognised in fee and commission expense when the associated underwriting fees are recorded. Syndication fees are earned for arranging and administering a loan syndication; however, the associated fee may be subject to variability until the loan has been syndicated to other syndicate members or until other contingencies have been resolved and therefore the fee revenue is deferred until the uncertainty is resolved.

Included in underwriting and syndication fees are loan commitment fees which are not presented as part of the carrying value of the loan in accordance with IFRS 9. Such commitment fees are recognised over time through to the contractual maturity of the commitment.

### Contract assets and contract liabilities

The Barclays Bank Group had no material contract assets or contract liabilities as at 31 December 2020 (2019: nil; 2018: nil).

### Impairment of fee receivables and contract assets

During 2020, there have been no material impairments recognised in relation to fees receivable and contract assets (2019: nil; 2018: nil). Fees in relation to transactional business can be added to outstanding customer balances. These amounts may be subsequently impaired as part of the overall loans and advances balance.

### Remaining performance obligations

The Barclays Bank Group applies the practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less or because the Barclays Bank Group has a right to consideration that corresponds directly with the value of the service provided to the client or customer.

### Costs incurred in obtaining or fulfilling a contract

The Barclays Bank Group expects that incremental costs of obtaining a contract such as success fee and commission fees paid are recoverable and therefore capitalised such contract costs in the amount of £135m at 31 December 2020 (2019: £153m; 2018: £125m).

Capitalised contract costs are amortised based on the transfer of services to which the asset relates which typically ranges over the expected life of the relationship. In 2020, the amount of amortisation was £35m (2019: £29m; 2018: £30m) and there was no impairment loss recognised in connection with the capitalised contract costs (2019: nil; 2018: nil).

## 5 Net trading income

### Accounting for net trading income

In accordance with IFRS 9, trading positions are held at fair value, and the resulting gains and losses are included in the income statement, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

Income arises from both the sale and purchase of trading positions, margins which are achieved through market making and customer business and from changes in fair value caused by movements in interest and exchange rates, equity prices and other market variables.

Gains or losses on non-trading financial instruments designated or mandatorily at fair value with changes in fair value recognised in the income statement are included in net trading income where the business model is to manage assets and liabilities on a fair value basis which includes use of derivatives or where an instrument is designated at fair value to eliminate an accounting mismatch and the related instrument's gain and losses are reported in trading income.

	2020	2019	2018
	£m	£m	£m
Net gains from financial instruments held for trading	5,392	2,795	3,101
Net gains from financial instruments designated at fair value	695	240	259
Net gains from financial instruments mandatorily at fair value	989	1,038	1,004
<b>Net trading income</b>	<b>7,076</b>	<b>4,073</b>	<b>4,364</b>

# Notes to the financial statements

## Financial performance and returns

### 6 Net investment (expense)/income

#### Accounting for net investment income

Dividends are recognised when the right to receive the dividend has been established. Other accounting policies relating to net investment income are set out in Note 12 and Note 14.

	2020 £m	2019 £m	2018 £m
Net (losses)/gains from financial assets mandatorily at fair value	(39)	218	172
Net gains from disposal of debt instruments at fair value through other comprehensive income	251	454	131
Net (losses)/gains from disposal of financial assets and liabilities measured at amortised cost <sup>a</sup>	(128)	(38)	(20)
Dividend income	-	-	55
Net (losses)/gains on other investments <sup>b</sup>	(205)	(214)	56
<b>Net investment (expense)/income</b>	<b>(121)</b>	<b>420</b>	<b>394</b>

#### Notes

a Included within the 2020 balance are losses of £115m relating to the partial redemption of contingent capital notes.

b Barclays has amended the presentation of the premium paid for purchased financial guarantees which are embedded in notes it issues directly to the market. From 2020 onwards, the full note coupon is presented as interest expense within net interest income. The financial guarantee element of the coupon had previously been recognised in net investment income. The reclassification into interest expense is £99m for 2020 (2019: £25m, 2018: £1m). The comparatives have not been restated.

### 7 Credit impairment charges

#### Accounting for the impairment of financial assets

##### Impairment

In accordance with IFRS 9, the Barclays Bank Group is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures in the individual financial statements, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month (Stage 1) ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD).

The 12 month and lifetime ECLs are calculated by multiplying the respective PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

Determining a significant increase in credit risk since initial recognition:

The Barclays Bank Group assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. The credit risk of an exposure is considered to have significantly increased when:

#### i) Quantitative test

The annualised lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination.

PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of the point at which a PD increase is deemed 'significant', is based upon analysis of the portfolio's risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate. Application of quantitative PD floors does not represent the use of the low credit risk exemption as exposures can separately move into stage 2 via the qualitative route described below.

Wholesale assets apply a 100% increase in PD and 0.2% PD floor to determine a significant increase in credit risk.

Retail assets apply bespoke relative increase and absolute PD thresholds based on product type and origination PD. Thresholds are subject to maximums defined by Barclays Bank Group policy and typically apply minimum relative thresholds of 50-100% and a maximum relative threshold of 400%.

For existing/historical exposures where origination point scores or data are no longer available or do not represent a comparable estimate of lifetime PD, a proxy origination score is defined, based upon:

- back-population of the approved lifetime PD score either to origination date or, where this is not feasible, as far back as possible (subject to a data start point no later than 1 January 2015); or

# Notes to the financial statements

## Financial performance and returns

- use of available historical account performance data and other customer information, to derive a comparable 'proxy' estimation of origination PD.

### ii) Qualitative test

This is relevant for accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, such as industry and Group-wide customer level data, including but not limited to bureau scores and high consumer indebtedness index, wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

### iii) Backstop criteria

This is relevant for accounts that are more than 30 calendar days past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

The criteria for determining a significant increase in credit risk for assets with bullet repayments follows the same principle as all other assets, i.e. quantitative, qualitative and backstop tests are all applied.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. This means that, at a minimum all payments must be up-to-date, the PD deterioration test is no longer met, the account is no longer classified as high risk, and the customer has evidenced an ability to maintain future payments.

Exposures are only removed from Stage 3 and re-assigned to Stage 2 once the original default trigger event no longer applies. Exposures being removed from Stage 3 must no longer qualify as credit impaired, and:

- a) the obligor will also have demonstrated consistently good payment behaviour over a 12-month period, by making all consecutive contractual payments due and, for forbore exposures, the relevant EBA defined probationary period has also been successfully completed or;
- b) (for non-forborne exposures) the performance conditions are defined and approved within an appropriately sanctioned restructure plan, including 12 months' payment history have been met.

Management overlays and other exceptions to model outputs are applied only if consistent with the objective of identifying significant increases in credit risk.

### *Forward-looking information*

The measurement of ECL involves complexity and judgement, including estimation of PD, LGD, a range of unbiased future economic scenarios, estimation of expected lives (where contractual life is not appropriate), and estimation of EAD and assessing significant increases in credit risk.

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate (EIR). ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions.

The Barclays Bank Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium term forecasts), Bloomberg (based on median of economic forecasters) and the Urban Land Institute (for US House Prices), which forms the baseline scenario. In addition, two adverse scenarios (Downside 1 and Downside 2) and two favourable scenarios (Upside 1 and Upside 2) are derived, with associated probability weightings. The adverse scenarios are calibrated to a similar severity to internal stress tests, whilst also considering IFRS 9 specific sensitivities and non-linearity. Downside 2 is benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenario from Moody's inventory, but is not designed to be the same. The favourable scenarios are calibrated to be symmetric to the adverse scenarios, subject to a ceiling calibrated to relevant recent favourable benchmark scenarios. The scenarios include eight economic variables (GDP, unemployment, House Price Index (HPI) and base rates in both the UK and US markets) and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately eight years.

The methodology for estimating probability weights for each of the scenarios involves a comparison of the distribution of key historical UK and US macroeconomic variables against the forecast paths of the five scenarios. The methodology works such that the baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favourable scenarios depend on the deviation from the baseline; the further from the baseline, the smaller the weight. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The same scenarios and weights that are used in the estimation of expected credit losses are also used for the Barclays Bank Group's internal planning purposes. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables, for example, mortgages are highly sensitive to house prices, and credit cards and unsecured consumer loans are highly sensitive to unemployment.

### *Definition of default, credit impaired assets, write-offs, and interest income recognition*

The definition of default for the purpose of determining ECLs, and for internal credit risk management purposes, has been aligned to the Regulatory Capital CRR Article 178 definition of default, to maintain a consistent approach with IFRS 9 and associated regulatory guidance. The Regulatory Capital CRR Article 178 definition of default considers indicators that the debtor is unlikely to pay, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due or 180 days past due in the case of UK mortgages. When exposures are identified as credit impaired at the time when they are purchased or originated interest income is calculated on the carrying value net of the impairment allowance.

An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset. This comprises assets defined as defaulted and other individually assessed exposures where imminent default or actual loss is

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identified.

Uncollectible loans are written off against the related allowance for loan impairment on completion of the Barclays Bank Group's internal processes and when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement. The timing and extent of write-offs may involve some element of subjective judgement. Nevertheless, a write-off will often be prompted by a specific event, such as the inception of insolvency proceedings or other formal recovery action, which makes it possible to establish that some or the entire advance is beyond realistic prospect of recovery.

### *Accounting for purchased financial guarantee contracts*

The Barclays Bank Group may enter into a financial guarantee contract which requires the issuer of such contract to reimburse the Barclays Bank Group for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. For these separate financial guarantee contracts, the Barclays Bank Group recognises a reimbursement asset aligned with the recognition of the underlying ECLs, if it is considered virtually certain that a reimbursement would be received if the specified debtor fails to make payment when due in accordance with the terms of the debt instrument.

### *Loan modifications and renegotiations that are not credit-impaired*

When modification of a loan agreement occurs as a result of commercial restructuring activity rather than due to the credit risk of the borrower, an assessment must be performed to determine whether the terms of the new agreement are substantially different from the terms of the existing agreement. This assessment considers both the change in cash flows arising from the modified terms as well as the change in overall instrument risk profile. In respect of payment holidays granted to borrowers which are not due to forbearance, if the revised cash flows on a present value basis (based on the original EIR) are not substantially different from the original cash flows, the loan is not considered to be substantially modified.

Where terms are substantially different, the existing loan will be derecognised and a new loan will be recognised at fair value, with any difference in valuation recognised immediately within the income statement, subject to observability criteria.

Where terms are not substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

Note 1 sets out details for changes in the basis of determining the contractual cash flows of a financial instrument that are required by interest rate benchmark reform.

### *Expected life*

Lifetime ECLs must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options. The exceptions are certain revolver financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. For revolving facilities, expected life is analytically derived to reflect behavioural life of the asset, i.e. the full period over which the business expects to be exposed to credit risk. Behavioural life is typically based upon historical analysis of the average time to default, closure or withdrawal of facility. Where data is insufficient or analysis inconclusive, an additional 'maturity factor' may be incorporated to reflect the full estimated life of the exposures, based upon experienced judgement and/or peer analysis. Potential future modifications of contracts are not taken into account when determining the expected life or EAD until they occur.

### *Discounting*

ECLs are discounted at the EIR at initial recognition or an approximation thereof and consistent with income recognition. For loan commitments the EIR is the rate that is expected to apply when the loan is drawn down and a financial asset is recognised. Issued financial guarantee contracts are discounted at the risk free rate. Lease receivables are discounted at the rate implicit in the lease. For variable/floating rate financial assets, the spot rate at the reporting date is used and projections of changes in the variable rate over the expected life are not made to estimate future interest cash flows or for discounting.

### *Modelling techniques*

ECLs are calculated by multiplying three main components, being the PD, LGD and the EAD, discounted at the original EIR. The regulatory Basel Committee of Banking Supervisors (BCBS) ECL calculations are leveraged for IFRS 9 modelling but adjusted for key differences which include:

- BCBS requires 12 month through the economic cycle losses whereas IFRS 9 requires 12 months or lifetime point in time losses based on conditions at the reporting date and multiple forecasts of the future economic conditions over the expected lives;
- IFRS 9 models do not include certain conservative BCBS model floors and downturn assessments and require discounting to the reporting date at the original EIR rather than using the cost of capital to the date of default;
- Management adjustments are made to modelled output to account for situations where known or expected risk factors and information have not been considered in the modelling process, for example forecast economic scenarios for uncertain political events; and
- ECL is measured at the individual financial instrument level, however a collective approach where financial instruments with similar risk characteristics are grouped together, with apportionment to individual financial instruments, is used where effects can only be seen at a collective level, for example for forward-looking information.

For the IFRS 9 impairment assessment, the Barclays Bank Group's risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, the Barclays Bank Group applies lifetime PDs but uses 12 month PDs for Stage 1. The ECL drivers of PD, EAD and LGD are modelled at an account level which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

### *Forbearance*

A financial asset is subject to forbearance when it is modified due to the credit distress of the borrower. A modification made to the terms of an asset due to forbearance will typically be assessed as a non-substantial modification that does not result in derecognition of the original loan,

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except in circumstances where debt is exchanged for equity.

Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definitions of default criteria have been triggered, in which case the asset is classified as Stage 2. The minimum probationary period for non-performing forbearance is 12 months and for performing forbearance, 24 months. Hence, a minimum of 36 months is required for non-performing forbearance to move out of a forbore state.

No financial instrument in forbearance can transfer back to Stage 1 until all of the Stage 2 thresholds are no longer met and can only move out of Stage 3 when no longer credit impaired.

### Critical accounting estimates and judgements

IFRS 9 impairment involves several important areas of judgement, including estimating forward looking modelled parameters (PD, LGD and EAD), developing a range of unbiased future economic scenarios, estimating expected lives and assessing significant increases in credit risk, based on the Barclays Bank Group's experience of managing credit risk. The determination of expected life is most material for Barclays credit card portfolios which is obtained via behavioural life analysis to materially capture the risk of these facilities.

Within the retail and small businesses portfolios, which comprise large numbers of small homogenous assets with similar risk characteristics where credit scoring techniques are generally used, the impairment allowance is calculated using forward looking modelled parameters which are typically run at account level. There are many models in use, each tailored to a product, line of business or customer category. Judgement and knowledge is needed in selecting the statistical methods to use when the models are developed or revised. The impairment allowance reflected in the financial statements for these portfolios is therefore considered to be reasonable and supportable.

For individually significant assets in Stage 3, impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows across a range of economic scenarios are taken into account. These considerations can be particularly subjective and can include the business prospects for the customer, the realisable value of collateral, the Barclays Bank Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. The level of the impairment allowance is the difference between the value of the discounted expected future cash flows (discounted at the loan's original effective interest rate), and its carrying amount. Furthermore, judgements change with time as new information becomes available or as work-out strategies evolve, resulting in frequent revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the impairment charge.

Temporary adjustments to calculated IFRS9 impairment allowances may be applied in limited circumstances to account for situations where known or expected risk factors or information have not been considered in the ECL assessment or modelling process. For further information please see page 56 in credit risk performance.

	2020			2019			2018		
	Impairment Charges	Recoveries and Reimbursements <sup>a</sup>	Total	Impairment Charges	Recoveries and Reimbursements	Total	Impairment Charges	Recoveries and Reimbursements	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Loans and advances	3,060	(368)	2,692	1,214	(73)	1,141	774	(86)	688
Provision for undrawn contractually committed facilities and guarantees provided	547	-	547	55	-	55	(48)	-	(48)
<b>Loans impairment</b>	<b>3,607</b>	<b>(368)</b>	<b>3,239</b>	1,269	(73)	1,196	726	(86)	640
Cash collateral and settlement balances	2	-	2	1	-	1	(1)	-	(1)
Financial instruments at fair value through OCI	-	-	-	-	-	-	4	-	4
Other financial assets measured at cost	136	-	136	5	-	5	-	-	-
<b>Credit impairment charges<sup>b</sup></b>	<b>3,745</b>	<b>(368)</b>	<b>3,377</b>	1,275	(73)	1,202	729	(86)	643

#### Notes

a Recoveries and reimbursements includes £364m for reimbursements expected to be received under the arrangement where Group has entered into financial guarantee contracts which provide credit protection over certain loans assets with third parties. Cash recoveries of previously written off amounts to £4m.

b Barclays Bank PLC transferred its UK banking business on 1 April 2018 to Barclays Bank UK PLC. Results relating to the UK banking business for the three months ended 31 March 2018 (Impairment charges: £217m and recoveries: £16m) have been reported as discontinued operations.

### Write-offs subject to enforcement activity

The contractual amount outstanding on financial assets that were written off during the period ended 31 December 2020 and that are still subject to enforcement activity is £816m (2019: £1,119m). This is lower than the write-offs presented in the movement in gross exposures and impairment allowance table due to assets sold during the year post write-offs and post write-off recoveries.

### Modification of financial assets

Financial assets of £3,781m (2019: £1,311m) were subject to non-substantial modification during the period, with a resulting loss of £21m (2019: £20m). The gross carrying amount at 31 December 2020 of financial assets for which the loss allowance has changed to a 12 month ECL during the year amounts to £1,194m (2019: £401m).



# Notes to the financial statements

## Financial performance and returns

### 8 Operating expenses

	2020	2019	2018
	£m	£m	£m
<b>Infrastructure costs</b>			
Property and equipment	373	368	380
Depreciation and amortisation <sup>a</sup>	421	457	395
Lease payments <sup>a</sup>	1	7	158
Impairment of property, equipment and intangible assets	21	3	2
<b>Total infrastructure costs</b>	<b>816</b>	<b>835</b>	<b>935</b>
<b>Administration and general expenses</b>			
Consultancy, legal and professional fees	345	362	400
Marketing and advertising	176	258	316
UK bank levy	249	185	223
Other administration and general expenses	3,432	3,513	3,285
<b>Total administration and general expenses</b>	<b>4,202</b>	<b>4,318</b>	<b>4,224</b>
<b>Staff costs</b>	<b>4,365</b>	<b>4,565</b>	<b>4,874</b>
<b>Litigation and conduct</b>	<b>76</b>	<b>264</b>	<b>1,706</b>
<b>Operating expenses</b>	<b>9,459</b>	<b>9,982</b>	<b>11,739</b>

Note  
a With adoption of IFRS 16 from 1 January 2019, the depreciation charge associated with right of use assets is reported within the depreciation and amortisation charge for 2019 and 2020.

For further details on staff costs including accounting policies, refer to Note 29.

### 9 Tax

#### Accounting for income taxes

The Barclays Bank Group applies IAS 12 *Income Taxes* in accounting for taxes on income. Income tax payable on taxable profits (current tax) is recognised as an expense in the periods in which the profits arise. Withholding taxes are also treated as income taxes. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offsetting against taxable profits arising in the current or prior periods. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except in certain circumstances where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

The Barclays Bank Group considers an uncertain tax position to exist when it considers that ultimately, in the future, the amount of profit subject to tax may be greater than the amount initially reflected in the Barclays Bank Group's tax returns. The Barclays Bank Group accounts for provisions in respect of uncertain tax positions in two different ways.

A current tax provision is recognised when it is considered probable that the outcome of a review by a tax authority of an uncertain tax position will alter the amount of cash tax due to, or from, a tax authority in the future. From recognition, the current tax provision is then measured at the amount the Barclays Bank Group ultimately expects to pay the tax authority to resolve the position. Effective from 1 January 2019, the Barclays Bank Group changed its accounting policy on the accrual of interest and penalty amounts in respect of uncertain income tax positions and now recognises such amounts as an expense within profit before tax and will continue to do so in future periods. The prior periods' tax charges have not been restated because the accrual for interest and penalties in those periods in respect of uncertain tax positions was not material.

Deferred tax provisions are adjustments made to the carrying value of deferred tax assets in respect of uncertain tax positions. A deferred tax provision is recognised when it is considered probable that the outcome of a review by a tax authority of an uncertain tax position will result in a reduction in the carrying value of the deferred tax asset. From recognition of a provision, measurement of the underlying deferred tax asset is adjusted to take into account the expected impact of resolving the uncertain tax position on the loss or temporary difference giving rise to the deferred tax asset.

The approach taken to measurement takes account of whether the uncertain tax position is a discrete position that will be reviewed by the tax authority in isolation from any other position, or one of a number of issues which are expected to be reviewed together concurrently and resolved simultaneously with a tax authority. The Barclays Bank Group's measurement of provisions is based upon its best estimate of the additional profit that will become subject to tax. For a discrete position, consideration is given only to the merits of that position. Where a number of issues are expected to be reviewed and resolved together, the Barclays Bank Group will take into account not only the merits of its position in respect of each particular issue but also the overall level of provision relative to the aggregate of the uncertain tax positions across all the issues that are expected to be resolved at the same time. In addition, in assessing provision levels, it is assumed that tax authorities will review uncertain tax positions and that all facts will be fully and transparently disclosed.

# Notes to the financial statements

## Financial performance and returns

### Critical accounting estimates and judgements

There are two key areas of judgement that impact the reported tax position. Firstly, the level of provisioning for uncertain tax positions; and secondly, the recognition and measurement of deferred tax assets.

The Barclays Bank Group does not consider there to be a significant risk of a material adjustment to the carrying amount of current and deferred tax balances, including provisions for uncertain tax positions in the next financial year. The provisions for uncertain tax positions cover a diverse range of issues and reflect advice from external counsel where relevant. It should be noted that only a proportion of the total uncertain tax positions will be under audit at any point in time, and could therefore be subject to challenge by a tax authority over the next year.

Deferred tax assets have been recognised based on business profit forecasts. Details on the recognition of deferred tax assets are provided in this note.

	2020	2019	2018
	£m	£m	£m
<b>Current tax charge/(credit)</b>			
Current year	993	327	94
Adjustments in respect of prior years	3	(50)	(200)
	996	277	(106)
<b>Deferred tax charge/(credit)</b>			
Current year	(563)	157	372
Adjustments in respect of prior years	191	(102)	(37)
	(372)	55	335
<b>Tax charge</b>	<b>624</b>	<b>332</b>	<b>229</b>

The table below shows the reconciliation between the actual tax charge and the tax charge that would result from applying the standard UK corporation tax rate to the Barclays Bank Group's profit before tax.

	2020	2020	2019	2019	2018	2018
	£m	%	£m	%	£m	%
<b>Profit before tax from continuing operations</b>	<b>3,075</b>		3,112		1,286	
Tax charge based on the standard UK corporation tax rate of 19% (2019: 19%, 2018: 19%)	584	19.0%	593	19.0%	244	19.0%
Impact of profits/losses earned in territories with different statutory rates to the UK (weighted average tax rate is 25.0% (2019: 26.0%, 2018: 27.1%))	183	6.0%	217	7.0%	104	8.1%
Recurring items:						
Adjustments in respect of prior years	194	6.3%	(152)	(4.9%)	(237)	(18.4%)
Non-creditable taxes including withholding taxes	107	3.4%	146	4.7%	156	12.1%
Impact of UK bank levy being non-deductible	48	1.6%	35	1.1%	42	3.3%
Non-deductible expenses	28	0.9%	34	1.1%	67	5.2%
Impact of Barclays Bank PLC's overseas branches being taxed both locally and in the UK	25	0.8%	15	0.5%	16	1.2%
Tax adjustments in respect of share-based payments	14	0.5%	(7)	(0.2%)	11	0.9%
Banking surcharge and other items	(70)	(2.3%)	(103)	(3.3%)	(69)	(5.4%)
Changes in recognition of deferred tax and effect of unrecognised tax losses	(123)	(4.0%)	(85)	(2.7%)	(104)	(8.1%)
AT1 tax credit	(124)	(4.0%)	(121)	(3.9%)	(123)	(9.6%)
Non-taxable gains and income	(200)	(6.5%)	(240)	(7.7%)	(232)	(18.0%)
Non-recurring items:						
One off re-measurement of UK deferred tax assets due to cancellation of rate change	(43)	(1.4%)	-	-	-	-
Non-deductible provisions for UK customer redress	7	0.2%	-	-	8	0.6%
Non-deductible provisions for investigations and litigation	(6)	(0.2%)	-	-	346	26.9%
<b>Total tax charge</b>	<b>624</b>	<b>20.3%</b>	332	10.7%	229	17.8%

### Factors driving the effective tax rate

The effective tax rate of 20.3% is higher than the UK corporation tax rate of 19% primarily due to profits earned outside the UK being taxed at local statutory tax rates that are higher than the UK tax rate, adjustments in respect of prior years, non-creditable taxes and non-deductible



# Notes to the financial statements

## Financial performance and returns

expenses including UK bank levy. These factors, which have each increased the effective tax rate, are largely offset by the impact of non-taxable gains and income, the use of unrecognised tax losses in the period and tax relief on payments made under AT1 instruments.

Barclays Bank Group's future tax charge will be sensitive to the geographic mix of profits earned, the tax rates in force and changes to the tax rules in the jurisdictions that the Group operates in.

### Tax in the consolidated statement of comprehensive income

Tax relating to each component of other comprehensive income on page 106 can be found in the consolidated statement of comprehensive income which includes within Other a tax credit of £3m (2019: £16m) on other items including share-based payments.

### Deferred tax assets and liabilities

The deferred tax amounts on the balance sheet were as follows:

	Barclays Bank Group	
	2020	2019
	£m	£m
US Intermediate Holding Company Tax Group ("IHC Tax Group")	1,001	1,037
US Branch Tax Group	1,048	1,015
Other (outside the UK and US tax groups)	503	408
<b>Deferred tax asset</b>	<b>2,552</b>	<b>2,460</b>
<b>Deferred tax liability - UK Tax Group</b>	<b>(225)</b>	<b>(80)</b>
<b>Net deferred tax</b>	<b>2,327</b>	<b>2,380</b>

### US deferred tax assets in the IHC and the US Branch

The deferred tax asset in the IHC Tax Group of £1,001m (2019: £1,037m) relates entirely to temporary differences and includes £nil (2019: £54m) relating to tax losses and the deferred tax asset in Barclays Bank PLC's US Branch Tax Group of £1,048m (2019: £1,015m) also relates entirely to temporary differences and includes £nil (2019: £84m) relating to tax losses.

The deferred tax asset in the IHC Tax Group of £1,001m (2019: £1,037m) also includes £330m (2019: £359m) arising from prior net operating loss conversion. Under New York State and City tax rules the amounts can be carried forward and will expire in 2034. Business profit forecasts indicate these amounts will be fully recovered before expiry. They are included within the other category in the table below.

### UK Tax Group deferred tax assets/liabilities

The deferred tax liability in the UK Tax Group of £225m (2019: £80m) includes a deferred tax asset of £541m (2019: £268m) relating to tax losses which is offset by a deferred tax liability of £766m (2019: £348m) relating to temporary differences. There is no time limit on utilisation of UK tax losses and business profit forecasts indicate these will be fully recovered.

### Other deferred tax assets (outside the UK and US tax groups)

The deferred tax asset of £503m (2019: £408m) in other entities within the Barclays Bank Group includes £170m (2019: £117m) relating to tax losses. These deferred tax assets relate to a number of different territories and their recognition is based on profit forecasts or local country law which indicate that it is probable that those deferred tax assets will be fully recovered.

Of the deferred tax asset of £503m (2019: £408m), an amount of £8m (2019: £8m) relates to entities which have suffered a loss in either the current or prior year and the utilisation of which is dependent upon future taxable profits. This has been taken into account in reaching the above conclusion that these deferred tax assets will be fully recovered in the future.

The table below shows movements on deferred tax assets and liabilities during the year. The amounts are different from those disclosed on the balance sheet and in the preceding table as they are presented before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

# Notes to the financial statements

## Financial performance and returns

### Barclays Bank Group

	Fixed asset timing differences	Fair value through other comprehensive income	Cash flow hedges	Retirement benefit obligations	Loan impairment allowance	Other provisions	Share based payments and deferred compensation	Other temporary differences	Tax losses carried forward	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets	719	110	-	31	284	127	305	1,329	523	3,428
Liabilities	(29)	(18)	(139)	(640)	-	-	-	(222)	-	(1,048)
<b>At 1 January 2020</b>	<b>690</b>	<b>92</b>	<b>(139)</b>	<b>(609)</b>	<b>284</b>	<b>127</b>	<b>305</b>	<b>1,107</b>	<b>523</b>	<b>2,380</b>
Income statement	(39)	-	-	-	164	18	15	23	191	372
Other comprehensive income and reserves	-	(112)	(291)	(191)	-	-	3	238	-	(353)
Other movements	(25)	(1)	(11)	4	7	(6)	(6)	(31)	(3)	(72)
	<b>626</b>	<b>(21)</b>	<b>(441)</b>	<b>(796)</b>	<b>455</b>	<b>139</b>	<b>317</b>	<b>1,337</b>	<b>711</b>	<b>2,327</b>
Assets	659	-	-	30	455	139	317	1,377	711	3,688
Liabilities	(33)	(21)	(441)	(826)	-	-	-	(40)	-	(1,361)
<b>At 31 December 2020</b>	<b>626</b>	<b>(21)</b>	<b>(441)</b>	<b>(796)</b>	<b>455</b>	<b>139</b>	<b>317</b>	<b>1,337</b>	<b>711</b>	<b>2,327</b>
Assets	758	175	38	39	359	112	309	1,336	529	3,655
Liabilities	(16)	(35)	(2)	(434)	-	-	-	(198)	-	(685)
<b>At 1 January 2019</b>	<b>742</b>	<b>140</b>	<b>36</b>	<b>(395)</b>	<b>359</b>	<b>112</b>	<b>309</b>	<b>1,138</b>	<b>529</b>	<b>2,970</b>
Income statement	66	-	-	(5)	(55)	23	(7)	(94)	17	(55)
Other comprehensive income and reserves	-	(46)	(175)	(205)	(10)	2	8	71	-	(355)
Other movements	(118)	(2)	-	(4)	(10)	(10)	(5)	(8)	(23)	(180)
	<b>690</b>	<b>92</b>	<b>(139)</b>	<b>(609)</b>	<b>284</b>	<b>127</b>	<b>305</b>	<b>1,107</b>	<b>523</b>	<b>2,380</b>
Assets	719	110	-	31	284	127	305	1,329	523	3,428
Liabilities	(29)	(18)	(139)	(640)	-	-	-	(222)	-	(1,048)
<b>At 31 December 2019</b>	<b>690</b>	<b>92</b>	<b>(139)</b>	<b>(609)</b>	<b>284</b>	<b>127</b>	<b>305</b>	<b>1,107</b>	<b>523</b>	<b>2,380</b>

Other movements include the impact of changes in foreign exchange rates as well as deferred tax amounts relating to acquisitions and disposals.

The amount of deferred tax asset expected to be recovered after more than 12 months for the Barclays Bank Group is £3,356m (2019: £2,958m). The amount of deferred tax liability expected to be settled after more than 12 months for the Barclays Bank Group is £1,359m (2019: £1,050m). These amounts are before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

### Unrecognised deferred tax

#### Tax losses and temporary differences

The Barclays Bank Group has deferred tax assets not recognised in respect of gross deductible temporary differences of £123m (2019: £208m), unused tax credits of £236m (2019: £247m), and gross tax losses of £19,953m (2019: £18,582m). The tax losses include capital losses of £2,987m (2019: £2,980m). Of these tax losses, £139m (2019: £41m) expire within five years, £236m (2019: £239m) expire within six to ten years, £7,271m (2019: £5,178m) expire within 11 to 20 years and £12,307m (2019: £13,124m) can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits and gains will be available against which they can be utilised.

#### Barclays Bank Group investments in subsidiaries, branches and associates

Deferred tax is not recognised in respect of the value of Barclays Bank Group's investments in subsidiaries, branches and associates where the Barclays Bank Group is able to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of these temporary differences for which deferred tax liabilities have not been recognised was £0.8bn (2019: £0.7bn).

### 10 Dividends on ordinary shares and other equity instruments

The 2020 financial statements include £263m (2019: £233m) of dividend paid. This includes the final dividend declared in relation to the prior year of £263m (2019: £nil) and half year dividends of £nil (2019: £233m). This results in a total dividend for the year of 0.11p (2019: £0.10p) per ordinary share. A dividend of £263m was paid on 25 March 2020 by Barclays Bank PLC to its parent Barclays PLC. This was prior to the announcement made by the PRA on 31 March 2020 that capital be preserved for use in serving Barclays customers and clients through the extraordinary challenges presented by the COVID-19 pandemic. As part of a response to this announcement, Barclays PLC took steps to provide additional capital to Barclays Bank PLC as part of the £1.5bn of capital contributions made during H120.

Dividends paid on preference shares amounted to £42m (2019: £41m). Dividends paid on the 4.75% €100 preference shares amounted to £439.21 per share (2019: £409.44). Dividends paid on the 6.278% US\$100 preference shares amounted to £485.75 per share (2019: £485.94).

## Notes to the financial statements

### Financial performance and returns

Dividends paid on other equity instruments amounted to £677m (2019: £660m). For further detail on other equity instruments, please refer to Note 27.

The Directors have approved a full year dividend in respect of 2020 of £174m. In addition, the Company will pay a £520m dividend to Barclays PLC in order to partially fund a share buy-back. The aggregate dividend of £694m will be paid on 9 March 2021. The financial statements for the year ended 31 December 2020 do not reflect this aggregate dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 December 2021. Dividends are funded out of distributable reserves.

# Notes to the financial statements

## Assets and liabilities held at fair value

The notes included in this section focus on assets and liabilities the Barclays Bank Group holds and recognises at fair value. Fair value refers to the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date, which may be an observable market price or, where there is no quoted price for the instrument, may be an estimate based on available market data. Detail regarding the Barclays Bank Group's approach to managing market risk can be found on page 39.

### 11 Trading portfolio

#### Accounting for trading portfolio assets and liabilities

In accordance with IFRS 9, all assets and liabilities held for trading purposes are held at fair value with gains and losses in the changes in fair value taken to the income statement in net trading income (Note 5).

	Barclays Bank Group	
	2020	2019
	£m	£m
Debt securities and other eligible bills	56,196	51,881
Equity securities	62,192	56,000
Traded loans	8,348	5,378
Commodities	928	78
<b>Trading portfolio assets</b>	<b>127,664</b>	<b>113,337</b>
Debt securities and other eligible bills	(28,836)	(22,038)
Equity securities	(17,303)	(13,174)
<b>Trading portfolio liabilities</b>	<b>(46,139)</b>	<b>(35,212)</b>

### 12 Financial assets at fair value through the income statement

#### Accounting for financial assets mandatorily at fair value

Financial assets that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling.

#### Accounting for financial assets designated at fair value

Financial assets, other than those held for trading, are classified in this category if they are so irrevocably designated at inception and the use of the designation removes or significantly reduces an accounting mismatch.

Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

The details on how the fair value amounts are derived for financial assets at fair value are described in Note 16.

	Barclays Bank Group	
	2020	2019
	£m	£m
Loans and advances	2,170	1,333
Debt securities	291	3,995
Reverse repurchase agreements and other similar secured lending	19	40
<b>Financial assets designated at fair value</b>	<b>2,480</b>	<b>5,368</b>
Loans and advances	25,279	17,804
Debt securities	1,406	1,225
Equity securities	3,742	6,548
Reverse repurchase agreements and other similar secured lending	138,539	97,783
Other financial assets	315	742
<b>Financial assets mandatorily at fair value</b>	<b>169,281</b>	<b>124,102</b>
<b>Total</b>	<b>171,761</b>	<b>129,470</b>

# Notes to the financial statements

## Assets and liabilities held at fair value

### Credit risk of financial assets designated at fair value and related credit derivatives

The following table shows the maximum exposure to credit risk, the changes in fair value attributable to changes in credit risk, and the cumulative changes in fair value since initial recognition for loans and advances. The table does not include debt securities and reverse repurchase agreements and other similar secured lending designated at FV as they have minimal exposure to credit risk. Reverse repurchase agreements are collateralised and debt securities are primarily relating to high quality sovereigns.

Barclays Bank Group						
	Maximum exposure as at 31 December		Changes in fair value during the year ended		Cumulative changes in fair value from inception	
	2020	2019	2020	2019	2020	2019
	£m	£m	£m	£m	£m	£m
Loans and advances designated at fair value, attributable to credit risk	2,170	1,333	(46)	2	(51)	(5)
Value mitigated by related credit derivatives	795	-	3	-	3	-

### 13 Derivative financial instruments

#### Accounting for derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward-rate agreements, futures, options and combinations of these instruments and primarily affect the Barclays Bank Group's net interest income, net trading income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet. Derivatives are used to hedge interest rate, credit risk, inflation risk, exchange rate, commodity, equity exposures and exposures to certain indices such as house price indices and retail price indices related to non-trading positions

All derivative instruments are held at fair value through profit or loss, except for derivatives that are in a designated cash flow or net investment hedge accounting relationship. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes terms included in a contract or financial liability (the host), which, had it been a standalone contract, would have met the definition of a derivative. If these are separated from the host, i.e. when the economic characteristics of the embedded derivative are not closely related with those of the host contract and the combined instrument is not measured at fair value through profit or loss, then they are accounted for in the same way as derivatives. For financial assets, the requirements are whether the financial assets contain contractual terms that give rise on specified dates to cash flows that are SPPI, and consequently the requirements for accounting for embedded derivatives are not applicable to financial assets.

#### Hedge accounting

The Barclays Bank Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes. The Barclays Bank Group applies hedge accounting to represent the economic effects of its interest rate, currency and contractually linked inflation risk management strategies. Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Barclays Bank Group applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation, as appropriate to the risks being hedged.

The Barclays Bank Group has applied the 'Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform' issued in September 2019. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve at that date.

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR ('Interbank Offered Rates') reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

In summary, the reliefs provided by the amendments that apply to the Barclays Bank Group are:

- When considering the 'highly probable' requirement, the Barclays Bank Group has assumed that the IBOR interest rates upon which our hedged items are based do not change as a result of IBOR Reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Barclays Bank Group has assumed that the IBOR interest rates upon which the cash flows of the hedged items and the interest rate swaps that hedge them are based are not altered by IBOR reform.
- The Barclays Bank Group will not discontinue hedge accounting during the period of IBOR-related uncertainty solely because the retrospective effectiveness falls outside the required 80–125% range.
- The Barclays Bank Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.
- The Barclays Bank Group has assessed whether the hedged IBOR risk component is a separately identifiable risk only when it first designates a hedged item in a fair value hedge and not on an ongoing basis.

The Barclays Bank Group has elected to early adopt the 'Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2' issued in August 2020. The Phase 2 amendments provide relief when changes are made to hedge relationships as a result of the interest rate benchmark reform.

The Phase 2 amendments adopted by the Barclays Bank Group are:

- Under a temporary exception, the Barclays Bank Group has considered that changes to the hedge designation and hedge documentation due to the interest rate benchmark reform would not constitute the discontinuation of the hedge relationship nor the designation of a new hedging relationship.

# Notes to the financial statements

## Assets and liabilities held at fair value

- In respect of the retrospective hedge effectiveness assessment, the Barclays Bank Group may elect, on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero when the exception to the retrospective assessment ends (Phase 1 relief). Any hedge ineffectiveness will continue to be measured and recognised in full in profit or loss.
- The Barclays Bank Group has deemed the amounts accumulated in the cash flow hedge reserve to be based on the alternative benchmark rate (on which the hedge future cash flows are determined) when there is a change in basis for determining the contractual cash flows.
- For hedges of groups of items (such as those forming part of a macro cash flow hedging strategy), the amendments provide relief for items within a designated group of items that are amended for changes directly required by the reform.
- In respect of whether a risk component of a hedged item is separately identifiable, the amendments provide temporary relief to entities to meet this requirement when an alternative risk free rate (RFR) financial instrument is designated as a risk component. These amendments allow the Barclays Bank Group upon designation of the hedge to assume that the separately identifiable requirement is met if the Barclays Bank Group reasonably expects the RFR risk will become separately identifiable within the next 24 months. The Barclays Bank Group applies this relief to each RFR on a rate-by-rate basis and starts when the Barclays Bank Group first designates the RFR as a non-contractually specified risk component.

### Fair value hedge accounting

Changes in fair value of derivatives that qualify and are designated as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The fair value changes adjust the carrying value of the hedged asset or liability held at amortised cost.

If hedge relationships no longer meet the criteria for hedge accounting, hedge accounting is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to the income statement over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement. For items classified as fair value through other comprehensive income, the hedge accounting adjustment is included in other comprehensive income.

### Cash flow hedge accounting

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income, and then recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the income statement.

### Hedges of net investments

The Barclays Bank Group's net investments in foreign operations, including monetary items accounted for as part of the net investment, are hedged for foreign currency risks using both derivatives and foreign currency borrowings. Hedges of net investments are accounted for similarly to cash flow hedges; the effective portion of the gain or loss on the hedging instrument is being recognised directly in other comprehensive income and the ineffective portion being recognised immediately in the income statement. The cumulative gain or loss recognised in other comprehensive income is recognised in the income statement on the disposal or partial disposal of the foreign operation, or other reductions in the Barclays Bank Group's investment in the operation.

Barclays Bank Group	2020			2019		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Total derivative assets/(liabilities) held for trading	42,515,577	302,429	(299,637)	41,778,195	229,459	(228,338)
Total derivative assets/(liabilities) held for risk management	110,028	264	(943)	109,762	182	(602)
<b>Derivative assets/(liabilities)</b>	<b>42,625,605</b>	<b>302,693</b>	<b>(300,580)</b>	<b>41,887,957</b>	<b>229,641</b>	<b>(228,940)</b>

# Notes to the financial statements

## Assets and liabilities held at fair value

Further information on netting arrangements of derivative financial instruments can be found within Note 17.

The fair values and notional amounts of derivatives held for trading are set out in the following table:

Derivatives held for trading and risk management Barclays Bank Group	2020			2019		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
<b>Derivatives held for trading</b>						
<b>Foreign exchange derivatives</b>						
OTC derivatives	5,463,632	84,518	(83,912)	4,910,084	56,535	(56,793)
Derivatives cleared by central counterparty	78,946	335	(335)	74,136	84	(145)
Exchange traded derivatives	14,034	3	(3)	18,520	12	(31)
<b>Foreign exchange derivatives</b>	<b>5,556,612</b>	<b>84,856</b>	<b>(84,250)</b>	<b>5,002,740</b>	<b>56,631</b>	<b>(56,969)</b>
<b>Interest rate derivatives</b>						
OTC derivatives	13,551,506	171,244	(161,223)	12,631,723	140,553	(133,408)
Derivatives cleared by central counterparty	18,330,003	965	(795)	17,088,755	862	(859)
Exchange traded derivatives	2,971,966	371	(360)	5,041,948	1,251	(1,265)
<b>Interest rate derivatives</b>	<b>34,853,475</b>	<b>172,580</b>	<b>(162,378)</b>	<b>34,762,426</b>	<b>142,666</b>	<b>(135,532)</b>
<b>Credit derivatives</b>						
OTC derivatives	384,900	3,674	(3,909)	399,386	5,253	(5,399)
Derivatives cleared by central counterparty	462,945	931	(1,095)	426,130	2,962	(2,687)
<b>Credit derivatives</b>	<b>847,845</b>	<b>4,605</b>	<b>(5,004)</b>	<b>825,516</b>	<b>8,215</b>	<b>(8,086)</b>
<b>Equity and stock index derivatives</b>						
OTC derivatives	213,078	18,803	(26,091)	232,050	10,628	(15,785)
Exchange traded derivatives	927,114	20,165	(20,521)	841,994	10,178	(10,849)
<b>Equity and stock index derivatives</b>	<b>1,140,192</b>	<b>38,968</b>	<b>(46,612)</b>	<b>1,074,044</b>	<b>20,806</b>	<b>(26,634)</b>
<b>Commodity derivatives</b>						
OTC derivatives	4,244	89	(110)	7,327	303	(256)
Exchange traded derivatives	113,209	1,331	(1,283)	106,142	838	(861)
<b>Commodity derivatives</b>	<b>117,453</b>	<b>1,420</b>	<b>(1,393)</b>	<b>113,469</b>	<b>1,141</b>	<b>(1,117)</b>
<b>Derivative assets/(liabilities) held for trading</b>	<b>42,515,577</b>	<b>302,429</b>	<b>(299,637)</b>	<b>41,778,195</b>	<b>229,459</b>	<b>(228,338)</b>
<b>Total OTC derivatives</b>	<b>19,617,360</b>	<b>278,328</b>	<b>(275,245)</b>	<b>18,180,570</b>	<b>213,272</b>	<b>(211,641)</b>
<b>Total derivatives cleared by central counterparty</b>	<b>18,871,894</b>	<b>2,231</b>	<b>(2,225)</b>	<b>17,589,021</b>	<b>3,908</b>	<b>(3,691)</b>
<b>Total exchange traded derivatives</b>	<b>4,026,323</b>	<b>21,870</b>	<b>(22,167)</b>	<b>6,008,604</b>	<b>12,279</b>	<b>(13,006)</b>
<b>Derivative assets/(liabilities) held for trading</b>	<b>42,515,577</b>	<b>302,429</b>	<b>(299,637)</b>	<b>41,778,195</b>	<b>229,459</b>	<b>(228,338)</b>
<b>Derivatives held for risk management</b>						
<b>Derivatives designated as cash flow hedges</b>						
Currency Swaps	1,000	67	-	-	-	-
Interest rate swaps	1,819	49	-	2,085	28	(1)
Interest rate derivatives cleared by central counterparty	43,499	-	-	43,594	-	-
<b>Derivatives designated as cash flow hedges</b>	<b>46,318</b>	<b>116</b>	<b>-</b>	<b>45,679</b>	<b>28</b>	<b>(1)</b>
<b>Derivatives designated as fair value hedges</b>						
Interest rate swaps	7,986	123	(943)	7,619	124	(601)
Forward foreign exchange	-	-	-	-	-	-
<b>Interest rate derivatives cleared by central counterparty</b>	<b>54,933</b>	<b>-</b>	<b>-</b>	<b>55,319</b>	<b>-</b>	<b>-</b>
<b>Derivatives designated as fair value hedges</b>	<b>62,919</b>	<b>123</b>	<b>(943)</b>	<b>62,938</b>	<b>124</b>	<b>(601)</b>
<b>Derivatives designated as hedges of net investments</b>						
Forward foreign exchange	791	25	-	1,145	30	-
<b>Derivatives designated as hedges of net investments</b>	<b>791</b>	<b>25</b>	<b>-</b>	<b>1,145</b>	<b>30</b>	<b>-</b>
<b>Derivative assets/(liabilities) held for risk management</b>	<b>110,028</b>	<b>264</b>	<b>(943)</b>	<b>109,762</b>	<b>182</b>	<b>(602)</b>
<b>Total OTC derivatives</b>	<b>11,596</b>	<b>264</b>	<b>(943)</b>	<b>10,849</b>	<b>182</b>	<b>(602)</b>
<b>Total derivatives cleared by central counterparty</b>	<b>98,432</b>	<b>-</b>	<b>-</b>	<b>98,913</b>	<b>-</b>	<b>-</b>
<b>Derivative assets/(liabilities) held for risk management</b>	<b>110,028</b>	<b>264</b>	<b>(943)</b>	<b>109,762</b>	<b>182</b>	<b>(602)</b>

### Hedge accounting

Hedge accounting is applied predominantly for the following risks:

- Interest rate risk – arises due to a mismatch between fixed interest rates and floating interest rates. Interest rate risk also includes exposure to inflation risk for certain types of investments.



# Notes to the financial statements

## Assets and liabilities held at fair value

- Currency risk – arises due to assets or liabilities being denominated in different currencies than the functional currency of the relevant entity. At a consolidated level, currency risk also arises when the functional currency of subsidiaries are different from the parent.
- Contractually linked inflation risk – arises from financial instruments within contractually specified inflation risk. The Barclays Bank Group does not hedge inflation risk that arises from other activities.

In order to hedge these risks, the Barclays Bank Group uses the following hedging instruments:

- Interest rate derivatives to swap interest rate exposures into either fixed or variable rates.
- Currency derivatives to swap foreign currency exposures into the entity's functional currency, and net investment exposure to local currency.
- Inflation derivatives to swap inflation exposure into either fixed or variable interest rates.

In some cases, certain items which are economically hedged may be ineligible hedged items for the purposes of IAS 39, such as core deposits and equity. In these instances, a proxy hedging solution can be utilised whereby portfolios of floating rate assets are designated as eligible hedged items in cash flow hedges.

In some hedging relationships, the Barclays Bank Group designates risk components of hedged items as follows:

- Benchmark interest rate risk as a component of interest rate risk, such as the LIBOR or Risk Free Rate (RFR) component.
- Inflation risk as a contractually specified component of a debt instrument.
- Spot exchange rate risk for foreign currency financial assets or financial liabilities.
- Components of cash flows of hedged items, for example certain interest payments for part of the life of an instrument.

Using the benchmark interest rate risk results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship. LIBOR is considered the predominant interest rate risk and therefore the hedged items change in fair value on a fully proportionate basis with reference to this risk.

In respect of many of the Barclays Bank Group's hedge accounting relationships, the hedged item and hedging instrument change frequently due to the dynamic nature of the risk management and hedge accounting strategy. The Barclays Bank Group applies hedge accounting to dynamic scenarios, predominantly in relation to interest rate risk, with a combination of hedged items in order for its financial statements to reflect as closely as possible the economic risk management undertaken. In some cases, if the hedge accounting objective changes, the relevant hedge accounting relationship is de-designated and is replaced with a different hedge accounting relationship.

Changes in the GBP value of net investments due to foreign currency movements are captured in the currency translation reserve, resulting in a movement in CET1 capital. The Barclays Bank Group mitigates this by matching the CET1 capital movements to the revaluation of the foreign currency RWA exposures. Net investment hedges are designated where necessary to reduce the exposure to movement in a particular exchange rate to within limits mandated by Risk. As far as possible, existing external currency liabilities are designated as the hedging instruments.

The hedging instruments share the same risk exposures as the hedged items. Hedge effectiveness is determined with reference to quantitative tests, predominantly regression testing, but to the extent hedging instruments are exposed to different risks than the hedged items, this could result in hedge ineffectiveness or hedge accounting failures.

Sources of ineffectiveness include the following:

- Mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences.
- Changes in credit risk of the hedging instruments.
- If a hedging relationship becomes over-hedged, for example in hedges of net investments if the net asset value designated at the start of the period falls below the amount of the hedging instrument.
- Cash flow hedges using external swaps with non-zero fair values.
- The effects of the forthcoming reforms to IBOR, because these might take effect at a different time and have a different impact on hedged items and hedging instruments.

Across all benchmarks which Barclays is materially exposed to, there is still uncertainty regarding the precise timing and effects of IBOR reform. There is yet to be full consensus regarding methodologies for converging existing IBORs to their final benchmark rates. As such, Barclays has not incorporated any change in assumptions for affected benchmarks into its expectations or calculations. Barclays does, however, assume sufficient liquidity in IBOR linked benchmarks to provide reliable valuation calculations of both hedged items and hedging instruments (notwithstanding reliefs already applied within the financial reporting).

## Notes to the financial statements

### Assets and liabilities held at fair value

The following table summarises the significant hedge accounting exposures impacted by the IBOR reform as at 31 December 2020:

#### Barclays Bank Group

<u>Current benchmark rate</u>	<u>Expected convergence to RFR</u>	<u>Nominal amount of hedged items directly impacted by IBOR reform</u>	<u>Nominal amount of hedging instruments directly impacted by IBOR reform</u>
		<u>£m</u>	<u>£m</u>
GBP London Interbank Offered rate (LIBOR)	Reformed Sterling Overnight Index Average (SONIA)	20,796	20,621
USD LIBOR	Secured Overnight Financing Rate (SOFR)	23,618	22,151
Euro Overnight Index Average (EONIA)	Euro Short-Term Rate (€STR)	1,912	1,912
JPY LIBOR	Tokyo Overnight Average (TONA)	1,404	1,404
CHF LIBOR	Swiss Average Rate Overnight (SARON)	145	145
All Other IBORs	Various Other RFRs	111	111
<b>Total IBOR Notionals</b>		<b>47,986</b>	<b>46,344</b>

# Notes to the financial statements

## Assets and liabilities held at fair value

### Hedged items in fair value hedges

#### Barclays Bank Group

Hedged item statement of financial position classification and risk category	Accumulated fair value adjustment included in carrying amount				
	Carrying amount	Total	Of which: Accumulated fair value adjustment on items no longer in a hedge relationship	Change in fair value used as a basis to determine ineffectiveness	Hedge ineffectiveness recognised in the income statement <sup>a</sup>
	£m	£m	£m	£m	£m
<b>2020</b>					
<b>Assets</b>					
Loans and advances at amortised cost					
- Interest rate risk	835	99	2	55	-
- Inflation risk	545	345	-	25	3
Debt securities classified as amortised cost					
- Interest rate risk	1,440	23	-	17	(7)
- Inflation risk	4,071	(43)	-	453	3
Financial assets at fair value through other comprehensive income					
- Interest rate risk	27,959	964	322	864	(33)
- Inflation risk	7,782	319	(9)	249	(9)
<b>Total Assets</b>	<b>42,632</b>	<b>1,707</b>	<b>315</b>	<b>1,663</b>	<b>(43)</b>
<b>Liabilities</b>					
Debt securities in issue					
- Interest rate risk	(26,978)	(1,477)	(414)	(797)	(6)
<b>Total Liabilities</b>	<b>(26,978)</b>	<b>(1,477)</b>	<b>(414)</b>	<b>(797)</b>	<b>(6)</b>
<b>Total Hedged Items</b>	<b>15,654</b>	<b>230</b>	<b>(99)</b>	<b>866</b>	<b>(49)</b>
<b>2019</b>					
<b>Assets</b>					
Loans and advances at amortised cost					
- Interest rate risk	1,083	91	24	36	(1)
- Inflation risk	525	325	-	3	-
Debt securities classified as amortised cost					
- Interest rate risk	600	-	-	-	-
- Inflation risk	2,258	(41)	-	(41)	1
Financial assets at fair value through other comprehensive income					
- Interest rate risk	21,243	734	467	1,699	(15)
- Inflation risk	7,146	94	-	118	(13)
<b>Total Assets</b>	<b>32,855</b>	<b>1,203</b>	<b>491</b>	<b>1,815</b>	<b>(28)</b>
<b>Liabilities</b>					
Debt securities in issue					
- Interest rate risk	(32,304)	(782)	(460)	(938)	27
<b>Total Liabilities</b>	<b>(32,304)</b>	<b>(782)</b>	<b>(460)</b>	<b>(938)</b>	<b>27</b>
<b>Total Hedged Items</b>	<b>551</b>	<b>421</b>	<b>31</b>	<b>877</b>	<b>(1)</b>

Note

a Hedge ineffectiveness is recognised in net interest income.

For items classified as fair value through other comprehensive income, the hedge accounting adjustment is not included in the carrying amount, but rather adjusts other comprehensive income.

# Notes to the financial statements

## Assets and liabilities held at fair value

### Amount, timing and uncertainty of future cash flows

The following table shows the fair value hedging instruments which are carried on the Barclays Bank Group's balance sheet:

Barclays Bank Group		Carrying value				Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
		Derivative assets	Derivative liabilities	Loan liabilities	Nominal amount		
Hedge type	Risk category	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2020</b>							
Fair value	Interest rate risk	117	(164)	-	55,093	(185)	17,697
	Inflation risk	6	(779)	-	7,826	(730)	1,487
	<b>Total</b>	<b>123</b>	<b>(943)</b>	<b>-</b>	<b>62,919</b>	<b>(915)</b>	<b>19,184</b>
<b>As at 31 December 2019</b>							
Fair value	Interest rate risk	111	(104)	-	55,691	(786)	33,805
	Inflation risk	13	(497)	-	7,247	(92)	5,345
	<b>Total</b>	<b>124</b>	<b>(601)</b>	<b>-</b>	<b>62,938</b>	<b>(878)</b>	<b>39,150</b>

The following table profiles the expected notional values of current hedging instruments for fair value hedging in future years:

As at 31 December 2020	2020	2021	2022	2023	2024	2025	2026 and later
	£m	£m	£m	£m	£m	£m	£m
<b>Barclays Bank Group</b>							
<b>Fair value hedges of:</b>							
Interest rate risk (outstanding notional amount)	55,093	51,499	44,596	37,615	30,174	26,054	23,859
Inflation risk (outstanding notional amount)	7,826	7,020	6,368	5,524	4,525	3,536	2,910

For Barclays Bank Group, there are 586 (2019: 876) interest rate risk fair value hedges with an average fixed rate of 1.2% (2019: 1.6%) across the relationships and 70 (2019: 82) inflation risk fair value hedges with an average rate of 0.52% (2019: 0.8%) across the relationships.

# Notes to the financial statements

## Assets and liabilities held at fair value

### Hedged items in cash flow hedges and hedges of net investments in foreign operations

#### Barclays Bank Group

Description of hedge relationship and hedged risk	Change in value of hedged item used as the basis for recognising ineffectiveness	Balance in cash flow hedging reserve for continuing hedges	Balance in currency translation reserve for continuing hedges	Balances remaining in cash flow hedging reserve for which hedge accounting is no longer applied	Balances remaining in currency translation reserve for which hedge accounting is no longer applied	Hedging gains or losses recognised in other comprehensive income	Hedge ineffectiveness recognised in the income statement <sup>a</sup>
	£m	£m	£m	£m	£m	£m	£m
<b>2020</b>							
<b>Cash flow hedge of:</b>							
<b>Interest rate risk</b>							
Loans and advances at amortised cost	(1,260)	(758)	-	(780)	-	(1,260)	40
<b>Foreign exchange risk</b>							
Loans and advances at amortised cost	(70)	(15)	-	-	-	(70)	-
<b>Inflation risk</b>							
Debt securities classified at amortised cost	(41)	(65)	-	-	-	(41)	1
<b>Total cash flow hedges</b>	<b>(1,371)</b>	<b>(838)</b>	<b>-</b>	<b>(780)</b>	<b>-</b>	<b>(1,371)</b>	<b>41</b>
<b>Hedge of net investment in foreign operations</b>							
USD foreign operations	(83)	-	1,097	-	-	(83)	-
EUR foreign operations	(2)	-	16	-	-	(2)	-
Other foreign operations	(9)	-	55	-	162	(9)	-
<b>Total foreign operations</b>	<b>(94)</b>	<b>-</b>	<b>1,168</b>	<b>-</b>	<b>162</b>	<b>(94)</b>	<b>-</b>
<b>2019</b>							
<b>Cash flow hedge of:</b>							
<b>Interest rate risk</b>							
Loans and advances at amortised cost	(826)	(142)	-	(366)	-	(802)	(10)
<b>Inflation risk</b>							
Debt securities classified as amortised cost	(28)	(26)	-	-	-	(26)	3
<b>Total cash flow hedges</b>	<b>(854)</b>	<b>(168)</b>	<b>-</b>	<b>(366)</b>	<b>-</b>	<b>(828)</b>	<b>(7)</b>
<b>Hedge of net investment in foreign operations</b>							
USD foreign operations	209	-	1,092	-	-	209	-
EUR foreign operations	70	-	(1)	-	15	70	-
Other foreign operations	3	-	1	-	217	3	-
<b>Total foreign operations</b>	<b>282</b>	<b>-</b>	<b>1,092</b>	<b>-</b>	<b>232</b>	<b>282</b>	<b>-</b>

Note

a Hedge ineffectiveness is recognised in net interest income.

# Notes to the financial statements

## Assets and liabilities held at fair value

The following table shows the cash flow and net investment hedging instruments which are carried on the Barclays Bank Group's balance sheet:

Barclays Bank Group		Carrying value				Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
Hedge type	Risk category	Derivative assets	Derivative liabilities	Loan liabilities	Nominal amount		
		£m	£m	£m	£m	£m	£m
<b>As at 31 December 2020</b>							
Cash flow	Interest rate risk	47	-	-	42,520	1,300	27,160
	Foreign exchange risk	67	-	-	1,000	70	-
	Inflation risk	2	-	-	2,798	42	-
	<b>Total</b>	<b>116</b>	<b>-</b>	<b>-</b>	<b>46,318</b>	<b>1,412</b>	<b>27,160</b>
Net investment	Foreign exchange risk	25	-	(4,832)	5,623	94	-
<b>As at 31 December 2019</b>							
Cash flow	Interest rate risk	24	(1)	-	44,421	816	26,896
	Inflation risk	4	-	-	1,258	31	-
	<b>Total</b>	<b>28</b>	<b>(1)</b>	<b>-</b>	<b>45,679</b>	<b>847</b>	<b>26,896</b>
Net investment	Foreign exchange risk	30	-	(8,076)	9,221	(282)	-

For Barclays Bank Group, there is 1 (2019: 0) foreign exchange risk cash flow hedge with an average foreign exchange rate of JPY133.03: GBP (2019: 0).

The Group's risk exposure is directly affected by interest rate benchmark reform, across both its cash flow hedge accounting activities; where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked cash flows, and its fair value hedge accounting activities; where IBOR-linked derivatives are designated as a fair value hedge of fixed interest rate assets and liabilities. Further information on the group's risk exposure and response can be found in Note 40.

The effect on the income statement and other comprehensive income of recycling amounts in respect of cash flow hedges and net investment hedges of foreign operations is set out in the following table:

Barclays Bank Group	2020		2019	
	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur
Description of hedge relationship and hedged risk	£m	£m	£m	£m
<b>Cash flow hedge of interest rate risk</b>				
Recycled to net interest income	239	37	105	36
<b>Cash flow hedge of foreign exchange risk</b>				
Recycled to net interest income	55	-	-	-
<b>Hedge of net investment in foreign operations</b>				
Recycled to other income	-	(4)	-	(15)

### 14 Financial assets at fair value through other comprehensive income

#### Accounting for financial assets at fair value through other comprehensive income (FVOCI)

Financial assets that are debt instruments held in a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are SPPI are measured at FVOCI. They are subsequently re-measured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Interest (calculated using the effective interest method) is recognised in the income statement in net interest income (Note 3). Upon disposal, the cumulative gain or loss recognised in other comprehensive income is included in net investment income (Note 6).

In determining whether the business model is achieved by both collecting contractual cash flows and selling financial assets, it is determined that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. The Barclays Bank Group will consider past sales and expectations about future sales to establish if the business model is achieved.

# Notes to the financial statements

## Assets and liabilities held at fair value

For equity securities that are not held for trading, the Barclays Bank Group may make an irrevocable election on initial recognition to present subsequent changes in the fair value of the instrument in other comprehensive income (except for dividend income which is recognised in profit or loss). Gains or losses on the de-recognition of these equity securities are not transferred to profit or loss. These assets are also not subject to the impairment requirements and therefore no amounts are recycled to the income statement. Where the Barclays Bank Group has not made the irrevocable election to present subsequent changes in the fair value of the instrument in other comprehensive income, equity securities are measured at fair value through profit or loss.

	Barclays Bank Group	
	2020	2019
	£m	£m
Debt securities and other eligible bills	51,710	44,781
Equity securities	1	1
Loans and advances	191	624
<b>Financial assets at fair value through other comprehensive income</b>	<b>51,902</b>	<b>45,406</b>

### 15 Financial liabilities designated at fair value

#### Accounting for liabilities designated at fair value through profit and loss

In accordance with IFRS 9, financial liabilities may be designated at fair value, with gains and losses taken to the income statement within net trading income (Note 5) and net investment income (Note 6). Movements in own credit are reported through other comprehensive income, unless the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit and loss. In these scenarios, all gains and losses on that liability (including the effects of changes in the credit risk of the liability) are presented in profit and loss. On derecognition of the financial liability no amount relating to own credit risk are recycled to the income statement. The Barclays Bank Group has the ability to make the fair value designation when holding the instruments at fair value reduces an accounting mismatch (caused by an offsetting liability or asset being held at fair value), or is managed by the Barclays Bank Group on the basis of its fair value, or includes terms that have substantive derivative characteristics (Note 13).

The details on how the fair value amounts are arrived at for financial liabilities designated at fair value are described in Note 16.

	Barclays Bank Group			
	2020		2019	
	Fair value £m	Contractual amount due on maturity £m	Fair value £m	Contractual amount due on maturity £m
Debt securities	50,216	57,650	49,559	56,891
Deposits	21,718	22,120	25,526	25,725
Repurchase agreements and other similar secured borrowing	177,455	177,513	128,686	128,845
Other financial liabilities	237	237	675	675
<b>Financial liabilities designated at fair value</b>	<b>249,626</b>	<b>257,520</b>	<b>204,446</b>	<b>212,136</b>

The cumulative own credit net loss recognised for Barclays Bank Group is £954m (2019: £373m).

### 16 Fair value of financial instruments

#### Accounting for financial assets and liabilities – fair values

Financial instruments that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling. Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

All financial instruments are initially recognised at fair value on the date of initial recognition (including transaction costs, other than financial instruments held at fair value through profit or loss) and depending on the subsequent classification of the financial asset or liability, may continue to be held at fair value either through profit or loss or other comprehensive income. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Wherever possible, fair value is determined by reference to a quoted market price for that instrument. For many of the Barclays Bank Group's financial assets and liabilities, especially derivatives, quoted prices are not available and valuation models are used to estimate fair value. The models calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. These models use as their basis independently sourced market inputs including, for example, interest rate yield curves, equities and commodities prices, option volatilities and currency rates.

For financial liabilities measured at fair value, the carrying amount reflects the effect on fair value of changes in own credit spreads derived from observable market data such as in primary issuance and redemption activity for structured notes.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation



# Notes to the financial statements

## Assets and liabilities held at fair value

technique whose inputs include only data from observable markets, then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either: on a straight-line basis over the term of the transaction; or over the period until all model inputs will become observable where appropriate; or released in full when previously unobservable inputs become observable.

Various factors influence the availability of observable inputs and these may vary from product to product and change over time. Factors include the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the marketplace, the maturity of market modelling and the nature of the transaction (bespoke or generic). To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective, dependent on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities or other analytical techniques.

The sensitivity of valuations used in the financial statements to possible changes in significant unobservable inputs is shown on page 147.

### Critical accounting estimates and judgements

The valuation of financial instruments often involves a significant degree of judgement and complexity, in particular where valuation models make use of unobservable inputs ('Level 3' assets and liabilities). This note provides information on these instruments, including the related unrealised gains and losses recognised in the period, a description of significant valuation techniques and unobservable inputs, and a sensitivity analysis.

### Valuation

IFRS 13 *Fair value measurement* requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below.

#### Quoted market prices – Level 1

Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

#### Valuation technique using observable inputs – Level 2

Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable either directly or indirectly. Valuations based on observable inputs include assets and liabilities such as swaps and forwards which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

#### Valuation technique using significant unobservable inputs – Level 3

Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price. Unobservable input levels are generally determined via reference to observable inputs, historical observations or using other analytical techniques.

The following table shows Barclays Bank Group's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and balance sheet classification:

	2020				2019			
	Valuation technique using				Valuation technique using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Barclays Bank Group</b>								
Trading portfolio assets	60,619	65,182	1,863	127,664	59,968	51,105	2,264	113,337
Financial assets at fair value through the income statement	4,439	162,930	4,392	171,761	10,300	115,008	4,162	129,470
Derivative financial assets	9,154	289,071	4,468	302,693	5,439	221,048	3,154	229,641
Financial assets at fair value through other comprehensive income	12,150	39,599	153	51,902	11,577	33,400	429	45,406
Investment property	-	-	10	10	-	-	13	13
<b>Total assets</b>	<b>86,362</b>	<b>556,782</b>	<b>10,886</b>	<b>654,030</b>	<b>87,284</b>	<b>420,561</b>	<b>10,022</b>	<b>517,867</b>
Trading portfolio liabilities	(23,331)	(22,780)	(28)	(46,139)	(19,645)	(15,567)	-	(35,212)
Financial liabilities designated at fair value	(159)	(249,126)	(341)	(249,626)	(82)	(204,021)	(343)	(204,446)
Derivative financial liabilities	(8,762)	(285,579)	(6,239)	(300,580)	(5,305)	(219,646)	(3,989)	(228,940)
<b>Total liabilities</b>	<b>(32,252)</b>	<b>(557,485)</b>	<b>(6,608)</b>	<b>(596,345)</b>	<b>(25,032)</b>	<b>(439,234)</b>	<b>(4,332)</b>	<b>(468,598)</b>

# Notes to the financial statements

## Assets and liabilities held at fair value

The following table shows Barclays Bank Group's Level 3 assets and liabilities that are held at fair value disaggregated by product type:

### Level 3 Assets and liabilities held at fair value by product type

	2020		2019	
	Assets £m	Liabilities £m	Assets £m	Liabilities £m
<b>Barclays Bank Group</b>				
Interest rate derivatives	1,613	(1,615)	605	(812)
Foreign exchange derivatives	144	(143)	291	(298)
Credit derivatives	196	(351)	539	(342)
Equity derivatives	2,497	(4,112)	1,710	(2,528)
Commodity derivatives	18	(18)	9	(9)
Corporate debt	698	(3)	521	-
Reverse repurchase and repurchase agreements	-	(174)	-	(167)
Non-asset backed loans	3,093	-	3,280	-
Asset backed securities	767	(24)	756	-
Equity cash products	542	-	1,228	-
Private equity investments	84	-	112	-
Other <sup>a</sup>	1,234	(168)	971	(176)
<b>Total</b>	<b>10,886</b>	<b>(6,608)</b>	<b>10,022</b>	<b>(4,332)</b>

Note

a Other includes commercial real estate loans, funds and fund-linked products, issued debt, government sponsored debt and investment property.

#### Valuation techniques and sensitivity analysis

Sensitivity analysis is performed on products with significant unobservable inputs (Level 3) to generate a range of reasonably possible alternative valuations. The sensitivity methodologies applied take account of the nature of the valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative models.

Sensitivities are dynamically calculated on a monthly basis. The calculation is based on range or spread data of a reliable reference source or a scenario based on relevant market analysis alongside the impact of using alternative models. Sensitivities are calculated without reflecting the impact of any diversification in the portfolio.

The valuation techniques used, observability and sensitivity analysis for material products within Level 3, are described below.

#### Interest rate derivatives

*Description:* Derivatives linked to interest rates or inflation indices. The category includes futures, interest rate and inflation swaps, swaptions, caps, floors, inflation options, balance guaranteed swaps and other exotic interest rate derivatives.

*Valuation:* Interest rate and inflation derivatives are generally valued using curves of forward rates constructed from market data to project and discount the expected future cash flows of trades. Instruments with optionality are valued using volatilities implied from market inputs, and use industry standard or bespoke models depending on the product type.

*Observability:* In general, inputs are considered observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are generally set by referencing liquid market instruments and applying extrapolation techniques or inferred via another reasonable method.

#### Foreign exchange derivatives

*Description:* Derivatives linked to the foreign exchange (FX) market. The category includes FX forward contracts, FX swaps and FX options. The majority are traded as over the counter (OTC) derivatives.

*Valuation:* FX derivatives are valued using industry standard and bespoke models depending on the product type. Valuation inputs include FX rates, interest rates, FX volatilities, interest rate volatilities, FX interest rate correlations and others as appropriate.

*Observability:* FX correlations, forwards and volatilities are generally observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

#### Credit derivatives

*Description:* Derivatives linked to the credit spread of a referenced entity, index or basket of referenced entities or a pool of referenced assets (e.g. a securitised product). The category includes single name and index credit default swaps (CDS) and total return swaps (TRS).

*Valuation:* CDS are valued on industry standard models using curves of credit spreads as the principal input. Credit spreads are observed directly from broker data, third party vendors or priced to proxies.

*Observability:* CDS contracts referencing entities that are actively traded are generally considered observable. Other valuation inputs are considered observable if products with significant sensitivity to the inputs are actively traded in a liquid market. Unobservable valuation inputs are generally determined with reference to recent transactions or inferred from observable trades of the same issuer or similar entities.

# Notes to the financial statements

## Assets and liabilities held at fair value

### Equity derivatives

*Description:* Exchange traded or OTC derivatives linked to equity indices and single names. The category includes vanilla and exotic equity products.

*Valuation:* Equity derivatives are valued using industry standard models. Valuation inputs include stock prices, dividends, volatilities, interest rates, equity repurchase curves and, for multi-asset products, correlations.

*Observability:* In general, valuation inputs are observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

### Commodity derivatives

*Description:* Exchange traded and OTC derivatives based on underlying commodities such as metals, crude oil and refined products, agricultural, power and natural gas.

*Valuation:* Commodity swaps and options are valued using models incorporating discounting of cash flows and other industry standard modelling techniques. Valuation inputs include forward curves, volatilities implied from market observable inputs and correlations.

*Observability:* Commodity correlations, forwards and volatilities are generally observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are set with reference to similar observable products, or by applying extrapolation techniques to observable inputs.

### Corporate debt

*Description:* Primarily corporate bonds.

*Valuation:* Corporate bonds are valued using observable market prices sourced from broker quotes, inter-dealer prices or other reliable pricing sources.

*Observability:* Prices for actively traded bonds are considered observable. Unobservable bonds prices are generally determined by reference to bond yields or CDS spreads for actively traded instruments issued by or referencing the same (or a similar) issuer.

*Level 3 sensitivity:* Sensitivity is generally determined by applying a shift to bond yields using the average ranges of external levels observed in the market for similar bonds.

### Reverse repurchase and repurchase agreements

*Description:* Includes securities purchased under resale agreements, securities sold under repurchase agreements, and other similar secured lending agreements. The agreements are primarily short-term in nature.

*Valuation:* Repurchase and reverse repurchase agreements are generally valued by discounting the expected future cash flows using industry standard models that incorporate market interest rates and repurchase rates, based on the specific details of the transaction.

*Observability:* Inputs are deemed observable up to liquid maturities, and are determined based on the specific features of the transaction. Unobservable inputs are generally set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

### Non-asset backed loans

*Description:* Largely made up of fixed rate loans.

*Valuation:* Fixed rate loans are valued using models that discount expected future cash flows based on interest rates and loan spreads.

*Observability:* Within this loan population, the loan spread is generally unobservable. Unobservable loan spreads are determined by incorporating funding costs, the level of comparable assets such as gilts, issuer credit quality and other factors.

### Asset backed securities

*Description:* Securities that are linked to the cash flows of a pool of referenced assets via securitisation. The category includes residential mortgage backed securities, commercial mortgage backed securities, CDOs, collateralised loan obligations (CLOs) and other asset backed securities.

*Valuation:* Where available, valuations are based on observable market prices sourced from broker quotes and inter-dealer prices. Otherwise, valuations are determined using industry standard discounted cash flow analysis that calculates the fair value based on valuation inputs such as constant default rate, conditional prepayment rate, loss given default and yield. These inputs are determined by reference to a number of sources including proxying to observed transactions, market indices or market research, and by assessing underlying collateral performance.

Proxying to observed transactions, indices or research requires an assessment and comparison of the relevant securities' underlying attributes including collateral, tranche, vintage, underlying asset composition (historical losses, borrower characteristics and loan attributes such as loan to value ratio and geographic concentration) and credit ratings (original and current).

*Observability:* Where an asset backed product does not have an observable market price and the valuation is determined using a discounted cash flow analysis, the instrument is considered unobservable.

### Equity cash products

*Description:* Includes listed equities, Exchange Traded Funds (ETF) and preference shares.

# Notes to the financial statements

## Assets and liabilities held at fair value

*Valuation:* Valuation of equity cash products is primarily determined through market observable prices.

*Observability:* Prices for actively traded equity cash products are considered observable. Unobservable equity prices are generally determined by reference to actively traded instruments that are similar in nature, or inferred via another reasonable method.

### *Private equity investments*

*Description:* Includes investments in equity holdings in operating companies not quoted on a public exchange.

*Valuation:* Private equity investments are valued in accordance with the 'International Private Equity and Venture Capital Valuation Guidelines' which require the use of a number of individual pricing benchmarks such as the prices of recent transactions in the same or similar entities, discounted cash flow analysis and comparison with the earnings multiples of listed companies. While the valuation of unquoted equity instruments is subjective by nature, the relevant methodologies are commonly applied by other market participants and have been consistently applied over time.

*Observability:* Inputs are considered observable if there is active trading in a liquid market of products with significant sensitivity to the inputs. Unobservable inputs include earnings estimates, multiples of comparative companies, marketability discounts and discount rates.

### *Other*

*Description:* Other includes commercial real estate loans, funds and fund-linked products, asset backed loans, physical commodities and investment property.

### **Assets and liabilities reclassified between Level 1 and Level 2**

During the period, there were no material transfers between Level 1 to Level 2. (2019: there were no material transfers between Level 1 and Level 2).

### **Level 3 movement analysis**

The following table summarises the movements in the Level 3 balances during the period. Transfers have been reflected as if they had taken place at the beginning of the year.

Assets and liabilities included in disposal groups classified as held for sale and measured at fair value less cost to sell are not included as these are measured at fair value on a non-recurring basis.

Asset and liability transfers between Level 2 and Level 3 are primarily due to 1) an increase or decrease in observable market activity related to an input or 2) a change in the significance of the unobservable input, with assets and liabilities classified as Level 3 if an unobservable input is deemed significant.

# Notes to the financial statements

## Assets and liabilities held at fair value

### Analysis of movements in Level 3 assets and liabilities

	As at 1 January 2020	Purchases	Sales	Issues	Settlements	Total gains and losses in the period recognised in the income statement		Total gains or losses recognised in OCI	Transfers		As at 31 December 2020
						Trading income	Other income		In	Out	
<b>Barclays Bank Group</b>	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Corporate debt	120	77	(6)	-	-	(35)	-	-	12	(17)	151
Non-asset backed loans	974	1,955	(2,182)	-	(12)	(10)	-	-	39	(55)	709
Asset backed securities	656	458	(428)	-	(40)	(25)	-	-	99	(34)	686
Equity cash products	392	5	(149)	-	-	(41)	-	-	11	(4)	214
Other	122	-	-	-	-	(21)	-	-	2	-	103
<b>Trading portfolio assets</b>	<b>2,264</b>	<b>2,495</b>	<b>(2,765)</b>	<b>-</b>	<b>(52)</b>	<b>(132)</b>	<b>-</b>	<b>-</b>	<b>163</b>	<b>(110)</b>	<b>1,863</b>
Non-asset backed loans	1,964	1,102	(283)	-	(293)	142	-	-	-	(352)	2,280
Equity cash products	835	9	(404)	-	-	(93)	(36)	-	9	-	320
Private equity investments	113	2	(20)	-	(1)	-	(9)	-	15	(12)	88
Other	1,250	3,716	(3,606)	-	(26)	32	(48)	-	386	-	1,704
<b>Financial assets at fair value through the income statement</b>	<b>4,162</b>	<b>4,829</b>	<b>(4,313)</b>	<b>-</b>	<b>(320)</b>	<b>81</b>	<b>(93)</b>	<b>-</b>	<b>410</b>	<b>(364)</b>	<b>4,392</b>
Non-asset backed loans	343	-	-	-	(237)	-	-	-	-	-	106
Asset backed securities	86	-	(35)	-	-	-	-	(4)	-	-	47
<b>Financial assets at fair value through other comprehensive income</b>	<b>429</b>	<b>-</b>	<b>(35)</b>	<b>-</b>	<b>(237)</b>	<b>-</b>	<b>-</b>	<b>(4)</b>	<b>-</b>	<b>-</b>	<b>153</b>
<b>Investment property</b>	<b>13</b>	<b>-</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10</b>
<b>Trading portfolio liabilities</b>	<b>-</b>	<b>(27)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(28)</b>
<b>Financial liabilities designated at fair value</b>	<b>(343)</b>	<b>-</b>	<b>1</b>	<b>(21)</b>	<b>1</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>(38)</b>	<b>38</b>	<b>(341)</b>
Interest rate derivatives	(206)	17	(12)	-	85	109	-	-	(18)	23	(2)
Foreign exchange derivatives	(7)	-	-	-	21	(16)	-	-	(19)	22	1
Credit derivatives	198	(125)	24	-	(371)	24	-	-	(21)	116	(155)
Equity derivatives	(820)	(699)	(43)	-	105	(101)	-	-	(13)	(44)	(1,615)
<b>Net derivative financial instruments<sup>a</sup></b>	<b>(835)</b>	<b>(807)</b>	<b>(31)</b>	<b>-</b>	<b>(160)</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>(71)</b>	<b>117</b>	<b>(1,771)</b>
<b>Total</b>	<b>5,690</b>	<b>6,490</b>	<b>(7,145)</b>	<b>(21)</b>	<b>(768)</b>	<b>(15)</b>	<b>(94)</b>	<b>(4)</b>	<b>464</b>	<b>(319)</b>	<b>4,278</b>

# Notes to the financial statements

## Assets and liabilities held at fair value

### Analysis of movements in Level 3 assets and liabilities

	As at 1 January 2019	Purchases	Sales	Issues	Settlements	Total gains and losses in the period recognised in the income statement		Total gains or losses recognised in OCI	Transfers		As at 31 December 2019
						Trading income	Other income		In	Out	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Barclays Bank Group</b>											
Corporate debt	388	126	(52)	-	(311)	1	-	-	45	(77)	120
Non-asset backed loans	2,263	1,844	(2,799)	-	(134)	24	-	-	200	(424)	974
Asset backed securities	664	202	(166)	-	-	(30)	-	-	16	(30)	656
Equity cash products	136	62	(40)	-	-	(31)	-	-	293	(28)	392
Other	162	-	-	-	(1)	(24)	-	-	-	(15)	122
<b>Trading portfolio assets</b>	<b>3,613</b>	<b>2,234</b>	<b>(3,057)</b>	<b>-</b>	<b>(446)</b>	<b>(60)</b>	<b>-</b>	<b>-</b>	<b>554</b>	<b>(574)</b>	<b>2,264</b>
Non-asset backed loans	1,836	235	-	-	(204)	99	(1)	-	-	(1)	1,964
Equity cash products	559	66	-	-	(2)	3	209	-	-	-	835
Private equity investments	191	5	(9)	-	(2)	-	(17)	-	-	(55)	113
Other	2,064	5,716	(5,720)	-	(9)	12	(33)	-	24	(804)	1,250
<b>Financial assets at fair value through the income statement</b>	<b>4,650</b>	<b>6,022</b>	<b>(5,729)</b>	<b>-</b>	<b>(217)</b>	<b>114</b>	<b>158</b>	<b>-</b>	<b>24</b>	<b>(860)</b>	<b>4,162</b>
Non-asset backed loans	-	283	-	-	-	-	-	60	-	-	343
Asset backed securities	-	116	(30)	-	-	-	-	-	-	-	86
Equity cash products	2	-	(1)	-	-	-	-	(1)	-	-	-
Other	353	-	-	-	(135)	-	-	-	-	(218)	-
<b>Financial assets at fair value through other comprehensive income</b>	<b>355</b>	<b>399</b>	<b>(31)</b>	<b>-</b>	<b>(135)</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>-</b>	<b>(218)</b>	<b>429</b>
<b>Investment property</b>	<b>9</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>
<b>Trading portfolio liabilities</b>	<b>(3)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>-</b>
<b>Financial liabilities designated at fair value</b>	<b>(261)</b>	<b>(179)</b>	<b>10</b>	<b>(42)</b>	<b>41</b>	<b>67</b>	<b>(2)</b>	<b>-</b>	<b>(27)</b>	<b>50</b>	<b>(343)</b>
Interest rate derivatives	22	(9)	-	-	88	(92)	-	-	(177)	(38)	(206)
Foreign exchange derivatives	7	-	-	-	25	(12)	-	-	(32)	5	(7)
Credit derivatives	1,050	(59)	3	-	(866)	76	-	-	(9)	3	198
Equity derivatives	(607)	(296)	(35)	-	(2)	(296)	-	-	(37)	453	(820)
<b>Net derivative financial instruments<sup>a</sup></b>	<b>472</b>	<b>(364)</b>	<b>(32)</b>	<b>-</b>	<b>(755)</b>	<b>(324)</b>	<b>-</b>	<b>-</b>	<b>(255)</b>	<b>423</b>	<b>(835)</b>
<b>Total</b>	<b>8,835</b>	<b>8,117</b>	<b>(8,839)</b>	<b>(42)</b>	<b>(1,512)</b>	<b>(203)</b>	<b>155</b>	<b>59</b>	<b>296</b>	<b>(1,176)</b>	<b>5,690</b>

Note

a The derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets are £4,468m (2019: £3,154m) and derivative financial liabilities are £6,239m (2019: £3,989m).

# Notes to the financial statements

## Assets and liabilities held at fair value

### Unrealised gains and losses on Level 3 financial assets and liabilities

The following tables disclose the unrealised gains and losses recognised in the year arising on Level 3 financial assets and liabilities held at year end.

#### Unrealised gains and losses recognised during the period on Level 3 assets and liabilities held at year end

Barclays Bank Group As at 31 December	2020				2019			
	Income statement		Other compre- hensive income	Total	Income statement		Other compre- hensive income	Total
	Trading income	Other income			Trading income	Other income		
	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	(114)	-	-	(114)	(57)	-	-	(57)
Financial assets at fair value through the income statement	115	(89)	-	26	101	199	-	300
Fair value through other comprehensive income	-	-	(1)	(1)	-	-	60	60
Investment property	-	(1)	-	(1)	-	(1)	-	(1)
Trading portfolio liabilities	-	-	-	-	-	-	-	-
Financial liabilities designated at fair value	20	(1)	-	19	64	-	-	64
Net derivative financial instruments	(91)	-	-	(91)	(459)	-	-	(459)
<b>Total</b>	<b>(70)</b>	<b>(91)</b>	<b>(1)</b>	<b>(162)</b>	<b>(351)</b>	<b>198</b>	<b>60</b>	<b>(93)</b>

### Significant unobservable inputs

The following table discloses the valuation techniques and significant unobservable inputs for assets and liabilities recognised at fair value and classified as Level 3 along with the range of values used for those significant unobservable inputs:

Valuation technique(s) <sup>a</sup>	Significant unobservable inputs	2020 Range		2019 Range		Units <sup>b</sup>		
		Min	Max	Min	Max			
<b>Derivative financial instruments<sup>c</sup></b>								
Interest rate derivatives	Discounted cash flows	Inflation forwards	1	3	1	3	%	
		Credit spread	17	1,831	41	1,620	bps	
	Comparable pricing	Price	-	84	-	37	points	
		Option model	Inflation volatility	31	227	47	190	bps vol
			Interest rate volatility	6	489	8	431	bps vol
			FX - IR correlation	(30)	78	(30)	78	%
			IR - IR correlation	(20)	99	(30)	100	%
Credit derivatives	Discounted cash flows	Credit spread	5	480	72	200	bps	
	Comparable pricing	Price	-	100	-	155	points	
Equity derivatives	Option model	Equity volatility	1	110	1	200	%	
		Equity - equity correlation	(45)	100	(20)	100	%	
	Discounted cash flow	Discounted margin	(225)	3,000	(500)	1,100	bps	
<b>Non-derivative financial instruments</b>								
Non-asset backed loans	Discounted cash flows	Loan spread	32	477	31	624	bps	
		Credit spread	200	300	180	1,223	bps	
		Price	-	104	-	133	points	
		Yield	5	8	6	12	%	
	Comparable pricing	Price	-	137	-	123	points	
Asset backed securities	Comparable pricing	Price	-	112	-	99	points	
Corporate debt	Comparable pricing	Price	-	127	-	100	points	
Other <sup>d</sup>	Discounted cash flows	Credit spread	146	483	126	649	bps	

#### Notes

a A range has not been provided for Net Asset Value as there would be a wide range reflecting the diverse nature of the positions.

b The units used to disclose ranges for significant unobservable inputs are percentages, points and basis points. Points are a percentage of par; for example, 100 points equals 100% of par. A basis point equals 1/100th of 1%; for example, 150 basis points equals 1.5%.

c Certain derivative instruments are classified as Level 3 due to a significant unobservable credit spread input into the calculation of the Credit Valuation Adjustment for the instruments. The range of significant unobservable credit spreads is between 17-1,831bps (2019: 41-1,620bps).

d Other includes commercial real estate loans.



# Notes to the financial statements

## Assets and liabilities held at fair value

The following section describes the significant unobservable inputs identified in the table above, and the sensitivity of fair value measurement of the instruments categorised as Level 3 assets or liabilities to increases in significant unobservable inputs. Where sensitivities are described, the inverse relationship will also generally apply.

Where reliable interrelationships can be identified between significant unobservable inputs used in fair value measurement, a description of those interrelationships is included below.

### Forwards

A price or rate that is applicable to a financial transaction that will take place in the future.

In general, a significant increase in a forward in isolation will result in a fair value increase for the contracted receiver of the underlying (currency, bond, commodity, etc.), but the sensitivity is dependent on the specific terms of the instrument.

### Credit spread

Credit spreads typically represent the difference in yield between an instrument and a benchmark security or reference rate. Credit spreads reflect the additional yield that a market participant demands for taking on exposure to the credit risk of an instrument and form part of the yield used in a discounted cash flow calculation.

In general, a significant increase in credit spread in isolation will result in a movement in a fair value decrease for a cash asset.

For a derivative instrument, a significant increase in credit spread in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

### Volatility

Volatility is a measure of the variability or uncertainty in return for a given derivative underlying. It is an estimate of how much a particular underlying instrument input or index will change in value over time. In general, volatilities are implied from observed option prices. For unobservable options the implied volatility may reflect additional assumptions about the nature of the underlying risk, and the strike/maturity profile of a specific contract.

In general a significant increase in volatility in isolation will result in a fair value increase for the holder of a simple option, but the sensitivity is dependent on the specific terms of the instrument.

There may be interrelationships between unobservable volatilities and other unobservable inputs (e.g. when equity prices fall, implied equity volatilities generally rise) but these are generally specific to individual markets and may vary over time.

### Correlation

Correlation is a measure of the relationship between the movements of two variables. Correlation can be a significant input into valuation of derivative contracts with more than one underlying instrument. Credit correlation generally refers to the correlation between default processes for the separate names that make up the reference pool of a CDO structure.

A significant increase in correlation in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

### Comparable price

Comparable instrument prices are used in valuation by calculating an implied yield (or spread over a liquid benchmark) from the price of a comparable observable instrument, then adjusting that yield (or spread) to account for relevant differences such as maturity or credit quality. Alternatively, a price-to-price basis can be assumed between the comparable and unobservable instruments in order to establish a value.

In general, a significant increase in comparable price in isolation will result in an increase in the price of the unobservable instrument. For derivatives, a change in the comparable price in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

### Loan spread

Loan spreads typically represent the difference in yield between an instrument and a benchmark security or reference rate. Loan spreads typically reflect credit quality, the level of comparable assets such as gilts and other factors, and form part of the yield used in a discounted cash flow calculation.

The ESHLA portfolio primarily consists of long-dated fixed rate loans extended to counterparties in the UK Education, Social Housing and Local Authority sectors. The loans are categorised as Level 3 in the fair value hierarchy due to their illiquid nature and the significance of unobservable loan spreads to the valuation. Valuation uncertainty arises from the long-dated nature of the portfolio, the lack of secondary market in the loans and the lack of observable loan spreads. The majority of ESHLA loans are to borrowers in heavily regulated sectors that are considered extremely low credit risk, and have a history of near zero defaults since inception. While the overall loan spread range is from 32bps to 477bps (2019: 31bps to 624bps), the vast majority of spreads are concentrated towards the bottom end of this range, with 98% of the loan notional being valued with spreads less than 200bps consistently for both years.

In general, a significant increase in loan spreads in isolation will result in a fair value decrease for a loan.

# Notes to the financial statements

## Assets and liabilities held at fair value

### Sensitivity analysis of valuations using unobservable inputs

	2020				2019			
	Favourable changes		Unfavourable changes		Favourable changes		Unfavourable changes	
	Income statement £m	Equity £m	Income statement £m	Equity £m	Income statement £m	Equity £m	Income statement £m	Equity £m
Interest rate derivatives	82	-	(123)	-	44	-	(127)	-
Foreign exchange derivatives	6	-	(11)	-	5	-	(7)	-
Credit derivatives	55	-	(44)	-	73	-	(47)	-
Equity derivatives	174	-	(179)	-	114	-	(119)	-
Commodity derivatives	2	-	(2)	-	-	-	-	-
Corporate debt	16	-	(14)	-	11	-	(16)	-
Non asset backed loans	104	3	(190)	(3)	125	8	(228)	(8)
Equity cash products	158	-	(141)	-	123	-	(175)	-
Private equity investments	15	-	(15)	-	16	-	(25)	-
Other <sup>a</sup>	21	-	(21)	-	1	-	(1)	-
<b>Total</b>	<b>633</b>	<b>3</b>	<b>(740)</b>	<b>(3)</b>	<b>512</b>	<b>8</b>	<b>(745)</b>	<b>(8)</b>

Note

a Other includes commercial real estate loans, funds and fund-linked products, issued debt, government sponsored debt and investment property.

The effect of stressing unobservable inputs to a range of reasonably possible alternatives, alongside considering the impact of using alternative models, would be to increase fair values by up to £636m (2019: £520m) or to decrease fair values by up to £743m (2019: £753m) with substantially all the potential effect impacting profit and loss rather than reserves.

#### Fair value adjustments

Key balance sheet valuation adjustments are quantified below:

	2020 £m	2019 £m
Exit price adjustments derived from market bid-offer spreads	(483)	(420)
Uncollateralised derivative funding	(115)	(57)
Derivative credit valuation adjustments	(268)	(135)
Derivative debit valuation adjustments	113	155

#### Exit price adjustments derived from market bid-offer spreads

Barclays Bank Group uses mid-market pricing where it is a market maker and has the ability to transact at, or better than, mid price (which is the case for certain equity, bond and vanilla derivative markets). For other financial assets and liabilities, bid-offer adjustments are recorded to reflect the exit level for the expected close out strategy. The methodology for determining the bid-offer adjustment for a derivative portfolio involves calculating the net risk exposure by offsetting long and short positions by strike and term in accordance with the risk management and hedging strategy.

Bid-offer levels are generally derived from market quotes such as broker data. Less liquid instruments may not have a directly observable bid-offer level. In such instances, an exit price adjustment may be derived from an observable bid-offer level for a comparable liquid instrument, or determined by calibrating to derivative prices, or by scenario or historical analysis.

Exit price adjustments derived from market bid-offer spreads have increased by £63m to £483m as a result of movements in market bid offer spreads.

#### Discounting approaches for derivative instruments

##### Collateralised

In line with market practice, the methodology for discounting collateralised derivatives takes into account the nature and currency of the collateral that can be posted within the relevant credit support annex (CSA). The CSA aware discounting approach recognises the 'cheapest to deliver' option that reflects the ability of the party posting collateral to change the currency of the collateral.

##### Uncollateralised

A fair value adjustment of £115m is applied to account for the impact of incorporating the cost of funding into the valuation of uncollateralised and partially collateralised derivative portfolios and collateralised derivatives where the terms of the agreement do not allow the rehypothecation of collateral received. This adjustment is referred to as the Funding Fair Value Adjustment (FFVA). FFVA has increased by £58m to £115m as a result of moves in input funding spreads and an update to methodology.

FFVA incorporates a scaling factor which is an estimate of the extent to which the cost of funding is incorporated into observed traded levels. On calibrating the scaling factor, it is with the assumption that Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA) are retained as valuation components incorporated into such levels. The effect of incorporating this scaling factor at 31 December 2020 was to reduce FFVA by £115m (2019: £170m).

# Notes to the financial statements

## Assets and liabilities held at fair value

### Derivative credit and debit valuation adjustments

CVA and DVA are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and Barclays Bank Group's own credit quality respectively. These adjustments are calculated for uncollateralised and partially collateralised derivatives across all asset classes. CVA and DVA are calculated using estimates of exposure at default, probability of default and recovery rates, at a counterparty level. Counterparties include (but are not limited to) corporates, sovereigns and sovereign agencies and supranationals.

Exposure at default is generally estimated through the simulation of underlying risk factors through approximating with a more vanilla structure, or by using current or scenario-based mark to market as an estimate of future exposure.

Probability of default and recovery rate information is generally sourced from the CDS markets. Where this information is not available, or considered unreliable, alternative approaches are taken based on mapping internal counterparty ratings onto historical or market-based default and recovery information. In particular, this applies to sovereign related names where the effect of using the recovery assumptions implied in CDS levels would imply a £32m (2019: £36m) increase in CVA.

CVA increased by £133m to £268m as a result of an increased uncollateralised and partially collateralised derivative asset and widening input counterparty credit spreads. DVA decreased by £42m to £113m, as a result of an update to methodology partially offset by widening input own credit spreads.

Correlation between counterparty credit and underlying derivative risk factors, termed 'wrong-way,' or 'right-way' risk, is not systematically incorporated into the CVA calculation but is adjusted where the underlying exposure is directly related to the counterparty.

Barclays continues to monitor market practices and activity to ensure the approach to uncollateralised derivative valuation remains appropriate.

### Portfolio exemptions

Barclays Bank Group uses the portfolio exemption in IFRS 13 *Fair Value Measurement* to measure the fair value of groups of financial assets and liabilities. Instruments are measured using the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the balance sheet date under current market conditions. Accordingly, Barclays Bank Group measures the fair value of the group of financial assets and liabilities consistently with how market participants would price the net risk exposure at the measurement date.

### Unrecognised gains as a result of the use of valuation models using unobservable inputs

The amount that has yet to be recognised in income that relates to the difference between the transaction price (the fair value at initial recognition) and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, is £103m (2019: £100m) for financial instruments measured at fair value and £30m (2019: £31m) for financial instruments carried at amortised cost. The increase in financial instruments measured at fair value of £3m (2019: £27m decrease) was driven by additions of £26m (2019: £40m) and £23m (2019: £67m) of amortisation and releases. The decrease of £1m (2019: £nil) in financial instruments carried at amortised cost was driven by £2m (2019: £2m) of amortisation and releases offset by additions of £1m (2019: £2m).

### Third party credit enhancements

Structured and brokered certificates of deposit issued by Barclays Bank Group are insured up to \$250,000 per depositor by the Federal Deposit Insurance Corporation (FDIC) in the US. The FDIC is funded by premiums that Barclays Bank Group and other banks pay for deposit insurance coverage. The carrying value of these issued certificates of deposit that are designated under the IFRS 9 fair value option includes this third party credit enhancement. The on-balance sheet value of these brokered certificates of deposit amounted to £1,494m (2019: £3,218m).

### Comparison of carrying amounts and fair values

The following tables summarises the fair value of financial assets and liabilities measured at amortised cost on Barclays Bank Group's balance sheet:

Barclays Bank Group	2020					2019				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>Financial assets</b>										
Loans and advances at amortised cost	134,267	134,537	8,824	65,267	60,446	141,636	141,251	6,827	69,289	63,133
Reverse repurchase agreements and other similar secured lending	8,981	8,981	-	8,981	-	1,731	1,731	-	1,731	-
<b>Financial liabilities</b>										
Deposits at amortised cost	(244,696)	(244,738)	(165,909)	(78,769)	(60)	(213,881)	(213,897)	(135,398)	(78,494)	(5)
Repurchase agreements and other similar secured borrowing	(10,443)	(10,443)	-	(10,443)	-	(2,032)	(2,032)	-	(2,032)	-
Debt securities in issue	(29,423)	(29,486)	-	(27,630)	(1,856)	(33,536)	(33,529)	-	(31,652)	(1,877)
Subordinated liabilities	(32,005)	(33,356)	-	(33,356)	-	(33,425)	(34,861)	-	(34,861)	-

The fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a wide range of valuation techniques are available, it may not be appropriate to directly

# Notes to the financial statements

## Assets and liabilities held at fair value

compare this fair value information to independent market sources or other financial institutions. Different valuation methodologies and assumptions can have a significant impact on fair values which are based on unobservable inputs.

### *Financial assets*

The carrying value of financial assets held at amortised cost (including loans and advances to banks and customers, and other lending such as reverse repurchase agreements and cash collateral on securities borrowed) is determined in accordance with the relevant accounting policy in Note 18.

### *Loans and advances at amortised cost*

The fair value of loans and advances, for the purpose of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality. Where market data or credit information on the underlying borrowers is unavailable, a number of proxy/extrapolation techniques are employed to determine the appropriate discount rates.

### *Reverse repurchase agreements and other similar secured lending*

The fair value of reverse repurchase agreements approximates carrying amount as these balances are generally short dated and fully collateralised.

### *Financial liabilities*

The carrying value of financial liabilities held at amortised cost (including customer accounts, other deposits, repurchase agreements and cash collateral on securities lent, debt securities in issue and subordinated liabilities) is determined in accordance with the accounting policy in Note 1.

### *Deposits at amortised cost*

In many cases, the fair value disclosed approximates carrying value because the instruments are short term in nature or have interest rates that reprice frequently, such as customer accounts and other deposits and short-term debt securities.

The fair value for deposits with longer-term maturities, mainly time deposits, are estimated using discounted cash flows applying either market rates or current rates for deposits of similar remaining maturities. Consequently the fair value discount is minimal.

### *Repurchase agreements and other similar secured borrowing*

The fair value of repurchase agreements approximates carrying amounts as these balances are generally short dated.

### *Debt securities in issue*

Fair values of other debt securities in issue are based on quoted prices where available, or where the instruments are short dated, carrying amount approximates fair value.

### *Subordinated liabilities*

Fair values for dated and undated convertible and non-convertible loan capital are based on quoted market rates for the issuer concerned or issuers with similar terms and conditions.

## 17 Offsetting financial assets and financial liabilities

In accordance with IAS 32 *Financial Instruments: Presentation*, the Barclays Bank Group reports financial assets and financial liabilities on a net basis on the balance sheet only if there is a legally enforceable right to set-off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- all financial assets and liabilities that are reported net on the balance sheet
- all derivative financial instruments and reverse repurchase and repurchase agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for balance sheet netting.

The 'Net amounts' presented in the table below are not intended to represent the Barclays Bank Group's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

# Notes to the financial statements

## Assets and liabilities held at fair value

Barclays Bank Group	Amounts subject to enforceable netting arrangements						Amounts not subject to enforceable netting arrangements <sup>c</sup>	Balance sheet total <sup>d</sup>
	Effects of offsetting on-balance sheet			Related amounts not offset				
	Gross amounts	Amounts offset <sup>e</sup>	Net amounts reported on the balance sheet	Financial instruments	Financial collateral <sup>b</sup>	Net amount		
	£m	£m	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2020</b>								
Derivative financial assets	342,896	(44,305)	298,591	(233,088)	(47,820)	17,683	4,102	302,693
Reverse repurchase agreements and other similar secured lending <sup>e</sup>	448,377	(305,749)	142,628	-	(142,244)	384	4,911	147,539
<b>Total assets</b>	<b>791,273</b>	<b>(350,054)</b>	<b>441,219</b>	<b>(233,088)</b>	<b>(190,064)</b>	<b>18,067</b>	<b>9,013</b>	<b>450,232</b>
Derivative financial liabilities	(333,748)	41,982	(291,766)	233,088	46,592	(12,086)	(8,814)	(300,580)
Repurchase agreements and other similar secured borrowing <sup>e</sup>	(475,616)	305,749	(169,867)	-	169,867	-	(18,031)	(187,898)
<b>Total liabilities</b>	<b>(809,364)</b>	<b>347,731</b>	<b>(461,633)</b>	<b>233,088</b>	<b>216,459</b>	<b>(12,086)</b>	<b>(26,845)</b>	<b>(488,478)</b>
<b>As at 31 December 2019</b>								
Derivative financial assets	260,611	(32,546)	228,065	(176,022)	(38,872)	13,171	1,576	229,641
Reverse repurchase agreements and other similar secured lending <sup>e</sup>	373,775	(276,234)	97,541	-	(97,541)	-	2,013	99,554
<b>Total assets</b>	<b>634,386</b>	<b>(308,780)</b>	<b>325,606</b>	<b>(176,022)</b>	<b>(136,413)</b>	<b>13,171</b>	<b>3,589</b>	<b>329,195</b>
Derivative financial liabilities	(255,005)	31,180	(223,825)	176,022	38,343	(9,460)	(5,115)	(228,940)
Repurchase agreements and other similar secured borrowing <sup>e</sup>	(405,166)	276,234	(128,932)	-	128,930	(2)	(1,786)	(130,718)
<b>Total liabilities</b>	<b>(660,171)</b>	<b>307,414</b>	<b>(352,757)</b>	<b>176,022</b>	<b>167,273</b>	<b>(9,462)</b>	<b>(6,901)</b>	<b>(359,658)</b>

### Notes

- a Amounts offset for derivative financial assets additionally includes cash collateral netted of £4,990m (2019: £4,099m). Amounts offset for derivative financial liabilities additionally includes cash collateral netted of £7,313m (2019: £5,465m). Settlements assets and liabilities have been offset amounting to £18,143m (2019: £14,079m).
- b Financial collateral of £47,820m (2019: £38,872m) was received in respect of derivative assets, including £43,164m (2019: £33,469m) of cash collateral and £4,656m (2019: £5,403m) of non-cash collateral. Financial collateral of £46,592m (2019: £38,343m) was placed in respect of derivative liabilities, including £42,518m (2019: £35,423m) of cash collateral and £4,074m (2019: £2,920m) of non-cash collateral. The collateral amounts are limited to net balance sheet exposure so as to not include over-collateralisation.
- c This column includes contractual rights of set-off that are subject to uncertainty under the laws of the relevant jurisdiction.
- d The balance sheet total is the sum of 'Net amounts reported on the balance sheet' that are subject to enforceable netting arrangements and 'Amounts not subject to enforceable netting arrangements'.
- e Reverse Repurchase agreements and other similar secured lending of £147,539m (2019: £99,554m) is split by fair value £138,558m (2019: £97,823m) and amortised cost £8,981m (2019: £1,731m). Repurchase agreements and other similar secured borrowing of £187,898m (2019: £130,718m) is split by fair value £177,455m (2019: £128,686m) and amortised cost £10,443m (2019: £2,032m).

### Derivative assets and liabilities

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

### Reverse repurchase and repurchase agreements and other similar secured lending and borrowing

The 'Amounts offset' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as Global Master Repurchase Agreements and Global Master Securities Lending Agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur.

Financial collateral typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

These offsetting and collateral arrangements and other credit risk mitigation strategies used by the Barclays Bank Group are further explained in the Credit risk mitigation section on pages 38 and 39.

# Notes to the financial statements

## Assets at amortised cost and other investments

The notes included in this section focus on the Barclays Bank Group's loans and advances and deposits at amortised cost, leases, property, plant and equipment and goodwill and intangible assets. Details regarding the Barclays Bank Group's liquidity and capital position can be found on pages 76 to 85.

### 18 Loans and advances and deposits at amortised cost

#### Accounting for loans and advances and deposits held at amortised cost

Loans and advances to customers and banks, customer accounts, debt securities and most financial liabilities, are held at amortised cost. That is, the initial fair value (which is normally the amount advanced or borrowed) is adjusted for repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability. Balances deferred on-balance sheet as effective interest rate adjustments are amortised to interest income over the life of the financial instrument to which they relate.

Financial assets that are held in a business model to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are SPPI, are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs. Refer to Note 1 for details on 'solely payments of principal and interest'.

In determining whether the business model is a 'hold to collect' model, the objective of the business model must be to hold the financial asset to collect contractual cash flows rather than holding the financial asset for trading or short-term profit taking purposes. While the objective of the business model must be to hold the financial asset to collect contractual cash flows this does not mean the Barclays Bank Group is required to hold the financial assets until maturity. When determining if the business model objective is to collect contractual cash flows the Barclays Bank Group will consider past sales and expectations about future sales.

### Loans and advances and deposits at amortised cost

	Barclays Bank Group	
	2020	2019
As at 31 December	£m	£m
Loans and advances at amortised cost to banks	9,003	9,722
Loans and advances at amortised cost to customers	110,101	121,015
Debt securities at amortised cost	15,163	10,899
<b>Total loans and advances at amortised cost</b>	<b>134,267</b>	<b>141,636</b>
Deposits at amortised cost from banks	17,348	18,144
Deposits at amortised cost from customers	227,348	195,737
<b>Total deposits at amortised cost</b>	<b>244,696</b>	<b>213,881</b>

### 19 Property, plant and equipment

#### Accounting for property, plant and equipment

The Barclays Bank Group applies IAS 16 *Property Plant and Equipment* and IAS 40 *Investment Properties*.

Property, plant and equipment is stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required. Subsequent costs are capitalised if these result in enhancement of the asset.

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances. The Barclays Bank Group uses the following annual rates in calculating depreciation:

Annual rates in calculating depreciation	Depreciation rate
Freehold land	Not depreciated
Freehold buildings and long-leasehold property (more than 50 years to run)	2-3.3%
Leasehold property over the remaining life of the lease (less than 50 years to run)	Over the remaining life of the lease
Costs of adaptation of freehold and leasehold property	6-10%
Equipment installed in freehold and leasehold property	6-10%
Computers and similar equipment	17-33%
Fixtures and fittings and other equipment	9-20%

Costs of adaptation and installed equipment are depreciated over the shorter of the life of the lease or the depreciation rates noted in the table above.

#### Investment property

The Barclays Bank Group initially recognises investment property at cost, and subsequently at fair value at each balance sheet date, reflecting market conditions at the reporting date. Gains and losses on remeasurement are included in the income statement.



# Notes to the financial statements

## Assets at amortised cost and other investments

	Barclays Bank Group					Total £m
	Investment property	Property	Equipment	Leased assets	Right of use assets <sup>a</sup>	
	£m	£m	£m	£m	£m	
<b>Cost</b>						
<b>As at 1 January 2020</b>	<b>13</b>	<b>1,635</b>	<b>1,071</b>	<b>9</b>	<b>621</b>	<b>3,349</b>
Additions	-	39	35	-	28	102
Disposals	(1)	(25)	(88)	(9)	(6)	(129)
Exchange and other movements	(2)	(30)	(31)	-	45	(18)
<b>As at 31 December 2020</b>	<b>10</b>	<b>1,619</b>	<b>987</b>	<b>-</b>	<b>688</b>	<b>3,304</b>
<b>Accumulated depreciation and impairment</b>						
<b>As at 1 January 2020</b>	-	(697)	(866)	(9)	(146)	(1,718)
Depreciation charge	-	(72)	(61)	-	(77)	(210)
Impairment charge	-	-	-	-	(2)	(2)
Disposals	-	22	84	9	1	116
Exchange and other movements	-	17	22	-	8	47
<b>As at 31 December 2020</b>	<b>-</b>	<b>(730)</b>	<b>(821)</b>	<b>-</b>	<b>(216)</b>	<b>(1,767)</b>
<b>Net book value</b>	<b>10</b>	<b>889</b>	<b>166</b>	<b>-</b>	<b>472</b>	<b>1,537</b>
<b>Cost</b>						
<b>As at 1 January 2019</b>	9	1,463	1,079	9	580	3,140
Additions	5	233	182	-	45	465
Disposals	-	(19)	(144)	-	(6)	(169)
Exchange and other movements	(1)	(42)	(46)	-	2	(87)
<b>As at 31 December 2019</b>	<b>13</b>	<b>1,635</b>	<b>1,071</b>	<b>9</b>	<b>621</b>	<b>3,349</b>
<b>Accumulated depreciation and impairment</b>						
<b>As at 1 January 2019</b>	-	(658)	(946)	(9)	(71)	(1,684)
Additions	-	-	(31)	-	-	(31)
Depreciation charge	-	(72)	(65)	-	(75)	(212)
Disposals	-	13	142	-	-	155
Exchange and other movements	-	20	34	-	-	54
<b>As at 31 December 2019</b>	<b>-</b>	<b>(697)</b>	<b>(866)</b>	<b>(9)</b>	<b>(146)</b>	<b>(1,718)</b>
<b>Net book value</b>	<b>13</b>	<b>938</b>	<b>205</b>	<b>-</b>	<b>475</b>	<b>1,631</b>

Note

a Right of use (ROU) asset balances relate to Property Leases under IFRS 16. Refer to Note 20 for further details.

Property rentals of £8m (2019: £10m) have been included in other income within The Barclays Bank Group.

The fair value of investment property is determined by reference to current market prices for similar properties, adjusted as necessary for condition and location, or by reference to recent transactions updated to reflect current economic conditions. Discounted cash flow techniques may be employed to calculate fair value where there have been no recent transactions, using current external market inputs such as market rents and interest rates. Valuations are carried out by management with the support of appropriately qualified independent valuers. Refer to Note 16 for further details.

### 20 Leases

#### Accounting for leases under IFRS 16 effective from 1 January 2019

IFRS 16 applies to all leases with the exception of licenses of intellectual property, rights held by licensing agreement within the scope of IAS 38 *Intangible Assets*, service concession arrangements, leases of biological assets within the scope of IAS 41 *Agriculture* and leases of minerals, oil, natural gas and similar non-regenerative resources. IFRS 16 includes an accounting policy choice for a lessee to elect not to apply IFRS 16 to remaining assets within the scope of IAS 38 *Intangible Assets* which the Barclays Bank Group has decided to apply.

When the Barclays Bank Group is the lessee, it is required to recognise both:

- A lease liability, measured at the present value of remaining cash flows on the lease, and
- A right of use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made. The right of use asset will amortise to the income statement over the life of the lease. The lease liability is remeasured when there is a change in one of the following:

- Future lease payments arising from a change in an index or rate;
- The Barclays Bank Group's estimate of the amount expected to be payable under a residual value guarantee; or
- The Barclays Bank Group's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to nil.



# Notes to the financial statements

## Assets at amortised cost and other investments

On the balance sheet, the ROU assets are included within property, plant and equipment and the lease liabilities are included within other liabilities.

The Barclays Bank Group applies the recognition exemption in IFRS 16 for leases with a term not exceeding 12 months. For these leases the lease payments are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more appropriate.

When the Barclays Bank Group is the lessor, the lease must be classified as either a finance lease or an operating lease. A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Barclays Bank Group holds the leased assets on-balance sheet within property, plant and equipment.

### Accounting for finance leases under IAS 17 for 2018

Under IAS 17, a finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. Where the Barclays Bank Group is the lessor, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease. Where the Barclays Bank Group is the lessee, the leased asset is recognised in property, plant and equipment and a finance lease liability is recognised, representing the minimum lease payments payable under the lease, discounted at the rate of interest implicit in the lease.

Interest income or expense is recognised in interest receivable or payable, allocated to accounting periods to reflect a constant periodic rate of return.

### Accounting for operating leases under IAS 17 for 2018

An operating lease under IAS 17 is a lease where substantially all of the risks and rewards of the leased assets remain with the lessor. Where the Barclays Bank Group is the lessor, lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Barclays Bank Group holds the leased assets on-balance sheet within property, plant and equipment.

Where the Barclays Bank Group is the lessee, rentals payable are recognised as an expense in the income statement on a straight-line basis over the lease term unless another systematic basis is more appropriate.

### As a Lessor

Finance lease receivables are included within loans and advances at amortised cost. The Barclays Bank Group specialises in the provision of leasing and other asset finance facilities across a broad range of asset types to business and individual customers.

The following table sets out a maturity analysis of lease receivables, showing the lease payments to be received after the reporting date:

	2020				2019			
	Gross investment in finance lease receivables	Future finance income	Present value of minimum lease payments receivable	Un-guaranteed residual values	Gross investment in finance lease receivables	Future finance income	Present value of minimum lease payments receivable	Un-guaranteed residual values
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Barclays Bank Group</b>								
Not more than one year	-	-	-	-	1,403	(115)	1,288	77
One to two year	-	-	-	-	909	(76)	833	53
Two to three year	-	-	-	-	593	(49)	544	45
Three to four year	-	-	-	-	354	(28)	326	43
Four to five year	-	-	-	-	123	(8)	115	19
Over five years	-	-	-	-	115	(17)	98	22
<b>Total</b>	-	-	-	-	3,497	(293)	3,204	259

As a part of the strategic review, Barclays Partner Finance sold its motor point of sale finance portfolio that led to a decrease in gross investment in finance lease receivables. The remaining balance was transferred to the Barclays Group during the year. The Barclays Bank Group does not have any material operating leases as a lessor.

There is no impairment allowance for finance lease receivables in current year (2019: £55m).

### Finance lease income

Finance lease income is included within interest income. The following table shows amounts recognised in the income statement during the year.

# Notes to the financial statements

## Assets at amortised cost and other investments

	Barclays Bank Group	
	2020	2019
	£m	£m
Finance income from net investment in lease	10	141
(Loss)/Profit on sales	(27)	6

### As a Lessee

The Barclays Bank Group leases various offices, branches and other premises under non-cancellable lease arrangements to meet its operational business requirements. In some instances, the Barclays Bank Group will sublease property to third parties when it is no longer needed to meet business requirements. Currently, the Barclays Bank Group does not have any material subleasing arrangements.

ROU asset balances relate to property leases only. Refer to Note 19 for a breakdown of the carrying amount of ROU assets.

The Barclays Bank Group has not recognised any expense related to short term leases during the year (2019: £3m). The portfolio of short term leases to which the Barclays Bank Group is exposed at the end of the year is not dissimilar to the expenses recognised in the year.

Lease liabilities	Barclays Bank Group	
	2020	2019
	£m	£m
<b>As at 1 January</b>	<b>529</b>	569
Interest expense	23	25
New leases	27	43
Disposals	(5)	(7)
Cash payments	(114)	(106)
Exchange and other movements	55	5
<b>As at 31 December (see Note 22)</b>	<b>515</b>	529

The below table sets out a maturity analysis of undiscounted lease liabilities, showing the lease payments to be paid after the reporting date.

Undiscounted lease liabilities maturity analysis	Barclays Bank Group	
	2020	2019
	£m	£m
Not more than one year	91	112
One to two years	70	86
Two to three years	60	66
Three to four years	58	57
Four to five years	55	52
Five to ten years	227	199
Greater than ten years	68	84
<b>Total undiscounted lease liabilities as at 31 December</b>	<b>629</b>	656

In addition to the cash flows identified above, the Barclays Bank Group is exposed to:

- Variable lease payments: This variability will typically arise from either inflation index instruments or market based pricing adjustments.

Currently, the Barclays Bank Group has 59 leases (2019: 71 leases) out of the total 121 leases (2019: 143 leases) which have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, £121m (2019: £403m) is attributable to leases with some degree of variability predominately linked to market based pricing adjustments.

- Extension and termination options: The table above represents the Barclays Bank Group's best estimate of future cash out flows for leases, including assumptions regarding the exercising of contractual extension and termination options. The above gross cash flows have been reduced by £395m (2019: £408m) for leases where the Barclays Bank Group are highly expected to exercise an early termination option. However, there is no significant impact where the Barclays Bank Group is expected to exercise an extension option.

The Barclays Bank Group currently does not have any significant sale and lease back transactions. The Barclays Bank Group does not have any restrictions or covenants imposed by the lessor on its property leases which restrict its businesses.

## 21 Goodwill and intangible assets

### Accounting for goodwill and intangible assets

#### Goodwill

The carrying value of goodwill is determined in accordance with IFRS 3 *Business Combinations* and IAS 36 *Impairment of Assets*.

# Notes to the financial statements

## Assets at amortised cost and other investments

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of the purchase consideration over the fair value of the Barclays Bank Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition.

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. The test involves comparing the carrying value of the cash generating unit (CGU) including goodwill with the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks, of the CGU to which the goodwill relates, or the CGU's fair value if this is higher.

### Intangible assets

Intangible assets other than goodwill are accounted for in accordance with IAS 38 *Intangible Assets*.

Intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use.

For internally generated intangible assets, only costs incurred during the development phase are capitalised. Expenditures in the research phase are expensed when it is incurred.

Intangible assets are stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less accumulated amortisation and provisions for impairment, if any, and are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally using the amortisation periods set out below:

Annual rates in calculating amortisation	Amortisation period
Goodwill	Not amortised
Internally generated software <sup>a</sup>	12 months to 6 years
Other software	12 months to 6 years
Customer lists	12 months to 25 years
Licences and other	12 months to 25 years

Intangible assets are reviewed for impairment when there are indications that impairment may have occurred. Intangible assets not yet available for use are reviewed annually for impairment.

### Note

a Exceptions to the above rate relate to useful lives of certain core banking platforms that are assessed individually and, if appropriate, amortised over longer periods ranging from 10 to 15 years.

	Intangible assets					Total £m
	Goodwill	Internally generated software	Other software	Customer lists	Licences and other	
	£m	£m	£m	£m	£m	
<b>Barclays Bank Group</b>						
<b>Cost</b>						
<b>As at 1 January 2020</b>	406	1,430	81	1,371	458	3,746
Additions and disposals	(77)	169	21	-	20	133
Exchange and other movements	(5)	(60)	4	(46)	(21)	(128)
<b>As at 31 December 2020</b>	324	1,539	106	1,325	457	3,751
<b>Accumulated amortisation and impairment</b>						
<b>As at 1 January 2020</b>	(111)	(870)	(54)	(1,159)	(340)	(2,534)
Disposals	43	22	9	-	4	78
Amortisation charge	-	(132)	(8)	(40)	(31)	(211)
Impairment charge	-	(18)	-	-	-	(18)
Exchange and other movements	-	34	(2)	41	15	88
<b>As at 31 December 2020</b>	(68)	(964)	(55)	(1,158)	(352)	(2,597)
<b>Net book value</b>	256	575	51	167	105	1,154

# Notes to the financial statements

## Assets at amortised cost and other investments

	Goodwill	Internally generated software	Other software	Customer lists	Licences and other	Total
	£m	£m	£m	£m	£m	£m
<b>Barclays Bank Group</b>						
<b>Cost</b>						
<b>As at 1 January 2019</b>	445	1,342	100	1,540	532	3,959
Additions and disposals	(33)	133	(15)	(128)	(39)	(82)
Exchange and other movements	(6)	(45)	(4)	(41)	(35)	(131)
<b>As at 31 December 2019</b>	<b>406</b>	<b>1,430</b>	<b>81</b>	<b>1,371</b>	<b>458</b>	<b>3,746</b>
<b>Accumulated amortisation and impairment</b>						
<b>As at 1 January 2019</b>	(111)	(812)	(78)	(1,277)	(354)	(2,632)
Disposals	-	63	31	128	36	258
Amortisation charge	-	(154)	(13)	(44)	(34)	(245)
Impairment charge	-	(2)	-	-	-	(2)
Exchange and other movements	-	35	6	34	12	87
<b>As at 31 December 2019</b>	<b>(111)</b>	<b>(870)</b>	<b>(54)</b>	<b>(1,159)</b>	<b>(340)</b>	<b>(2,534)</b>
<b>Net book value</b>	<b>295</b>	<b>560</b>	<b>27</b>	<b>212</b>	<b>118</b>	<b>1,212</b>

### Goodwill

Goodwill is allocated to business operations according to business segments as follows:

	Barclays Bank Group	
	2020	2019
	£m	£m
Consumer, Cards and Payments	256	295
<b>Total net book value of goodwill</b>	<b>256</b>	<b>295</b>

### 2020 impairment review

The 2020 impairment review was performed during Q4 2020. Given the change in the macroeconomic and interest rate outlook, this review was performed across all material CGUs. A detailed assessment has been performed, with the approach and results of this analysis set out below.

### Determining the carrying value of CGUs

The Carrying Value for each CGU is the sum of the tangible equity, goodwill and intangible balances associated with that CGU.

The Barclays Bank Group manages the assets and liabilities of its CGUs with reference to tangible equity of the respective businesses. That tangible equity is derived from the level of risk weighted assets (RWAs) and capital required to be deployed in the CGU and therefore reflects its relative risk, as well as the level of capital management consider a market participant would require to hold and retain to support business growth.

The goodwill held across the Barclays Bank Group has been allocated to the CGU where it originated, based upon historical records. The intangible balances are allocated to the CGUs based upon their expected usage of these assets.

### Cash flows

The 5-year cash flows used in the calculation are based on the formally agreed medium term plans approved by the Board. These are prepared using macroeconomic assumptions which management consider reasonable and supportable, and reflect business agreed initiatives for the forecast period.

### Discount rates

IAS 36 requires that the discount rate used in a value in use calculation reflects the pre-tax rate an investor would require if they were to choose an investment that would generate similar cash flows to those that the entity expects to generate from the asset. In determining the discount rate, management have identified the cost of equity associated with market participants that closely resemble our cash generating units and adjusted them for tax to arrive at the pre-tax equivalent rate. A range of discount rates have been used across the CGU's ranging from 12% to 16.3% (2019: 11.0% to 13.2%).

### Terminal growth rate

The terminal growth rate is used to estimate the effect of projecting cash flows to the end of an asset's useful economic life. It is management's judgement that the cash flows associated with the CGUs will grow in line with the major economies in which we operate. In prior years, the growth rate used had been based upon estimated economic growth rates (GDP). Given macroeconomic uncertainty, inflation rates are now considered a better approximation of future growth rates and are therefore the basis of terminal growth rates applied. The terminal growth rate used is 2.0% (2019:1.5%).

### Outcome of goodwill and intangibles review

Based on management's plans and assumptions the value in use exceeds the carrying value of the CGUs and no impairment has been indicated.

## Notes to the financial statements

### Assets at amortised cost and other investments

#### *Other intangible assets*

Determining the estimated useful lives of intangible assets (such as those arising from contractual relationships) requires an analysis of circumstances. The assessment of whether an asset is exhibiting indicators of impairment as well as the calculation of impairment, which requires the estimate of future cash flows and fair values less costs to sell, also requires the preparation of cash flow forecasts and fair values for assets that may not be regularly bought and sold.

# Notes to the financial statements

## Accruals, provisions, contingent liabilities and legal proceedings

The notes included in this section focus on the Barclays Bank Group's accruals, provisions and contingent liabilities. Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. Contingent liabilities reflect potential liabilities that are not recognised on the balance sheet.

### 22 Other liabilities

	Barclays Bank Group	
	2020	2019
	£m	£m
Accruals and deferred income	2,428	2,419
Other creditors	2,250	2,116
Items in the course of collection due to other banks	58	175
Lease liabilities (refer to Note 20)	515	529
<b>Other liabilities</b>	<b>5,251</b>	<b>5,239</b>

### 23 Provisions

#### Accounting for provisions

The Barclays Bank Group applies IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* in accounting for non-financial liabilities.

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated cost of restructuring, including redundancy costs, when an obligation exists; for example, when the Barclays Bank Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by announcing its main features or starting to implement the plan.

#### Critical accounting estimates and judgements

The financial reporting of provisions involves a significant degree of judgement and is complex. Identifying whether a present obligation exists and estimating the probability, timing, nature and quantum of the outflows that may arise from past events requires judgements to be made based on the specific facts and circumstances relating to individual events and often requires specialist professional advice. When matters are at an early stage, accounting judgements and estimates can be difficult because of the high degree of uncertainty involved. Management continues to monitor matters as they develop to re-evaluate on an ongoing basis whether provisions should be recognised, however there can remain a wide range of possible outcomes and uncertainties, particularly in relation to legal, competition and regulatory matters, and as a result it is often not practicable to make meaningful estimates even when matters are at a more advanced stage.

The complexity of such matters often requires the input of specialist professional advice in making assessments to produce estimates. Customer redress and legal, competition and regulatory matters are areas where a higher degree of professional judgement is required. The amount that is recognised as a provision can also be very sensitive to the assumptions made in calculating it. This gives rise to a large range of potential outcomes which require judgement in determining an appropriate provision level. See below for information on payment protection redress and Note 25 for more detail of legal, competition and regulatory matters.

	Onerous contracts	Redundancy and restructuring	Undrawn contractually committed facilities and guarantees provided <sup>a</sup>	Customer redress	Legal, competition and regulatory matters	Sundry provisions	Total
	£m	£m	£m	£m	£m	£m	£m
<b>Barclays Bank Group</b>							
As at 1 January 2020	20	63	252	71	374	171	951
Additions	3	66	575	29	63	57	793
Amounts utilised	(4)	(54)	-	(16)	(162)	(53)	(289)
Unused amounts reversed	(13)	(26)	(28)	(10)	(45)	(46)	(168)
Exchange and other movements	-	(5)	(30)	(30)	(8)	(6)	(79)
As at 31 December 2020	6	44	769	44	222	123	1,208

Note

a Undrawn contractually committed facilities and guarantees provisions are accounted for under IFRS 9.

Provisions expected to be recovered or settled within no more than 12 months after 31 December 2020 for Barclays Bank Group were £787m (2019: £739m).

#### Onerous contracts

Onerous contract provisions comprise an estimate of the costs involved with fulfilling the terms and conditions of contracts net of any expected benefits to be received.

#### Redundancy and restructuring

# Notes to the financial statements

## Accruals, provisions, contingent liabilities and legal proceedings

These provisions comprise the estimated cost of restructuring, including redundancy costs where an obligation exists. Additions made during the year relate to formal restructuring plans and have either been utilised, or reversed, where total costs are now expected to be lower than the original provision amount.

### Undrawn contractually committed facilities and guarantees

Impairment allowance under IFRS 9 considers both the drawn and the undrawn counterparty exposure. For retail portfolios, the total impairment allowance is allocated to the drawn exposure to the extent that the allowance does not exceed the exposure as ECL is not reported separately. Any excess is reported on the liability side of the balance sheet as a provision. For wholesale portfolios the impairment allowance on the undrawn exposure is reported on the liability side of the balance sheet as a provision. For further information, refer to Credit Risk section for loan commitments and financial guarantees on pages 53 to 55.

### Customer redress

Customer redress provisions comprise the estimated cost of making redress payments to customers, clients and counterparties for losses or damages associated with inappropriate judgement in the execution of the Barclays Bank Group's business activities. There are no significant individual customer redress provisions at 31 December 2020.

### Legal, competition and regulatory matters

The Barclays Bank Group is engaged in various legal proceedings, both in the UK and a number of other overseas jurisdictions, including the US. For further information in relation to legal proceedings and discussion of the associated uncertainties, please refer to Note 25.

### Sundry provisions

This category includes provisions that do not fit into any of the other categories, such as fraud losses and dilapidation provisions.

## 24 Contingent liabilities and commitments

### Accounting for contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the likelihood of an outflow of economic resources is remote.

The following table summarises the nominal principal amount of contingent liabilities and commitments which are not recorded on-balance sheet:

	Barclays Bank Group	
	2020	2019
	£m	£m
Guarantees and letters of credit pledged as collateral security	15,138	17,006
Performance guarantees, acceptances and endorsements	5,794	6,771
<b>Total contingent liabilities</b>	<b>20,932</b>	<b>23,777</b>
<i>Of which: Financial guarantees carried at fair value</i>	<i>229</i>	<i>43</i>
Documentary credits and other short-term trade related transactions	1,086	1,291
Standby facilities, credit lines and other commitments	263,936	268,736
<b>Total commitments</b>	<b>265,022</b>	<b>270,027</b>
<i>Of which: Loan commitments carried at fair value</i>	<i>9,248</i>	<i>17,660</i>

Expected credit losses held against contingent liabilities and commitments equal £769m (2019: £252m) for Barclays Bank Group are reported in Note 23.

Further details on contingent liabilities relating to legal and competition and regulatory matters can be found in Note 25.

## 25 Legal, competition and regulatory matters

Barclays Bank Group faces legal, competition and regulatory challenges, many of which are beyond our control. The extent of the impact of these matters cannot always be predicted but may materially impact our operations, financial results, condition and prospects. Matters arising from a set of similar circumstances can give rise to either a contingent liability or a provision, or both, depending on the relevant facts and circumstances.

The recognition of provisions in relation to such matters involves critical accounting estimates and judgments in accordance with the relevant accounting policies as described in Note 23, Provisions. We have not disclosed an estimate of the potential financial impact or effect on the Barclays Bank Group of contingent liabilities where it is not currently practicable to do so. Various matters detailed in this note seek damages of an unspecified amount. While certain matters specify the damages claimed, such claimed amounts do not necessarily reflect the Barclays Bank Group's potential financial exposure in respect of those matters.



# Notes to the financial statements

## Accruals, provisions, contingent liabilities and legal proceedings

### Investigations into certain advisory services agreements and related civil action

#### **FCA proceedings**

In 2008, Barclays Bank PLC and Qatar Holdings LLC entered into two advisory service agreements (the Agreements). The Financial Conduct Authority (FCA) conducted an investigation into whether the Agreements may have related to Barclays PLC's capital raisings in June and November 2008 (the Capital Raisings) and therefore should have been disclosed in the announcements or public documents relating to the Capital Raisings. In 2013, the FCA issued warning notices (the Notices) finding that Barclays PLC and Barclays Bank PLC acted recklessly and in breach of certain disclosure-related listing rules, and that Barclays PLC was also in breach of Listing Principle 3. The financial penalty provided in the Notices is £50m. Barclays PLC and Barclays Bank PLC continue to contest the findings. Following the conclusion of the Serious Fraud Office (SFO) proceedings against certain former Barclays executives resulting in their acquittals, the FCA proceedings, which were stayed, have resumed. All charges brought by the SFO against Barclays PLC and Barclays Bank PLC in relation to the Agreements were dismissed in 2018.

#### **Civil action**

PCP Capital Partners LLP and PCP International Finance Limited (PCP) are seeking damages of up to approximately £819m from Barclays Bank PLC for fraudulent misrepresentation and deceit, arising from alleged statements made by Barclays Bank PLC to PCP in relation to the terms on which securities were to be issued to potential investors, allegedly including PCP, in the November 2008 capital raising. The trial took place in 2020 and the High Court has indicated that judgment is imminent. The outcome of the judgment, and any financial impact on the Barclays Bank Group, is unknown. Barclays Bank PLC is defending the claim.

### Investigations into LIBOR and other benchmarks and related civil actions

Regulators and law enforcement agencies, including certain competition authorities, from a number of governments have conducted investigations relating to Barclays Bank PLC's involvement in allegedly manipulating certain financial benchmarks, such as LIBOR. The SFO closed its investigation with no action to be taken against the Barclays Group. Various individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the Barclays Group and other banks in relation to the alleged manipulation of LIBOR and/or other benchmarks.

#### **USD LIBOR civil actions**

The majority of the USD LIBOR cases, which have been filed in various US jurisdictions, have been consolidated for pre-trial purposes in the US District Court in the Southern District of New York (SDNY). The complaints are substantially similar and allege, among other things, that Barclays PLC, Barclays Bank PLC, Barclays Capital Inc. (BCI) and other financial institutions individually and collectively violated provisions of the US Sherman Antitrust Act (Antitrust Act), the US Commodity Exchange Act (CEA), the US Racketeer Influenced and Corrupt Organizations Act (RICO), the Securities Exchange Act of 1934 and various state laws by manipulating USD LIBOR rates.

Putative class actions and individual actions seek unspecified damages with the exception of three lawsuits, in which the plaintiffs are seeking a combined total of approximately \$900m in actual damages and additional punitive damages against all defendants, including Barclays Bank PLC. Some of the lawsuits also seek trebling of damages under the Antitrust Act and RICO. Barclays Bank PLC has previously settled certain claims. Two class action settlements where Barclays Bank PLC has respectively paid \$7.1m and \$20m have received final court approval.

#### **Sterling LIBOR civil actions**

In 2016, two putative class actions filed in the SDNY against Barclays Bank PLC, BCI and other Sterling LIBOR panel banks alleging, among other things, that the defendants manipulated the Sterling LIBOR rate in violation of the Antitrust Act, CEA and RICO, were consolidated. The defendants' motion to dismiss the claims was granted in 2018. The plaintiffs have appealed the dismissal.

#### **Japanese Yen LIBOR civil actions**

In 2012, a putative class action was filed in the SDNY against Barclays Bank PLC and other Japanese Yen LIBOR panel banks by a lead plaintiff involved in exchange-traded derivatives and members of the Japanese Bankers Association's Euroyen Tokyo Interbank Offered Rate (Euroyen TIBOR) panel. The complaint alleges, among other things, manipulation of the Euroyen TIBOR and Yen LIBOR rates and breaches of the CEA and the Antitrust Act. In 2014, the court dismissed the plaintiff's antitrust claims, and, in 2020, the court dismissed the plaintiff's remaining CEA claims. The plaintiff has appealed the lower court's dismissal of such claims.

In 2015, a second putative class action, making similar allegations to the above class action, was filed in the SDNY against Barclays PLC, Barclays Bank PLC and BCI. The plaintiffs filed an amended complaint in 2020, and the defendants have filed a motion to dismiss.

#### **SIBOR/SOR civil action**

In 2016, a putative class action was filed in the SDNY against Barclays PLC, Barclays Bank PLC, BCI and other defendants, alleging manipulation of the Singapore Interbank Offered Rate (SIBOR) and Singapore Swap Offer Rate (SOR). In 2018, the court dismissed all claims against Barclays PLC, Barclays Bank PLC and BCI. The plaintiffs have appealed the dismissal.

#### **ICE LIBOR civil actions**

In 2019, several putative class actions were filed in the SDNY against Barclays PLC, Barclays Bank PLC, BCI, other financial institution defendants and Intercontinental Exchange Inc. and certain of its affiliates (ICE), asserting antitrust claims that defendants manipulated USD LIBOR through defendants' submissions to ICE. These actions have been consolidated. The defendants' motion to dismiss was granted in 2020. The plaintiffs have appealed the dismissal. In August 2020, an ICE LIBOR-related action was filed in the US District Court for the Northern District of California on behalf of individual borrowers and consumers of loans and credit cards with variable interest rates linked to USD ICE LIBOR.

#### **Non-US benchmarks civil actions**

Legal proceedings (which include the claims referred to below in 'Local authority civil actions concerning LIBOR') have been brought or threatened against Barclays Bank PLC (and, in certain cases, Barclays Bank UK PLC) in the UK in connection with alleged manipulation of LIBOR, EURIBOR and other benchmarks. Proceedings have also been brought in a number of other jurisdictions in Europe and Israel. Additional proceedings in other jurisdictions may be brought in the future.

# Notes to the financial statements

## Accruals, provisions, contingent liabilities and legal proceedings

### Foreign Exchange investigations and related civil actions

In 2015, the Barclays Group reached settlements totalling approximately \$2.38bn with various US federal and state authorities and the FCA in relation to investigations into certain sales and trading practices in the Foreign Exchange market. Under the related plea agreement with the US Department of Justice (DoJ), which received final court approval in January 2017, the Barclays Group agreed to a term of probation of three years, which expired in January 2020. The Barclays Group also continues to provide relevant information to certain authorities.

The European Commission is one of a number of authorities still conducting an investigation into certain trading practices in Foreign Exchange markets. The European Commission announced two settlements in May 2019 and the Barclays Group paid penalties totalling approximately €210m. In June 2019, the Swiss Competition Commission announced two settlements and the Barclays Group paid penalties totalling approximately CHF 27m. The financial impact of the ongoing matters is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position.

Various individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the Barclays Group and other banks in relation to alleged manipulation of Foreign Exchange markets.

### *FX opt out civil action*

In 2018, Barclays Bank PLC and BCI settled a consolidated action filed in the SDNY, alleging manipulation of Foreign Exchange markets (Consolidated FX Action), for a total amount of \$384m. Also in 2018, a group of plaintiffs who opted out of the Consolidated FX Action filed a complaint in the SDNY against Barclays PLC, Barclays Bank PLC, BCI and other defendants. Some of the plaintiffs' claims were dismissed in 2020.

### *Retail basis civil action*

In 2015, a putative class action was filed against several international banks, including Barclays PLC and BCI, on behalf of a proposed class of individuals who exchanged currencies on a retail basis at bank branches (Retail Basis Claims). The SDNY has ruled that the Retail Basis Claims are not covered by the settlement agreement in the Consolidated FX Action. The Court subsequently dismissed all Retail Basis Claims against the Barclays Group and all other defendants. The plaintiffs have filed an amended complaint.

### *State law FX civil action*

In 2017, the SDNY dismissed consolidated putative class actions brought under federal and various state laws on behalf of proposed classes of (i) stockholders of Exchange Traded Funds and others who purportedly were indirect investors in FX instruments, and (ii) investors who traded FX instruments through FX dealers or brokers not alleged to have manipulated Foreign Exchange Rates. Barclays Bank PLC and BCI have settled the claim, which has received final court approval. The financial impact of the settlement is not material to the Barclays Bank Group's operating results, cash flows or financial position.

### *Non-US FX civil actions*

Legal proceedings have been brought or are threatened against Barclays PLC, Barclays Bank PLC, BCI and Barclays Execution Services Limited (BX) in connection with alleged manipulation of Foreign Exchange in the UK, a number of other jurisdictions in Europe, Israel and Australia and additional proceedings may be brought in the future.

These include two purported class actions filed against Barclays PLC, Barclays Bank PLC, BX, BCI and other financial institutions in the UK Competition Appeal Tribunal in 2019 following the settlements with the European Commission described above. Also in 2019, a separate claim was filed in the UK in the High Court of Justice by various banks and asset management firms against Barclays Bank PLC and other financial institutions alleging breaches of European and UK competition laws related to FX trading.

### Metals investigations and related civil actions

Barclays Bank PLC previously provided information to the DoJ, the US Commodity Futures Trading Commission and other authorities in connection with investigations into metals and metals-based financial instruments.

A number of US civil complaints, each on behalf of a proposed class of plaintiffs, have been consolidated and transferred to the SDNY. The complaints allege that Barclays Bank PLC and other members of The London Gold Market Fixing Ltd. manipulated the prices of gold and gold derivative contracts in violation of the Antitrust Act and other federal laws. This consolidated putative class action remains pending. A separate US civil complaint by a proposed class of plaintiffs against a number of banks, including Barclays Bank PLC, BCI and BX, alleging manipulation of the price of silver in violation of the CEA, the Antitrust Act and state antitrust and consumer protection laws, has been dismissed as against the Barclays entities. The plaintiffs have the option to seek the court's permission to appeal.

Civil actions have also been filed in Canadian courts against Barclays PLC, Barclays Bank PLC, Barclays Capital Canada Inc. and BCI on behalf of proposed classes of plaintiffs alleging manipulation of gold and silver prices.

### US residential mortgage related civil actions

There are various pending civil actions relating to US Residential Mortgage-Backed Securities (RMBS), including four actions arising from unresolved repurchase requests submitted by Trustees for certain RMBS, alleging breaches of various loan-level representations and warranties (R&Ws) made by Barclays Bank PLC and/or a subsidiary acquired in 2007 (the Acquired Subsidiary). The unresolved repurchase requests had an original principal balance of approximately \$2.1bn. The Trustees have also alleged that the relevant R&Ws may have been breached with respect to a greater (but unspecified) amount of loans than previously stated in the unresolved repurchase requests.

These repurchase actions are ongoing. In one repurchase action, the New York Court of Appeals held that claims related to certain R&Ws are time-barred. Barclays Bank PLC has reached a settlement to resolve two of the repurchase actions, which is subject to final court approval. The financial impact of the settlement is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position. The remaining two repurchase actions are pending.

In 2020, a civil litigation claim was filed in the New Mexico First Judicial District Court by the State of New Mexico against seven banks, including BCI, on behalf of two New Mexico state pension funds and the New Mexico State Investment Council relating to legacy RMBS

# Notes to the financial statements

## Accruals, provisions, contingent liabilities and legal proceedings

purchases. As to BCI, the complaint alleges that the funds purchased approximately \$22m in RMBS underwritten by BCI. The plaintiffs have asserted claims under New Mexico state law, which provides for the ability to claim treble damages and civil penalties.

### **Government and agency securities civil actions and related matters**

Certain governmental authorities have conducted investigations into activities relating to the trading of certain government and agency securities in various markets. The Barclays Group provided information in cooperation with such investigations. In January 2021, the Mexican Competition Authority concluded its investigation into activities relating to the trading of Mexican government bonds and granted Barclays Bank Mexico S.A. immunity from fines.

Civil actions have also been filed on the basis of similar allegations, as described below.

### **Treasury auction securities civil actions**

Consolidated putative class action complaints filed in US federal court against Barclays Bank PLC, BCI and other financial institutions under the Antitrust Act and state common law allege that the defendants (i) conspired to manipulate the US Treasury securities market and/or (ii) conspired to prevent the creation of certain platforms by boycotting or threatening to boycott such trading platforms. The defendants have filed a motion to dismiss.

In addition, certain plaintiffs have filed a related, direct action against BCI and certain other financial institutions, alleging that defendants conspired to fix and manipulate the US Treasury securities market in violation of the Antitrust Act, the CEA and state common law.

### **Supranational, Sovereign and Agency bonds civil actions**

Civil antitrust actions have been filed in the SDNY and Federal Court of Canada in Toronto against Barclays Bank PLC, BCI, BX, Barclays Capital Securities Limited and, with respect to the civil action filed in Canada only, Barclays Capital Canada, Inc. and other financial institutions alleging that the defendants conspired to fix prices and restrain competition in the market for US dollar-denominated Supranational, Sovereign and Agency bonds.

In one of the actions filed in the SDNY, the court granted the defendants' motion to dismiss the plaintiffs' complaint, which the plaintiffs have appealed. The plaintiffs have voluntarily dismissed the other SDNY action.

### **Variable Rate Demand Obligations civil actions**

Civil actions have been filed against Barclays Bank PLC and BCI and other financial institutions alleging the defendants conspired or colluded to artificially inflate interest rates set for Variable Rate Demand Obligations (VRDOs). VRDOs are municipal bonds with interest rates that reset on a periodic basis, most commonly weekly. Two actions in state court have been filed by private plaintiffs on behalf of the states of Illinois and California. Two putative class action complaints, which have been consolidated, have been filed in the SDNY. In the SDNY class action, certain of the plaintiff's claims were dismissed in November 2020.

### **Government bond civil actions**

In a putative class action filed in the SDNY in 2019, plaintiffs alleged that BCI and certain other bond dealers conspired to fix the prices of US government sponsored entity bonds in violation of US antitrust law. BCI agreed to a settlement of \$87m, which received final court approval in 2020. Separately, various entities in Louisiana, including the Louisiana Attorney General and the City of Baton Rouge, have commenced litigation against Barclays Bank PLC and other financial institutions making similar allegations as the SDNY class action plaintiffs.

In 2018, a separate putative class action against various financial institutions including Barclays PLC, Barclays Bank PLC, BCI, Barclays Bank Mexico, S.A., and certain other subsidiaries of the Barclays Bank Group was consolidated in the SDNY. The plaintiffs asserted antitrust and state law claims arising out of an alleged conspiracy to fix the prices of Mexican Government bonds. Barclays PLC has settled the claim for \$5.7m, which is subject to final court approval.

### **Odd-lot corporate bonds antitrust class action**

In 2020, BCI, together with other financial institutions, were named as defendants in a putative class action. The complaint alleges a conspiracy to boycott developing electronic trading platforms for odd-lots and price fixing. Plaintiffs demand unspecified money damages. The defendants have filed a motion to dismiss.

### **Interest rate swap and credit default swap US civil actions**

Barclays PLC, Barclays Bank PLC and BCI, together with other financial institutions that act as market makers for interest rate swaps (IRS) are named as defendants in several antitrust class actions which were consolidated in the SDNY in 2016. The complaints allege the defendants conspired to prevent the development of exchanges for IRS and demand unspecified money damages.

In 2018, trueEX LLC filed an antitrust class action in the SDNY against a number of financial institutions including Barclays PLC, Barclays Bank PLC and BCI based on similar allegations with respect to trueEX LLC's development of an IRS platform. In 2017, Tera Group Inc. filed a separate civil antitrust action in the SDNY claiming that certain conduct alleged in the IRS cases also caused the plaintiff to suffer harm with respect to the Credit Default Swaps market. In 2018 and 2019, respectively, the court dismissed certain claims in both cases for unjust enrichment and tortious interference but denied motions to dismiss the federal and state antitrust claims, which remain pending.

### **BDC Finance L.L.C.**

In 2008, BDC Finance L.L.C. (BDC) filed a complaint in the NY Supreme Court, demanding damages of \$298m, alleging that Barclays Bank PLC had breached a contract in connection with a portfolio of total return swaps governed by an ISDA Master Agreement (collectively, the Agreement). Following a trial, the court ruled in 2018 that Barclays Bank PLC was not a defaulting party, which was affirmed on appeal. In October 2020, the trial court granted Barclays Bank PLC's motion for summary judgment on its counterclaims against BDC. BDC has appealed.

In 2011, BDC's investment advisor, BDCM Fund Adviser, L.L.C. and its parent company, Black Diamond Capital Holdings, L.L.C. also sued Barclays Bank PLC and BCI in Connecticut State Court for unspecified damages allegedly resulting from Barclays Bank PLC's conduct relating to the Agreement, asserting claims for violation of the Connecticut Unfair Trade Practices Act and tortious interference with business and prospective business relations. This case is currently stayed.

# Notes to the financial statements

## Accruals, provisions, contingent liabilities and legal proceedings

### Civil actions in respect of the US Anti-Terrorism Act

There are a number of civil actions, on behalf of more than 4,000 plaintiffs, filed in US federal courts in the US District Court in the Eastern District of New York (EDNY) and SDNY against Barclays Bank PLC and a number of other banks. The complaints generally allege that Barclays Bank PLC and those banks engaged in a conspiracy to facilitate US dollar-denominated transactions for the Government of Iran and various Iranian banks, which in turn funded acts of terrorism that injured or killed plaintiffs or plaintiffs' family members. The plaintiffs seek to recover damages for pain, suffering and mental anguish under the provisions of the US Anti-Terrorism Act, which allow for the trebling of any proven damages.

The court granted the defendants' motion to dismiss three actions in the EDNY. Plaintiffs have appealed in one action. The court also granted the defendants' motion to dismiss another action in the SDNY. The remaining actions are stayed pending decisions in these cases.

### Shareholder derivative action

A purported Barclays shareholder filed a putative derivative action in New York state court against BCI and a number of current and former members of the Board of Directors of Barclays PLC and senior executives or employees of the Barclays Group. The shareholder filed the claim on behalf of Barclays PLC, alleging that the individual defendants harmed the company through breaches of their duties under the Companies Act 2006. The plaintiff seeks damages for the losses that Barclays PLC allegedly suffered.

### Investigation into collections and recoveries relating to unsecured lending

Since 2018, the FCA has been investigating whether the Barclays Group implemented effective systems and controls with respect to collections and recoveries and whether it paid due consideration to the interests of customers in default and arrears. In December 2020, Barclays Bank UK PLC and Barclays Bank PLC settled with the FCA and agreed to pay a total penalty of £26m.

### Investigation into UK cards' affordability

The FCA is investigating certain aspects of the affordability assessment processes used by Barclays Bank UK PLC and Barclays Bank PLC for credit card applications made to Barclays' UK credit card business. Barclays is providing information in cooperation with the investigation.

### HM Revenue & Customs (HMRC) assessments concerning UK Value Added Tax

In 2018, HMRC issued notices that have the effect of removing certain overseas subsidiaries that have operations in the UK from Barclays' UK VAT group, in which group supplies between members are generally free from VAT. The notices have retrospective effect and correspond to assessments of £181m (inclusive of interest), of which Barclays would expect to attribute an amount of approximately £128m to Barclays Bank UK PLC and £53m to Barclays Bank PLC. HMRC's decision has been appealed to the First Tier Tribunal (Tax Chamber).

### Local authority civil actions concerning LIBOR

Following settlement by Barclays Bank PLC of various governmental investigations concerning certain benchmark interest rate submissions referred to above in 'Investigations into LIBOR and other benchmarks and related civil actions', in the UK, certain local authorities have brought claims against Barclays Bank PLC and Barclays Bank UK PLC asserting that they entered into loans in reliance on misrepresentations made by Barclays Bank PLC in respect of its conduct in relation to LIBOR. Barclays Bank PLC and Barclays Bank UK PLC have applied to strike out the claims.

### General

The Barclays Bank Group is engaged in various other legal, competition and regulatory matters in the UK, the US and a number of other overseas jurisdictions. It is subject to legal proceedings brought by and against the Barclays Bank Group which arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, debt collection, consumer credit, fraud, trusts, client assets, competition, data management and protection, intellectual property, money laundering, financial crime, employment, environmental and other statutory and common law issues.

The Barclays Bank Group is also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which the Barclays Bank Group is or has been engaged. The Barclays Bank Group is cooperating with the relevant authorities and keeping all relevant agencies briefed as appropriate in relation to these matters and others described in this note on an ongoing basis.

At the present time, Barclays Bank PLC does not expect the ultimate resolution of any of these other matters to have a material adverse effect on its financial position. However, in light of the uncertainties involved in such matters and the matters specifically described in this note, there can be no assurance that the outcome of a particular matter or matters (including formerly active matters or those matters arising after the date of this note) will not be material to Barclays Bank PLC's results, operations or cash flow for a particular period, depending on, among other things, the amount of the loss resulting from the matter(s) and the amount of profit otherwise reported for the reporting period.

# Notes to the financial statements

## Capital instruments, equity and reserves

The notes included in this section focus on the Barclays Bank Group's loan capital and shareholders' equity including issued share capital, retained earnings, other equity balances and interests of minority shareholders in our subsidiary entities (non-controlling interests). For more information on capital management and how the Barclays Bank Group maintains sufficient capital to meet our regulatory requirements refer to page 42.

### 26 Subordinated liabilities

#### Accounting for subordinated liabilities

Subordinated liabilities are measured at amortised cost using the effective interest method under IFRS 9, unless they are irrevocably designated at fair value through profit or loss at initial recognition because such designation eliminates or significantly reduces an accounting mismatch. Refer to Note 15 for details about accounting for liabilities designated at fair value through profit or loss.

	Barclays Bank Group	
	2020	2019
	£m	£m
As at 1 January	33,425	35,327
Issuances	3,856	6,785
Redemptions	(5,954)	(7,804)
Other	678	(883)
<b>As at 31 December</b>	<b>32,005</b>	<b>33,425</b>

Issuances of £3,856m comprise £3,700m intra-group loans from Barclays PLC and £156m USD Floating Rate Notes issued externally by a Barclays Bank PLC subsidiary.

Redemptions of £5,954m comprise £3,456m intra-group loans from Barclays PLC and £2,498m externally issued notes comprising a £1,126m partial redemption of USD 7.625% Contingent Capital Notes and the redemption of £842m USD 5.14% Lower Tier 2 Notes and £158m 7.125% Undated Subordinated Notes. Barclays Bank PLC subsidiaries redeemed £342m USD Floating Rate Notes and £30m USD Fixed Rate Notes.

Other movements predominantly include fair value hedge adjustments, partially offset by amortisation and foreign exchange movements.

Subordinated liabilities include accrued interest and comprise undated and dated subordinated liabilities as follows:

	Barclays Bank Group	
	2020	2019
	£m	£m
Undated subordinated liabilities	905	1,073
Dated subordinated liabilities	31,100	32,352
<b>Total subordinated liabilities</b>	<b>32,005</b>	<b>33,425</b>

None of the Barclays Bank Group's subordinated liabilities are secured.



# Notes to the financial statements

## Capital instruments, equity and reserves

Undated subordinated liabilities <sup>a</sup>	Initial call date	Barclays Bank Group	
		2020 £m	2019 £m
<b>Barclays Bank PLC externally issued subordinated liabilities</b>			
<b>Tier One Notes (TONs)</b>			
6% Callable Perpetual Core Tier One Notes	2032	17	16
6.86% Callable Perpetual Core Tier One Notes (USD 179m)	2032	205	203
<b>Reserve Capital Instruments (RCIs)</b>			
5.3304% Step-up Callable Perpetual Reserve Capital Instruments	2036	56	53
<b>Undated Notes</b>			
7.125% Undated Subordinated Notes	2020	-	165
6.125% Undated Subordinated Notes	2027	43	42
Junior Undated Floating Rate Notes (USD 38m)	Any interest payment date	28	29
Undated Floating Rate Primary Capital Notes Series 1 (USD 167m)	Any interest payment date	89	92
Undated Floating Rate Primary Capital Notes Series 2 (USD 295m)	Any interest payment date	186	191
Undated Floating Rate Primary Capital Notes Series 3	Any interest payment date	21	21
<b>Bonds</b>			
9.25% Perpetual Subordinated Bonds (ex-Woolwich Plc)	2021	78	81
9% Permanent Interest Bearing Capital Bonds(GBP 40m)	At any time	44	44
<b>Loans</b>			
5.03% Reverse Dual Currency Undated Subordinated Loan (JPY 8,000m)	2028	57	55
5% Reverse Dual Currency Undated Subordinated Loan (JPY 12,000m)	2028	83	81
<b>Total undated subordinated liabilities</b>		<b>905</b>	<b>1,073</b>

Note

<sup>a</sup> Instrument values are disclosed to the nearest million

### Undated subordinated liabilities

Undated subordinated liabilities are issued by Barclays Bank PLC and its subsidiaries for the development and expansion of their business and to strengthen their capital bases. The principal terms of the undated subordinated liabilities are described below:

#### Subordination

All undated subordinated liabilities rank behind the claims against the bank of depositors and other unsecured unsubordinated creditors and holders of dated subordinated liabilities in the following order: Junior Undated Floating Rate Notes; other issues of Undated Notes, Bonds and Loans ranking pari passu with each other; followed by TONs and RCIs ranking pari passu with each other.

#### Interest

All undated subordinated liabilities bear a fixed rate of interest until the initial call date, with the exception of the 9% Bonds which are fixed for the life of the issue, and the Junior and Series 1, Series 2 and Series 3 Undated Notes which are floating rate at rates fixed periodically in advance based on the related market rate.

After the initial call date, in the event that they are not redeemed, the 6.125% Undated Notes, and the 9.25% Bonds will bear interest at rates fixed periodically in advance for five-year periods based on market rates. All other undated subordinated liabilities will bear interest at rates fixed periodically in advance based on market rates.

#### Payment of interest

Apart from the Junior Undated Floating Rate Notes, Barclays Bank PLC is not obliged to make a payment of interest on its Undated Notes, Bonds and Loans excluding the 9.25% Bonds if, in the preceding six months, a dividend has not been declared or paid on any class of shares of Barclays PLC or, in certain cases, any class of preference shares of Barclays Bank PLC. Barclays Bank PLC is not obliged to make a payment of interest on its 9.25% Perpetual Subordinated Bonds if, in the immediately preceding 12 month interest period, a dividend has not been paid on any class of its share capital. Interest not paid becomes payable in each case if such a dividend is subsequently paid or in certain other circumstances. During the year, During the year, Barclays Bank PLC paid interest on each of its Undated Notes, Bonds and Loans.

No payment of principal or any interest may be made unless Barclays Bank PLC satisfies a specified solvency test.

Barclays Bank PLC may elect to defer any payment of interest on the RCIs. Any such deferred payment of interest must be paid on the earlier of: (i) the date of redemption of the RCIs, and (ii) the coupon payment date falling on or nearest to the tenth anniversary of the date of deferral of such payment. Whilst such deferral is continuing, (i) neither Barclays Bank PLC nor Barclays PLC may declare or pay a dividend, subject to certain exceptions, on any of its ordinary shares or preference shares and (ii) certain restrictions on the redemption, purchase or reduction of their respective share capital and certain other securities also apply.

Barclays Bank PLC may elect to defer any payment of interest on the TONs if it determines that it is, or such payment would result in it being, in non-compliance with capital adequacy requirements and policies of the PRA. Any such deferred payment of interest will only be payable on a redemption of the TONs. Until such time as Barclays Bank PLC next makes a payment of interest on the TONs, (i) neither Barclays Bank PLC nor Barclays PLC may declare or pay a dividend, subject to certain exceptions, on any of their respective ordinary shares or preference shares,

# Notes to the financial statements

## Capital instruments, equity and reserves

or make payments of interest in respect of Barclays Bank PLC's Reserve Capital Instruments and (ii) certain restrictions on the redemption, purchase or reduction of their respective share capital and certain other securities also apply.

### Repayment

All undated subordinated liabilities are repayable, at the option of Barclays Bank PLC generally in whole at the initial call date and on any subsequent coupon or interest payment date or in the case of the 6.125% Undated Notes and the 9.25% Bonds on any fifth anniversary after the initial call date. In addition, each issue of undated subordinated liabilities is repayable, at the option of Barclays Bank PLC, in whole for certain tax reasons, either at any time, or on an interest payment date. There are no events of default except non-payment of principal or mandatory interest. Any repayments require the prior consent of the PRA.

### Other

All issues of undated subordinated liabilities are non-convertible.

Dated subordinated liabilities <sup>a</sup>			Barclays Bank Group	
			2020	2019
	Initial call date	Maturity date	£m	£m
<b>Barclays Bank PLC externally issued subordinated liabilities</b>				
5.14% Lower Tier 2 Notes (USD 1,094m)		2020	-	832
6% Fixed Rate Subordinated Notes (EUR 1,500m)		2021	1,427	1,375
9.5% Subordinated Bonds (ex-Woolwich Plc)		2021	221	239
Subordinated Floating Rate Notes (EUR 100m)		2021	90	85
10% Fixed Rate Subordinated Notes		2021	2,108	2,157
10.179% Fixed Rate Subordinated Notes (USD 1,521m)		2021	1,101	1,123
Subordinated Floating Rate Notes (EUR 50m)		2022	45	43
6.625% Fixed Rate Subordinated Notes (EUR 1,000m)		2022	982	957
7.625% Contingent Capital Notes (USD 3,000m)		2022	1,189	2,453
Subordinated Floating Rate Notes (EUR 50m)		2023	45	42
5.75% Fixed Rate Subordinated Notes		2026	351	350
5.4% Reverse Dual Currency Subordinated Loan (JPY 15,000m)		2027	108	105
6.33% Subordinated Notes		2032	64	62
Subordinated Floating Rate Notes (EUR 68m)		2040	61	58
<b>External issuances by other subsidiaries</b>		2025	146	358
<b>Barclays Bank PLC notes issued intra-group to Barclays PLC</b>				
2% Fixed Rate Subordinated Callable Notes (EUR 1,500m)	2023	2028	1,388	1,309
3.75% Fixed Rate Resetting Subordinated Callable Notes (SGD 200m)	2025	2030	119	116
5.20% Fixed Rate Subordinated Notes (USD 1,367m)		2026	1,069	1,036
4.836% Fixed Rate Subordinated Callable Notes (USD 1,200m)	2027	2028	973	944
5.088% Fixed-to-Floating Rate Subordinated Callable Notes (USD 1,300m)	2029	2030	1,049	994
5.25% Fixed Rate Subordinated Notes (USD 827m)		2045	660	651
4.95% Fixed Rate Subordinated Notes (USD 1,250m)		2047	960	849
Floating Rate Subordinated Notes (USD 456m)		2047	337	350
<b>Barclays Bank PLC intra-group loans from Barclays PLC</b>				
<b>Various Fixed Rate Subordinated Loans</b>			9,563	7,548
<b>Various Subordinated Floating Rate Loans</b>			489	1,094
<b>Various Fixed Rate Subordinated Callable Loans</b>			5,838	5,225
<b>Various Subordinated Floating Rate Callable Loans</b>			500	1,997
<b>Zero Coupon Callable Loans</b>				
		2050	221	-
<b>Total dated subordinated liabilities</b>			<b>31,100</b>	<b>32,352</b>

Notes

a Instrument values are disclosed to the nearest million

### Dated subordinated liabilities

Dated subordinated liabilities are issued by Barclays Bank PLC and its subsidiaries for the development and expansion of their business and to strengthen their respective capital bases. The principal terms of the dated subordinated liabilities are described below:

### Currency and maturity

In addition to the individual dated subordinated liabilities listed in the table, the £16,607m (2019: £15,864m) of intra-group loans is made up of various fixed, fixed to floating floating rate and zero coupon loans from Barclays PLC with notional amounts denominated in USD 14,409m, EUR 5,024m, GBP 1,250m, JPY 233,600m, AUD 1,715m, SEK 500m, NOK 970m and CHF 175m, with maturities ranging from 2021 to 2050. Certain intra-group loans have a call date one year prior to their maturity.



# Notes to the financial statements

## Capital instruments, equity and reserves

### Subordination

All dated subordinated liabilities, both externally issued and issued intra-group to Barclays PLC, rank behind the claims against the bank of depositors and other unsecured unsubordinated creditors but before the claims of the undated subordinated liabilities and the holders of Barclays Bank PLC equity. The Barclays Bank PLC intra-group loans from Barclays PLC rank pari passu amongst themselves but ahead of the Barclays Bank PLC notes issued intra-group to Barclays PLC and the Barclays Bank PLC externally issued subordinated liabilities. The external dated subordinated liabilities issued by subsidiaries are similarly subordinated as the external subordinated liabilities issued by Barclays Bank PLC.

### Interest

Interest on floating rate notes and loans is set by reference to market rates at the time of issuance and fixed periodically in advance, based on the related market rates.

Interest on fixed rate notes and loans is set by reference to market rates at the time of issuance and fixed until maturity.

Interest on fixed rate callable notes and loans is set by reference to market rates at the time of issuance and fixed until the call date. After the call date, in the event that the notes or loans are not redeemed, the interest rate will be re-set to either a fixed or floating rate until maturity based on market rates.

No interest is paid on zero coupon notes.

### Repayment

Those subordinated liabilities with a call date are repayable at the option of the issuer, on conditions governing the respective debt obligations, some in whole or in part, and some only in whole. The remaining dated subordinated liabilities outstanding at 31 December 2020 are redeemable only on maturity, subject in particular cases, to provisions allowing an early redemption in the event of certain changes in tax law or, to certain changes in legislation or regulations.

Any repayments prior to maturity may require, in the case of Barclays Bank PLC, the prior consent of the PRA or BoE, or in the case of the overseas issues, the consent of the local regulator for that jurisdiction and of the PRA in certain circumstances.

There are no committed facilities in existence at the balance sheet date which permit the refinancing of debt beyond the date of maturity.

### Other

The 7.625% Contingent Capital Notes will be automatically transferred from investors to Barclays PLC (or another entity within the Barclays Group) for nil consideration in the event the Barclays PLC transitional CET1 ratio falls below 7.0%.

## 27 Ordinary shares, preference shares and other equity

### Called up share capital, allotted and fully paid and other equity instruments

	Ordinary share capital	Preference share capital	Total share capital	Other equity instruments
	£m	£m	£m	£m
<b>As at 1 January 2020</b>	<b>2,342</b>	<b>6</b>	<b>2,348</b>	<b>8,323</b>
AT1 securities issuance	-	-	-	1,134
AT1 securities redemption	-	-	-	(836)
<b>As at 31 December 2020</b>	<b>2,342</b>	<b>6</b>	<b>2,348</b>	<b>8,621</b>
<b>As at 1 January 2019</b>	2,342	6	2,348	7,595
AT1 securities issuance	-	-	-	2,302
AT1 securities redemption	-	-	-	(1,574)
<b>As at 31 December 2019</b>	<b>2,342</b>	<b>6</b>	<b>2,348</b>	<b>8,323</b>

### Capital reorganisation

The share premium account of Barclays Bank PLC was cancelled in 2018, following the confirmation of the High Court of Justice in England and Wales. The balance of £12,092m was credited to retained earnings.

### Ordinary shares

The issued ordinary share capital of Barclays Bank PLC, as at 31 December 2020, comprised 2,342m (2019: 2,342m) ordinary shares of £1 each.

### Preference shares

The issued preference share capital of Barclays Bank PLC, as at 31 December 2020, comprised 1,000 Sterling Preference Shares of £1 each (2019: 1,000); 31,856 Euro Preference Shares of €100 each (2019: 31,856); and 58,133 US Dollar Preference Shares of \$100 each (2019: 58,133).

Ordinary share capital and preference share capital constitutes 100% (2019: 100%) of total share capital issued.

# Notes to the financial statements

## Capital instruments, equity and reserves

### *Sterling £1 Preference Shares*

1,000 Sterling cumulative callable preference shares of £1 each (the £1 Preference Shares) were issued on 31 December 2004 at nil premium.

The £1 Preference Shares entitle the holders thereof to receive Sterling cumulative cash dividends out of distributable profits of Barclays Bank PLC, semi-annually at a rate reset semi-annually equal to the Sterling interbank offered rate for six-month sterling deposits.

Barclays Bank PLC shall be obliged to pay such dividends if: (1) it has profits available for the purpose of distribution under the Companies Act 2006 as at each dividend payment date; and (2) it is solvent on the relevant dividend payment date, provided that a capital regulations condition is satisfied on such dividend payment date. The dividends shall not be due and payable on the relevant dividend payment date except to the extent that Barclays Bank PLC could make such payment and still be solvent immediately thereafter. Barclays Bank PLC shall be considered solvent on any date if: (1) it is able to pay its debts to senior creditors as they fall due; and (2) its auditors have reported within the previous six months that its assets exceed its liabilities. If Barclays Bank PLC shall not pay, or shall pay only in part, a dividend for a period of seven days or more after the due date for payment, the holders of the £1 Preference Shares may institute proceedings for the winding-up of Barclays Bank PLC. No remedy against Barclays Bank PLC shall be available to the holder of any £1 Preference Shares for the recovery of amounts owing in respect of £1 Preference Shares other than the institution of proceedings for the winding-up of Barclays Bank PLC and/or proving in such winding-up.

On a winding-up or other return of capital (other than a redemption or purchase by Barclays Bank PLC of any of its issued shares, or a reduction of share capital, permitted by the Articles of Barclays Bank PLC and under applicable law), the assets of Barclays Bank PLC available to shareholders shall be applied in priority to any payment to the holders of ordinary shares and any other class of shares in the capital of Barclays Bank PLC then in issue ranking junior to the £1 Preference Shares on such a return of capital and *pari passu* on such a return of capital with the holders of any other class of shares in the capital of Barclays Bank PLC then in issue (other than any class of shares in the capital of Barclays Bank PLC then in issue ranking in priority to the £1 Preference Shares on a winding-up or other such return of capital), in payment to the holders of the £1 Preference Shares of a sum equal to the aggregate of: (1) an amount equal to the dividends accrued thereon for the then current dividend period (and any accumulated arrears thereof) to the date of the commencement of the winding-up or other such return of capital; and (2) an amount equal to £1 per £1 Preference Share. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the £1 Preference Shares will have no right or claim to any of the remaining assets of Barclays Bank PLC and will not be entitled to any further participation in such return of capital.

The £1 Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, subject to the Companies Act 2006 and its Articles. Holders of the £1 Preference Shares are not entitled to receive notice of, or to attend, or vote at, any general meeting of Barclays Bank PLC.

### *Euro Preference Shares*

140,000 Euro non-cumulative callable preference shares of €100 each (the Euro Preference Shares) were issued on 15 March 2005 for a consideration of €1,383.3m (£966.7m), of which the nominal value was €14m and the balance was share premium. The Euro Preference Shares entitle the holders thereof to receive Euro non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, annually at a fixed rate of 4.75% per annum on the amount of €10,000 per preference share until 15 March 2020, and since 15 March 2020 quarterly at a rate reset quarterly equal to 0.71% per annum above the Euro interbank offered rate for three-month Euro deposits. The board of directors of Barclays Bank PLC may resolve, in its absolute discretion, not to pay in full, or at all, the dividend on the Euro Preference Shares in respect of a particular dividend period.

The Euro Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on each dividend payment date at €10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

### *US Dollar Preference Shares*

100,000 US Dollar non-cumulative callable preference shares of \$100 each (the US Dollar Preference Shares), represented by 100,000 American Depositary Shares, Series 1, were issued on 8 June 2005 for a consideration of \$995.4m (£548.1m), of which the nominal value was \$10m and the balance was share premium. The US Dollar Preference Shares entitle the holders thereof to receive US Dollar non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, semi-annually at a fixed rate of 6.278% per annum on the amount of \$10,000 per preference share until 15 December 2034, and thereafter quarterly at a rate reset quarterly equal to 1.55% per annum above the London interbank offered rate for three-month US Dollar deposits. The board of directors of Barclays Bank PLC may resolve, for any reason and in its absolute discretion, not to declare or pay in full or in part any dividends on the US Dollar Preference Shares in respect of a particular dividend period.

The US Dollar Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on 15 December 2034, and on each dividend payment date thereafter at \$10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

No redemption or purchase of any Euro Preference Shares and US Dollar Preference Shares (together, the Preference Shares) may be made by Barclays Bank PLC without the prior consent of the PRA and any such redemption will be subject to the Companies Act 2006 and the Articles of Barclays Bank PLC.

On a winding-up of Barclays Bank PLC or other return of capital (other than a redemption or purchase of shares of Barclays Bank PLC, or a reduction of share capital), a holder of Preference Shares will rank in the application of assets of Barclays Bank PLC available to shareholders: (1) junior to the holder of any shares of Barclays Bank PLC in issue ranking in priority to the Preference Shares; (2) equally in all respects with holders of other preference shares and any other shares of Barclays Bank PLC in issue ranking *pari passu* with the Preference Shares; and (3) in priority to the holders of ordinary shares and any other shares of Barclays Bank PLC in issue ranking junior to the Preference Shares.

The holders of the £13m 6% Callable Perpetual Core Tier One Notes and the \$179m 6.86% Callable Perpetual Core Tier One Notes of Barclays Bank PLC (together, the TONs) and the holders of the £35m 5.3304% Step-up Callable Perpetual Reserve Capital Instruments of Barclays Bank PLC (the RCIs) would, for the purposes only of calculating the amounts payable in respect of such securities on a winding-up of Barclays

# Notes to the financial statements

## Capital instruments, equity and reserves

Bank PLC, subject to limited exceptions and to the extent that the TONs and the RCIs are then in issue, rank pari passu with the holders of the most senior class or classes of preference shares then in issue in the capital of Barclays Bank PLC. Accordingly, the holders of the preference shares would rank equally with the holders of such TONs and RCIs on such a winding-up of Barclays Bank PLC (unless one or more classes of shares of Barclays Bank PLC ranking in priority to the preference shares are in issue at the time of such winding-up, in which event the holders of such TONs and RCIs would rank equally with the holders of such shares and in priority to the holders of the preference shares).

Subject to such ranking, in such event, holders of the preference shares will be entitled to receive out of assets of Barclays Bank PLC available for distributions to shareholders, liquidating distributions in the amount of €10,000 per Euro Preference Share and \$10,000 per US Dollar Preference Share, plus, in each case, an amount equal to the accrued dividend for the then current dividend period to the date of the commencement of the winding-up or other such return of capital.

If a dividend is not paid in full on any preference shares on any dividend payment date, then a dividend restriction shall apply. This dividend restriction will mean that neither Barclays Bank PLC nor Barclays PLC may (a) declare or pay a dividend (other than payment by Barclays PLC of a final dividend declared by its shareholders prior to the relevant dividend payment date, or a dividend paid by Barclays Bank PLC to Barclays PLC) on any of their respective ordinary shares, other preference shares or other share capital or (b) redeem, purchase, reduce or otherwise acquire any of their respective share capital, other than shares of Barclays Bank PLC held by Barclays PLC or a wholly owned subsidiary, until the earlier of: (1) the date on which Barclays Bank PLC next declares and pays in full a preference share dividend; and (2) the date on or by which all the preference shares are redeemed in full or purchased by Barclays Bank PLC.

Holders of the preference shares are not entitled to receive notice of, or to attend, or vote at, any general meeting of Barclays Bank PLC. Barclays Bank PLC is not permitted to create a class of shares ranking as regards participation in the profits or assets of Barclays Bank PLC in priority to the preference shares, save with the sanction of a special resolution of a separate general meeting of the holders of the preference shares (requiring a majority of not less than three-fourths of the holders of the preference shares voting at the separate general meeting) or with the consent in writing of the holders of three-fourths of the preference shares.

Except as described above, the holders of the preference shares have no right to participate in the surplus assets of Barclays Bank PLC.

### Other equity instruments

Other equity instruments of £8,621m (2019: £8,323m) include AT1 securities issued to Barclays PLC. Barclays PLC uses funds from its own market issuance of AT1 securities to purchase AT1 securities from the Barclays Bank Group. The AT1 securities are perpetual securities with no fixed maturity and are structured to qualify as AT1 instruments under prevailing capital rules applicable as at the relevant issue date.

In 2020, there was one issuance of AT1 instruments, in the form of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (2019: three issuances) totalling £1,134m (2019: £2,302m). There was also one redemption in 2020 (2019: two redemptions) totalling £836m (2019: £1,574m).

### AT1 equity instruments

	Initial call date	2020 £m	2019 £m
<b>AT1 equity instruments - Barclays Bank Group</b>			
8.0% Perpetual Subordinated Contingent Convertible Securities (EUR 1,000m)	2020	-	836
7.875% Perpetual Subordinated Contingent Convertible Securities	2022	1,000	1,000
7.875% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2022	1,136	1,136
7.25% Perpetual Subordinated Contingent Convertible Securities	2023	500	500
7.75% Perpetual Subordinated Contingent Convertible Securities (USD 2,500m)	2023	1,925	1,925
5.875% Perpetual Subordinated Contingent Convertible Securities	2024	623	623
8% Perpetual Subordinated Contingent Convertible Securities (USD 2,000m)	2024	1,509	1,509
7.125% Perpetual Subordinated Contingent Convertible Securities	2025	299	299
6.375% Perpetual Subordinated Contingent Convertible Securities	2025	495	495
6.125% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2025	1,134	-
<b>Total AT1 equity instruments</b>		<b>8,621</b>	<b>8,323</b>

### 28 Reserves

#### Currency translation reserve

The currency translation reserve represents the cumulative gains and losses on the retranslation of the Barclays Bank Group net investment in foreign operations, net of the effects of hedging.

#### Fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve represents the changes in the fair value of fair value through other comprehensive income investments since initial recognition.

#### Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative gains and losses on effective cash flow hedging instruments that will be recycled to the income statement when the hedged transactions affect profit or loss.

# Notes to the financial statements

## Capital instruments, equity and reserves

### Own credit reserve

The own credit reserve reflects the cumulative own credit gains and losses on financial liabilities at fair value. Amounts in the own credit reserve are not recycled to profit or loss in future periods.

### Other reserves and other shareholders' equity

Other reserves relate to redeemed ordinary and preference shares issued by the Barclays Bank Group.

Included in other shareholders' equity are capital notes which bear interest at rates fixed periodically in advance, based on London interbank rates. These notes are repayable at the option of the Barclays Bank PLC, in whole on any interest payment date. Barclays Bank PLC is not obliged to make a payment of interest on its capital notes if, in the preceding six months, a dividend has not been declared or paid on any class of shares of Barclays PLC.

	Barclays Bank Group	
	2020	2019
	£m	£m
Currency translation reserve	2,736	3,383
Fair value through other comprehensive income reserve	244	(139)
Cash flow hedging reserve	1,181	388
Own credit reserve	(954)	(373)
Other reserves and other shareholders' equity	(24)	(24)
<b>Total</b>	<b>3,183</b>	<b>3,235</b>

# Notes to the financial statements

## Employee benefits

The notes included in this section focus on the costs and commitments associated with employing our staff.

### 29 Staff costs

#### Accounting for staff costs

The Barclays Bank Group applies IAS 19 *Employee benefits* in its accounting for most of the components of staff costs.

*Short-term employee benefits* – salaries, accrued performance costs and social security are recognised over the period in which the employees provide the services to which the payments relate.

*Performance costs* – recognised to the extent that the Barclays Bank Group has a present obligation to its employees that can be measured reliably and are recognised over the period of service that employees are required to work to qualify for the payments.

Deferred cash and share awards are made to employees to incentivise performance over the period employees provide services. To receive payment under an award, employees must provide service over the vesting period. The period over which the expense for deferred cash and share awards is recognised is based upon the period employees consider their services contribute to the awards. For past awards, the Barclays Bank Group considers that it is appropriate to recognise the awards over the period from the date of grant to the date that the awards vest. In relation to awards granted from 2017, the Barclays Bank Group, taking into account the changing employee understanding surrounding those awards, considered it appropriate for expense to be recognised over four years including the financial year prior to the grant date.

The accounting policies for share-based payments, and pensions and other post-retirement benefits are included in Note 30 and Note 31 respectively.

	2020 £m	2019 £m	2018 £m
Performance costs	1,145	1,104	1,300
Salaries <sup>a</sup>	2,285	2,373	2,269
Social security costs	295	269	263
Post-retirement benefits <sup>b</sup>	176	184	302
Other compensation costs	208	237	246
<b>Total compensation costs</b>	<b>4,109</b>	<b>4,167</b>	<b>4,380</b>
<b>Other resourcing costs</b>			
Outsourcing	142	211	287
Redundancy and restructuring	47	69	87
Temporary staff costs	14	48	54
Other	53	70	66
<b>Total other resourcing costs</b>	<b>256</b>	<b>398</b>	<b>494</b>
<b>Total staff costs</b>	<b>4,365</b>	<b>4,565</b>	<b>4,874</b>

Notes

a £156m (2019: £123m; 2018: £54m) of compensation was capitalised as internally generated software.

b Post-retirement benefits charge includes £127m (2019: £126m; 2018: £99m) in respect of defined contribution schemes and £49m (2019: £57m; 2018: £203m) in respect of defined benefit schemes.

### 30 Share-based payments

#### Accounting for share-based payments

The Barclays Bank Group applies IFRS 2 *Share-based Payments* in accounting for employee remuneration in the form of shares.

Employee incentives include awards in the form of shares and share options, as well as offering employees the opportunity to purchase shares on favourable terms. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that employees provide services. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a cancellation, resulting in an acceleration of recognition of the cost of the employee services.

The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability. The fair value of options granted is determined using option pricing models to estimate the numbers of shares likely to vest. These take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Market conditions that must be met in order for the award to vest are also reflected in the fair value of the award, as are any other non-vesting conditions – such as continuing to make payments into a share-based savings scheme.

The charge for the year arising from share based payment schemes was as follows:

# Notes to the financial statements

## Employee benefits

	Charge for the year		
	2020	2019	2018
	£m	£m	£m
Deferred Share Value Plan / Share Value Plan	220	244	235
Others	129	148	131
<b>Total equity settled</b>	<b>349</b>	<b>392</b>	<b>366</b>
Cash settled	2	3	1
<b>Total share based payments</b>	<b>351</b>	<b>395</b>	<b>367</b>

The terms of the main current plans are as follows:

### Share Value Plan (SVP)

The SVP was introduced in March 2010. SVP awards have been granted to participants in the form of a conditional right to receive Barclays PLC shares or provisional allocations of Barclays PLC shares which vest or are considered for release over a period of three, five or seven years. Participants do not pay to receive an award or to receive a release of shares. For awards granted before December 2017, the grantor may also make a dividend equivalent payment to participants on release of a SVP award. SVP awards are also made to eligible employees for recruitment purposes. All awards are subject to potential forfeiture in certain leaver scenarios.

### Deferred Share Value Plan (DSVP)

The DSVP was introduced in February 2017. The terms of the DSVP are materially the same as the terms of the SVP as described above, save that Executive Directors are not eligible to participate in the DSVP and the DSVP operates over market purchase shares only.

### Other schemes

In addition to the SVP and DSVP, the Barclays Group operates a number of other schemes settled in Barclays PLC Shares including Sharesave (both UK and Ireland), Sharepurchase (both UK and overseas), and the Barclays Group Long Term Incentive Plan. A delivery of upfront shares to 'Material Risk Takers' can be made as a Share Incentive Award (Holding Period).

### Share option and award plans

The weighted average fair value per award granted, weighted average share price at the date of exercise/release of shares during the year, weighted average contractual remaining life and number of options and awards outstanding (including those exercisable) at the balance sheet date were as follows:

	2020				2019			
	Weighted average fair value per award granted in year	Weighted average share price at exercise/ release during year	Weighted average remaining contractual life in years	Number of options/ awards outstanding (000s)	Weighted average fair value per award granted in year	Weighted average share price at exercise/ release during year	Weighted average remaining contractual life in years	Number of options/ awards outstanding (000s)
	£	£			£	£		
DSVP / SVP <sup>a,b</sup>	1.04	1.24	1	370,006	1.43	1.60	1	297,149
Others <sup>a</sup>	0.24-1.24	1.19-1.67	0-4	53,767	0.40-1.60	1.57-1.70	0-3	37,481

SVP and DSVP are nil cost awards on which the performance conditions are substantially completed at the date of grant. Consequently, the fair value of these awards is based on the market value at that date.

### Movements in options and awards

The movement in the number of options and awards for the major schemes and the weighted average exercise price of options was:



# Notes to the financial statements

## Employee benefits

	DSVP / SVP <sup>a,b</sup>		Others <sup>a,c</sup>		Weighted average ex. price (£)	
	Number (000s)		Number (000s)			
	2020	2019	2020	2019	2020	2019
<b>Outstanding at beginning of year/acquisition date</b>	<b>297,149</b>	242,332	<b>37,481</b>	38,092	<b>1.27</b>	1.39
Transfers in the year <sup>d</sup>	<b>953</b>	2,934	<b>140</b>	(3,042)	-	-
Granted in the year	<b>203,157</b>	198,884	<b>136,227</b>	101,881	<b>0.84</b>	1.19
Exercised/released in the year	<b>(117,355)</b>	(130,695)	<b>(99,465)</b>	(91,337)	<b>1.21</b>	1.21
Less: forfeited in the year	<b>(13,898)</b>	(16,306)	<b>(18,285)</b>	(7,081)	<b>1.23</b>	1.51
Less: expired in the year	-	-	<b>(2,331)</b>	(1,032)	<b>1.33</b>	2.00
<b>Outstanding at end of year</b>	<b>370,006</b>	297,149	<b>53,767</b>	37,481	<b>0.95</b>	1.27
<b>Of which exercisable:</b>	-	-	<b>4,746</b>	5,499	<b>1.64</b>	1.31

### Notes

a Options/award granted over Barclays PLC shares.

b Weighted average exercise price is not applicable for SVP and DSVP awards as these are not share option schemes.

c The number of awards within Others at the end of the year principally relates to Sharesave (number of awards exercisable at end of year was 1,673,362). The weighted average exercise price relates to Sharesave.

d Awards of employees transferred between the Barclays Bank Group and the rest of the Barclays PLC Group.

Awards and options granted to employees and former employees of the Barclays Bank Group under the Barclays PLC Group share plans may be satisfied using new issue shares, treasury shares and market purchase shares of Barclays PLC. Awards granted to employees and former employees of the Barclays Bank Group under DSVP may only be satisfied using market purchase shares of Barclays PLC.

There were no significant modifications to the share based payments arrangements in 2020 and 2019.

As at 31 December 2020, the total liability arising from cash-settled share based payments transactions was £2m (2019: £3m).

### 31 Pensions and post-retirement benefits

#### Accounting for pensions and post-retirement benefits

The Barclays Bank Group operates a number of pension schemes and post-employment benefit schemes.

*Defined contribution schemes* – the Barclays Bank Group recognises contributions due in respect of the accounting period in the income statement. Any contributions unpaid at the balance sheet date are included as a liability.

*Defined benefit schemes* – the Barclays Bank Group recognises its obligations to members of each scheme at the period end, less the fair value of the scheme assets after applying the asset ceiling test.

Each scheme's obligations are calculated using the projected unit credit method. Scheme assets are stated at fair value as at the period end.

Changes in pension scheme liabilities or assets (remeasurements) that do not arise from regular pension cost, net interest on net defined benefit liabilities or assets, past service costs, settlements or contributions to the scheme, are recognised in other comprehensive income. Remeasurements comprise experience adjustments (differences between previous actuarial assumptions and what has actually occurred), the effects of changes in actuarial assumptions, return on scheme assets (excluding amounts included in the interest on the assets) and any changes in the effect of the asset ceiling restriction (excluding amounts included in the interest on the restriction).

*Post-employment benefit schemes* – the cost of providing healthcare benefits to retired employees is accrued as a liability in the financial statements over the period that the employees provide services to the Barclays Bank Group, using a methodology similar to that for defined benefit pension schemes.

#### Pension schemes

##### UK Retirement Fund (UKRF)

The UKRF is the Barclays Bank Group's main scheme, representing 97% of the Barclays Bank Group's total retirement benefit obligations. Barclays Bank PLC is the principal employer of the UKRF. The UKRF was closed to new entrants on 1 October 2012, and comprises 10 sections, the two most significant of which are:

- Afterwork, which comprises a contributory cash balance defined benefit element, and a voluntary defined contribution element. The cash balance element is accrued each year and revalued until Normal Retirement Age in line with the increase in Retail Price Index (RPI) (up to a maximum of 5% p.a.). An increase of up to 2% a year may also be added at Barclays Bank PLC's discretion. The costs of ill-health retirements and death in service benefits for Afterwork members are borne by the UKRF. The main risks that the Barclays Bank Group runs in relation to Afterwork are limited although additional contributions are required if pre-retirement investment returns are not sufficient to provide for the benefits.
- The 1964 Pension Scheme. Most employees recruited before July 1997 built up benefits in this non-contributory defined benefit scheme in respect of service up to 31 March 2010. Pensions were calculated by reference to service and pensionable salary. From 1 April 2010, members became eligible to accrue future service benefits in either Afterwork or the Pension Investment Plan (PIP), a historic defined contribution section which is now closed to future contributions. The risks that the Barclays Bank Group runs in relation to the 1964 section are typical of final salary pension schemes, principally that investment returns fall short of expectations, that inflation exceeds expectations, and that retirees live longer than expected.

##### Barclays Pension Savings Plan (BPSP)

The BPSP is a defined contribution scheme providing benefits for all new UK hires from 1 October 2012, BPSP is not subject to the same investment return, inflation or life expectancy risks for the Barclays Bank Group that defined benefit schemes are. Members' benefits reflect contributions paid and the level of investment returns achieved.



# Notes to the financial statements

## Employee benefits

### Other

Apart from the UKRF and the BPSP, the Barclays Bank Group operates a number of smaller pension and long-term employee benefits and post-retirement health care plans globally, the largest of which are the US defined benefit schemes. Many of the schemes are funded, with assets backing the obligations held in separate legal vehicles such as trusts. Others are operated on an unfunded basis. The benefits provided, the approach to funding, and the legal basis of the schemes, reflect local environments.

### Governance

The UKRF operates under trust law and is managed and administered on behalf of the members in accordance with the terms of the Trust Deed and Rules and all relevant legislation. The Corporate Trustee is Barclays Pension Funds Trustees Limited, a private limited company and a wholly owned subsidiary of Barclays Bank PLC. The Trustee is the legal owner of the assets of the UKRF which are held separately from the assets of the Barclays Bank Group.

The Trustee Board comprises six Management Directors selected by Barclays Bank PLC, of whom three are independent Directors with no relationship with the Barclays Bank Group (and who are not members of the UKRF), plus three Member Nominated Directors selected from eligible active members of the UKRF, deferred members or pensioner members who apply for the role.

The BPSP is a Group Personal Pension arrangement which operates as a collection of personal pension plans. Each personal pension plan is a direct contract between the employee and the BPSP provider (Legal & General Assurance Society Limited), and is regulated by the FCA.

Similar principles of pension governance apply to the Barclays Bank Group's other pension schemes, depending on local legislation.

### Amounts recognised

The following tables include amounts recognised in the income statement and an analysis of benefit obligations and scheme assets for all Barclays Bank Group defined benefit schemes. The net position is reconciled to the assets and liabilities recognised on the balance sheet. The tables include funded and unfunded post-retirement benefits.

#### Income statement charge

	2020	2019
	£m	£m
Current service cost	53	58
Net finance cost	(40)	(48)
Past service cost	(4)	–
Other movements	–	1
<b>Total</b>	<b>9</b>	<b>11</b>

The Barclays Bank PLC is the principal employer of the UKRF and hence Scheme Assets and Defined Benefit Obligations relating to the UKRF are recognised within the Barclays Bank Group. Barclays Bank UK Plc and Barclays Execution Services Limited are participating employers in the UKRF and their share of the UKRF service cost is borne by them. Of the £232m current service cost in the table on the next page, £93m relates to Barclays Bank UK Plc and £86m relates to Barclays Execution Services Limited. While the entire current service cost is accounted for in the Barclays Bank Group on balance sheet, the income statement charge is accounted for across all the participating employers.

# Notes to the financial statements

## Employee benefits

Balance sheet reconciliation	2020		2019	
	Barclays Bank Group		Barclays Bank Group	
	Total	Of which relates to UKRF	Total	Of which relates to UKRF
	£m	£m	£m	£m
Benefit obligation at beginning of the year	(30,298)	(29,304)	(28,237)	(27,301)
Current service cost	(232)	(217)	(226)	(210)
Interest costs on scheme liabilities	(573)	(549)	(747)	(718)
Past service cost	4	-	-	-
Remeasurement (loss)/gain - financial	(3,439)	(3,358)	(3,087)	(2,964)
Remeasurement (loss)/gain - demographic	(281)	(286)	223	214
Remeasurement (loss)/gain - experience	243	237	277	266
Employee contributions	(5)	(1)	(5)	(1)
Benefits paid	1,406	1,370	1,459	1,410
Exchange and other movements	44	-	45	-
<b>Benefit obligation at end of the year</b>	<b>(33,131)</b>	<b>(32,108)</b>	<b>(30,298)</b>	<b>(29,304)</b>
Fair value of scheme assets at beginning of the year	32,093	31,362	29,722	29,036
Interest income on scheme assets	613	595	795	774
Employer contribution	265	248	755	731
Settlements	-	-	(2)	-
Remeasurement - return on plan assets greater than discount rate	3,411	3,328	2,312	2,230
Employee contributions	5	1	5	1
Benefits paid	(1,406)	(1,370)	(1,459)	(1,410)
Exchange and other movements	(268)	(249)	(35)	-
<b>Fair value of scheme assets at the end of the year</b>	<b>34,713</b>	<b>33,915</b>	<b>32,093</b>	<b>31,362</b>
Net surplus/(deficit)	1,582	1,807	1,795	2,058
Retirement benefit assets	1,814	1,807	2,108	2,058
Retirement benefit liabilities	(232)	-	(313)	-
<b>Net retirement benefit assets/(liabilities)</b>	<b>1,582</b>	<b>1,807</b>	<b>1,795</b>	<b>2,058</b>

Included within the Barclays Bank Group's benefit obligation was £866m (2019: £760m) relating to overseas pensions and £157m (2019: £166m) relating to other post-employment benefits.

As at 31 December 2020, the UKRF's scheme assets were in surplus versus IAS 19 obligations by £1,807m (2019: £2,058m). The movement for the UKRF was driven by a net decrease in the discount rate and changes to pension increase assumptions, offset partially by higher than assumed asset returns. During the year the UKRF invested in non-transferable listed senior gilt-backed notes for £750m, partially financed by £500m deficit contributions (the "Heron 2" transaction). The net impact of £250m on plan assets is shown as an outflow under "Exchange and other movements"; further details of Heron 2 can be found on page 180.

The weighted average duration of the benefit payments reflected in the defined benefit obligation for the UKRF is 17 years. The UKRF expected benefits are projected to be paid out for in excess of 50 years, although 25% of the total benefits are expected to be paid in the next 10 years; 30% in years 11 to 20 and 25% in years 20 to 30. The remainder of the benefits are expected to be paid beyond 30 years.

Of the £1,370m (2019: £1,410m) UKRF benefits paid out, £520m (2019: £580m) related to transfers out of the fund.

Where a scheme's assets exceed its obligation, an asset is recognised to the extent that it does not exceed the present value of future contribution holidays or refunds of contributions (the asset ceiling). In the case of the UKRF the asset ceiling is not applied as, in certain specified circumstances such as wind-up, the Barclays Bank Group expects to be able to recover any surplus. Similarly, a liability in respect of future minimum funding requirements is not recognised. The UKRF Trustee does not have a substantive right to augment benefits, nor does it have the right to wind up the plan except in the dissolution of Barclays Bank PLC or termination of contributions by Barclays Bank PLC. The application of the asset ceiling to other plans and recognition of additional liabilities in respect of future minimum funding requirements are considered on an individual plan basis.

### Critical accounting estimates and judgements

Actuarial valuation of the schemes' obligation is dependent upon a series of assumptions. Below is a summary of the main financial and demographic assumptions adopted for the UKRF.

Key UKRF financial assumptions	2020	2019
	% p.a.	% p.a.
Discount rate	1.29	1.92
Inflation rate (RPI)	2.99	3.02

# Notes to the financial statements

## Employee benefits

The UKRF discount rate assumption for 2020 was based on a standard Willis Towers Watson RATE Link model. The UKRF discount rate assumption for 2019 was based on a variant of the standard Willis Towers Watson RATE Link model that included all bonds rated AA by at least one of the four major ratings agencies, and assumed that forward rates after year 30 were flat. The change in discount rate methodology as at 31 December 2020 led to a remeasurement gain of £1.2bn. The RPI inflation assumption for 2020 was set by reference to the Bank of England's implied inflation curve. The inflation assumption incorporates a deduction of 20 basis points as an allowance for an inflation risk premium. The methodology used to derive the inflation assumptions is consistent with that used at the prior year end.

The UKRF's post-retirement mortality assumptions are based on a best estimate assumption derived from an analysis in 2019 of the UKRF's own post-retirement mortality experience, and taking account of recent evidence from published mortality surveys. An allowance has been made for future mortality improvements based on the 2019 core projection model published by the Continuous Mortality Investigation Bureau subject to a long-term trend of 1.5% per annum in future improvements. The methodology used is consistent with the prior year end, except that the 2018 core projection model was used at 2019. The table below shows how the assumed life expectancy at 60, for members of the UKRF, has varied over the past three years.

Assumed life expectancy	2020	2019	2018
<b>Life expectancy at 60 for current pensioners (years)</b>			
– Males	27.2	27.1	27.7
– Females	29.4	29.3	29.4
<b>Life expectancy at 60 for future pensioners currently aged 40 (years)</b>			
– Males	29.0	28.9	29.2
– Females	31.2	31.1	31.0

On 11 December 2020, the UKRF entered into a £5bn longevity swap to hedge around a quarter of current pensioner liabilities against unexpected increases in life expectancy. The swap will form part of the UKRF's investment portfolio and provide income in the event that pensions are paid out for longer than expected. The UKRF Trustee established a Guernsey based captive insurer (Barclays UKRF No.1 IC Limited) to act as an insurance intermediary between the UKRF and swap provider. The swap is not included directly within the balance sheet of Barclays Bank Group as it is an asset of the UKRF. At 31 December 2020, the swap is valued at nil fair value as it is considered to remain at fair market value for both parties over the very limited period from 11 December 2020 to 31 December 2020.

### Sensitivity analysis on actuarial assumptions

The sensitivity analysis has been calculated by valuing the UKRF liabilities using the amended assumptions shown in the table below and keeping the remaining assumptions the same as disclosed in the table above, except in the case of the inflation sensitivity where other assumptions that depend on assumed inflation have also been amended correspondingly. The difference between the recalculated liability figure and that stated in the balance sheet reconciliation table above is the figure shown. The selection of these movements to illustrate the sensitivity of the defined benefit obligation to key assumptions should not be interpreted as Barclays Bank Group expressing any specific view of the probability of such movements happening.

### Change in key assumptions

	2020	2019
	(Decrease)/Increase in UKRF defined benefit obligation £bn	(Decrease)/Increase in UKRF defined benefit obligation £bn
<b>Discount rate</b>		
0.50% p.a. increase	(2.5)	(2.3)
0.25% p.a. increase	(1.3)	(1.2)
0.25% p.a. decrease	1.4	1.2
0.50% p.a. decrease	2.9	2.6
<b>Assumed RPI</b>		
0.50% p.a. increase	1.8	1.5
0.25% p.a. increase	0.9	0.8
0.25% p.a. decrease	(0.9)	(0.7)
0.50% p.a. decrease	(1.8)	(1.4)
<b>Life expectancy at 60</b>		
One year increase	1.2	1.0
One year decrease	(1.2)	(1.0)

### Assets

A long-term investment strategy has been set for the UKRF, with its asset allocation comprising a mixture of equities, bonds, property and other appropriate assets. This recognises that different asset classes are likely to produce different long-term returns and some asset classes may be more volatile than others. The long-term investment strategy ensures, among other aims, that investments are adequately diversified.

The UKRF also employs derivative instruments, where appropriate, to achieve a desired exposure or return, or to match assets more closely to liabilities. The value of assets shown reflects the assets held by the schemes, with any derivative holdings reflected on a fair value basis.

# Notes to the financial statements

## Employee benefits

The value of the assets of the schemes and their percentage in relation to total scheme assets were as follows:

### Analysis of scheme assets

	Barclays Bank Group Total				Of which relates to UKRF			
	Quoted <sup>a</sup>	Unquoted <sup>a</sup>	Value	% of total fair value of scheme assets	Quoted <sup>a</sup>	Unquoted <sup>a</sup>	Value	% of total fair value of scheme assets
	£m	£m	£m	%	£m	£m	£m	%
<b>As at 31 December 2020</b>								
Equities	567	1,498	2,065	5.9	378	1,498	1,876	5.5
Private equities	-	2,233	2,233	6.4	-	2,233	2,233	6.6
Bonds - fixed government	4,205	110	4,315	12.4	3,932	110	4,042	11.9
Bonds - index-linked government	10,706	1,014	11,720	33.8	10,697	1,014	11,711	34.6
Bonds - corporate and other	7,439	1,678	9,117	26.3	7,214	1,678	8,892	26.2
Property	10	1,416	1,426	4.1	-	1,416	1,416	4.2
Infrastructure	-	1,812	1,812	5.2	-	1,812	1,812	5.3
Cash and liquid assets	64	1,830	1,894	5.5	46	1,830	1,876	5.5
Mixed investment funds	9	-	9	-	-	-	-	-
Other	14	108	122	0.4	-	57	57	0.2
<b>Fair value of scheme assets</b>	<b>23,014</b>	<b>11,699</b>	<b>34,713</b>	<b>100.0</b>	<b>22,267</b>	<b>11,648</b>	<b>33,915</b>	<b>100.0</b>
<b>As at 31 December 2019<sup>b</sup></b>								
Equities	942	1,568	2,510	7.8	768	1,568	2,336	7.4
Private equities	-	2,083	2,083	6.5	-	2,083	2,083	6.6
Bonds - fixed government	3,574	300	3,874	12.1	3,303	299	3,602	11.5
Bonds - index-linked government	10,355	681	11,036	34.4	10,345	682	11,027	35.2
Bonds - corporate and other	6,260	2,297	8,557	26.6	6,069	2,295	8,364	26.7
Property	11	1,633	1,644	5.1	-	1,633	1,633	5.2
Infrastructure	-	1,558	1,558	4.9	-	1,558	1,558	5.0
Cash and liquid assets	596	170	766	2.4	576	169	745	2.4
Other	-	65	65	0.2	-	14	14	-
<b>Fair value of scheme assets</b>	<b>21,738</b>	<b>10,355</b>	<b>32,093</b>	<b>100.0</b>	<b>21,061</b>	<b>10,301</b>	<b>31,362</b>	<b>100.0</b>

#### Notes

a Valuations on unquoted assets are provided by the underlying managers or qualified independent valuers. Valuations on complex instruments are based on UKRF custodian valuations. All valuations are determined in accordance with relevant industry guidance.

b Analysis of scheme assets for 2019 is restated with a quoted/unquoted split.

Included within the fair value of scheme assets were nil (2019: nil) relating to shares in Barclays PLC and nil (2019: nil) relating to bonds issued by Barclays PLC or Barclays Bank Group. The UKRF also invests in pooled investment vehicles which may hold shares or debt issued by Barclays PLC.

The UKRF assets above do not include the Senior Notes asset referred to in the section below on Triennial Valuation, as these are non-transferable instruments and not recognised under IAS19.

Approximately 45% of the UKRF assets are invested in liability-driven investment strategies; primarily UK gilts as well as interest rate and inflation swaps. These are used to better match the assets to its liabilities. The swaps are used to reduce the scheme's inflation and duration risks against its liabilities.

#### Triennial Valuation

The latest annual update as at 30 September 2020 showed the funding deficit had improved to £0.9bn from the £2.3bn shown at the 30 September 2019 triennial valuation. The improvement was mainly due to £1.0bn of deficit contributions paid over the year.

The main differences between the funding and accounting assumptions are a different approach to setting the discount rate and a more conservative longevity assumption for funding.

The deficit reduction contributions agreed with the UKRF Trustee as part of the 30 September 2019 triennial valuation recovery plan are shown in the table below.

# Notes to the financial statements

## Employee benefits

Deficit reduction  
contributions under the  
30 September 2019  
valuation

Year	£m
<b>Cash paid:</b>	
2020	500
<b>Future commitments:</b>	
2021	700
2022	294
2023	286
2024 - 2026	-

On 12 June 2020, Barclays Bank PLC paid the £500m deficit reduction contribution agreed for 2020 and at the same time the UKRF subscribed for non-transferrable listed senior fixed rate notes for £750m, backed by UK gilts (the Senior Notes). These Senior Notes entitle the UKRF to semi-annual coupon payments for five years, and full repayment in cash in three equal tranches in 2023, 2024, and at final maturity in 2025. The Senior Notes were issued by Heron Issuer Number 2 Limited (Heron 2), an entity that is consolidated within the Barclays Bank Group under IFRS 10. As a result of the investment in Senior Notes, the regulatory capital impact of the £500m deficit reduction contribution paid on 12 June 2020 takes effect in 2023, 2024 and 2025 on maturity of the notes. As the UKRF's investment in the Senior Notes does not qualify as a plan asset under IAS 19, the £500m deficit reduction contribution does not appear in the IAS19 plan assets nor as an employer contribution as at 31 December 2020, and the additional £250m scheme investment appears as an outflow in the balance sheet reconciliation under 'Exchange and other movements'. The £250m additional investment by the UKRF in the Senior Notes has a positive capital impact in 2020 which is reduced equally in 2023, 2024 and 2025 on the maturity of the notes. Heron 2 acquired a total of £750m of gilts from Barclays Bank PLC for cash to support payments on the senior notes. A transaction with a similar structure was agreed as part of the 2019 triennial actuarial valuation. On 11 December 2019, Barclays Bank PLC paid the £500m deficit reduction contribution agreed for 2019 and at the same time the UKRF subscribed for non-transferrable listed senior fixed rate notes for £500m, backed by UK gilts (the Senior Notes). These Senior Notes entitle the UKRF to semi-annual coupon payments for five years, and full repayment in cash at maturity in 2024. As the UKRF's investment in these Senior Notes does not qualify as a plan asset under IAS 19, the 2019 £500m deficit reduction contribution also does not appear in the IAS19 plan assets. No liability is recognised under IAS19 for the obligation to make deficit reduction contributions or to repay the Senior Notes, as settlement gives rise to both a reduction in cash and a corresponding increase in net defined benefit assets.

The deficit reduction contributions are in addition to the regular contributions to meet the Barclays Bank Group's share of the cost of benefits accruing over each year. The next funding valuation of the UKRF is due to be completed in 2023 with an effective date of 30 September 2022.

### Other support measures agreed which remain in place

**Collateral** – The UKRF Trustee and Barclays Bank PLC have entered into an arrangement whereby a collateral pool has been put in place to provide security for the UKRF funding deficit as it increases or decreases over time. The collateral pool is currently made up of government securities, and agreement was made with the Trustee to cover at least 100% of the funding deficit with an overall cap of £9bn. The arrangement provides the UKRF Trustee with dedicated access to the pool of assets in the event of Barclays Bank PLC not paying a deficit reduction contribution to the UKRF or in the event of Barclays Bank PLC's insolvency. These assets are included within Note 37 Assets pledged, collateral received and assets transferred.

**Support from Barclays PLC** – In the event of Barclays Bank PLC not paying a deficit reduction contribution payment required by a specified pre-payment date, Barclays PLC has entered into an arrangement whereby it will be required to use, in first priority, dividends received from Barclays Bank UK PLC (if any) to invest the proceeds in Barclays Bank PLC (up to the maximum amount of the deficit reduction contribution unpaid by Barclays Bank PLC). The proceeds of the investment will be used to discharge Barclays Bank PLC's unpaid deficit reduction contribution.

**Participation** – As permitted under the Financial Services and Markets Act 2000 (Banking Reform) (Pensions) Regulations 2015, Barclays Bank UK PLC is a participating employer in the UKRF and will remain so during a transitional phase until September 2025 as set out in a deed of participation. Barclays Bank UK PLC will make contributions for the future service of its employees who are currently Afterwork members and, in the event of Barclays Bank PLC's insolvency during this period provision has been made to require Barclays Bank UK PLC to become the principal employer of the UKRF. Barclays Bank PLC's Section 75 debt would be triggered by the insolvency (the debt would be calculated after allowing for the payment to the UKRF of the collateral above).

Defined benefit contributions paid with respect to the UKRF were as follows:

Contributions paid	£m
<b>2020</b>	<b>748</b>
2019	1,231
2018	741

There were nil (2019: nil) Section 75 contributions included within the Barclays Bank Group's contributions paid as no participating employers left the UKRF in 2020.

The Barclays Bank Group's expected contribution to the UKRF in respect of defined benefits in 2021 is £783m (2020: £560m). In addition, the expected contributions to UK defined contribution schemes in 2021 is £9m (2020: £7m) to the UKRF and £47m (2020: £41m) to the BPSP.

# Notes to the financial statements

## Scope of consolidation

The section presents information on the Barclays Bank Group's investments in subsidiaries, joint ventures and associates and its interests in structured entities. Detail is also given on securitisation transactions the Barclays Bank Group has entered into and arrangements that are held off-balance sheet.

### 32 Principal subsidiaries

Barclays Bank Group applies IFRS 10 *Consolidated Financial Statements*. The consolidated financial statements combine the financial statements of Barclays Bank PLC and all of its subsidiaries. Subsidiaries are entities over which Barclays Bank Group has control. Under IFRS 10, this is when Barclays Bank Group is exposed or has rights to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity.

Barclays Bank Group reassesses whether it controls an entity if facts and circumstances indicate that there have been changes to its power, its rights to variable returns or its ability to use its power to affect the amount of its returns.

Intra-group transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Barclays Bank Group for the purposes of the consolidation. Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has been obtained and they do not result in loss of control.

The significant judgements used in applying this policy are set out below.

#### Accounting for investment in subsidiaries

In the individual financial statements of Barclays Bank PLC, investments in subsidiaries are stated at cost less impairment.

Investments in subsidiaries, the majority of which are engaged in banking related activities, are recorded on the balance sheet at historical cost less any impairment. At 31 December 2020 the historical cost of investments in subsidiaries was £18,059m (2019: £16,606m), and impairment allowances recognised against these investments totalled £279m (2019: £501m). The increase in historical cost is predominantly due to capital injections into Barclays Bank Ireland PLC. The reduction in impairment is predominantly due to the liquidation of subsidiaries which had been previously impaired.

At the end of each reporting period an impairment review is undertaken in respect of investment in subsidiaries. Impairment is indicated where the investment exceeds the recoverable amount. The recoverable amount is an estimate of fair value less costs to sell. The investment in Barclays Investment Management Limited of £704m showed a recoverable amount of £688m resulting in an impairment being recognised of £16m. Also, the investment in BNC Brazil Consultoria Empresarial Limitada of £35m showed a recoverable amount of £24m resulting in an impairment being recognised of £11m. The recoverable amount was higher than the carrying value of all other investments in subsidiaries.

Principal subsidiaries of the Barclays Bank Group are set out below. This includes those subsidiaries that are most significant in the context of the Barclays Bank Group's business, results or financial position.

Company Name	Principal place of business or incorporation	Nature of business	Percentage of voting rights held %	Non-controlling interests - proportion of ownership interests %	Non-controlling interests - proportion of voting interests %
Barclays Bank Ireland PLC	Ireland	Banking	100	-	-
Barclays Capital Inc.	United States	Securities dealing	100	-	-
Barclays Capital Securities Limited	United Kingdom	Securities dealing	100	-	-
Barclays Securities Japan Limited	Japan	Securities dealing	100	-	-
Barclays US LLC	United States	Holding company	100	-	-
Barclays Bank Delaware	United States	Credit card issuer	100	-	-

The country of registration or incorporation is also the principal area of operation of each of the above subsidiaries.

Ownership interests are in some cases different to voting interests due to the existence of non-voting equity interests, such as preference shares.

#### Significant judgements and assumptions used to determine the scope of the consolidation

Determining whether the Barclays Bank Group has control of an entity is generally straightforward based on ownership of the majority of the voting capital. However, in certain instances, this determination will involve significant judgement, particularly in the case of structured entities where voting rights are often not the determining factor in decisions over the relevant activities. This judgement will involve assessing the purpose and design of the entity. It will also often be necessary to consider whether the Barclays Bank Group, or another involved party with power over the relevant activities, is acting as a principal in its own right or as an agent on behalf of others.

There is also often considerable judgement involved in the ongoing assessment of control over structured entities. In this regard, where market conditions have deteriorated such that the other investors' exposures to the structure's variable returns have been substantively eliminated, the Barclays Bank Group may conclude that the managers of the structured entity are acting as its agent and therefore will consolidate the structured entity.

An interest in equity voting rights exceeding 50% would typically indicate that the Barclays Bank Group has control of an entity. However, the entity set out below is excluded from consolidation because the Barclays Bank Group does not have exposure to its variable returns.



# Notes to the financial statements

## Scope of consolidation

Country of registration or incorporation	Company name	Percentage of voting rights held (%)	Equity shareholders' funds (£m)	Retained profit for the year (£m)
Cayman Islands	Palomino Limited	100	–	–

This entity is managed by an external counterparty and consequently is not controlled by the Barclays Bank Group. Interests relating to this entity are included in Note 33.

### Significant restrictions

As is typical for a group of its size and international scope, there are restrictions on the ability of the Barclays Bank Group to obtain distributions of capital, access the assets or repay the liabilities of members of its Group due to the statutory, regulatory and contractual requirements of its subsidiaries and due to the protective rights of non-controlling interests. These are considered below.

### Regulatory requirements

The Barclays Bank Group's principal subsidiary companies have assets and liabilities before intercompany eliminations of £417bn (2019: £307bn) and £393bn (2019: £285bn) respectively. Certain of these assets and liabilities are subject to prudential regulation and regulatory capital requirements in the countries in which they are regulated. These require entities to maintain minimum capital levels which cannot be returned to the parent company, Barclays Bank PLC, on a going concern basis.

In order to meet capital requirements, subsidiaries may issue certain equity accounted and debt accounted financial instruments such as Tier 1 and Tier 2 capital instruments and other forms of subordinated liabilities. Refer to Note 26 and Note 27 for particulars of these instruments. These instruments may be subject to cancellation clauses or preference share restrictions that would limit the ability of the entity to repatriate the capital on a timely basis.

### Liquidity requirements

Regulated subsidiaries of the Barclays Bank Group are required to meet PRA or local regulatory requirements pertaining to liquidity. Some of the regulated subsidiaries include Barclays Capital Securities Limited (which is regulated on a combined basis with Barclays Bank PLC under a Domestic Liquidity Sub-Group (DoLSub) arrangement), Barclays Bank Ireland PLC, Barclays Capital Inc. and Barclays Bank Delaware Inc. See pages 55 to 57 for further details of liquidity requirements, including those of the Barclays Bank Group's significant subsidiaries.

### Statutory requirements

The Barclays Bank Group's subsidiaries are subject to statutory requirements not to make distributions of capital and unrealised profits and generally to maintain solvency. These requirements restrict the ability of subsidiaries to make remittances of dividends to Barclays Bank PLC, the parent, except in the event of a legal capital reduction or liquidation. In most cases the regulatory restrictions referred to above exceed the statutory restrictions.

### Asset encumbrance

The Barclays Bank Group uses its financial assets to raise finance in the form of securitisations and through the liquidity schemes of central banks, as well as to provide security to the UK Retirement Fund. Once encumbered, the assets are not available for transfer around the Barclays Bank Group. The assets typically affected are disclosed in Note 36.

### Other restrictions

The Barclays Bank Group is required to maintain balances with central banks and other regulatory authorities and these amounted to £3,119m (2019: £4,505m).

## 33 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

Depending on the Barclays Bank Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases, it may sponsor or have exposure to such an entity but not consolidate it.

### Consolidated structured entities

The Barclays Bank Group has contractual arrangements which may require it to provide financial support to the following types of consolidated structured entities:

- Securitisation: The Barclays Bank Group uses securitisation as a source of financing and a means of risk transfer. Refer to Note 35 for further detail.
- Commercial paper (CP) and medium-term note conduits: The Barclays Bank Group provided £11.7bn (2019: £8.3bn) in undrawn contractual backstop liquidity facilities to CP conduits.
- Employee benefit trusts: The Barclays Bank Group provides capital contributions to employee benefit trusts to enable them to meet obligations to employees in relation to share-based remuneration arrangements.
- Other trusts: During 2020, the Barclays Bank Group provided undrawn liquidity facilities of £2.9bn (2019: £2.5bn) to certain trusts.

### Unconsolidated structured entities in which the Barclays Bank Group has an interest

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Barclays Bank Group. Such interests include holdings of debt or equity securities, derivatives that transfer financial risks from the entity to the Barclays Bank Group, lending, loan commitments, financial guarantees and investment management agreements.



# Notes to the financial statements

## Scope of consolidation

Interest rate swaps, foreign exchange derivatives that are not complex and which expose the Barclays Bank Group to insignificant credit risk by being senior in the payment waterfall of a securitisation and derivatives that are determined to introduce risk or variability to a structured entity are not considered to be an interest in an entity and have been excluded from the disclosures below.

The nature and extent of the Barclays Bank Group's interests in structured entities is summarised below:

### Summary of interests in unconsolidated structured entities

	Secured financing £m	Short-term traded interests £m	Traded derivatives £m	Other interests £m	Total £m
<b>As at 31 December 2020</b>					
<b>Assets</b>					
Trading portfolio assets	-	11,361	-	-	11,361
Financial assets at fair value through the income statement	56,265	-	-	2,780	59,045
Derivative financial instruments	-	-	2,968	-	2,968
Financial assets at fair value through other comprehensive income	-	-	-	153	153
Loans and advances at amortised cost	-	-	-	18,418	18,418
Reverse repurchase agreements and other similar secured lending	10	-	-	-	10
Other assets	-	-	-	11	11
<b>Total assets</b>	<b>56,275</b>	<b>11,361</b>	<b>2,968</b>	<b>21,362</b>	<b>91,966</b>
<b>Liabilities</b>					
Derivative financial instruments	-	-	7,075	-	7,075
<b>As at 31 December 2019</b>					
<b>Assets</b>					
Trading portfolio assets	-	9,585	-	76	9,661
Financial assets at fair value through the income statement	32,859	-	-	2,500	35,359
Derivative financial instruments	-	-	2,369	-	2,369
Financial assets at fair value through other comprehensive income	-	-	-	391	391
Loans and advances at amortised cost	-	-	-	17,092	17,092
Reverse repurchase agreements and other similar secured lending	77	-	-	-	77
Other assets	-	-	-	22	22
<b>Total assets</b>	<b>32,936</b>	<b>9,585</b>	<b>2,369</b>	<b>20,081</b>	<b>64,971</b>
<b>Liabilities</b>					
Derivative financial instruments	-	-	3,171	2,437	5,608

Secured financing arrangements, short-term traded interests and traded derivatives are typically managed under market risk management policies described in the Market risk management section which includes an indication of the change of risk measures compared to last year. For this reason, the total assets of these entities are not considered meaningful for the purposes of understanding the related risks and so have not been presented. Other interests include conduits and lending where the interest is driven by normal customer demand.

#### Secured financing

The Barclays Bank Group routinely enters into reverse repurchase contracts, stock borrowing and similar arrangements on normal commercial terms where the counterparty to the arrangement is a structured entity. Due to the nature of these arrangements, especially the transfer of collateral and ongoing margining, the Barclays Bank Group has minimal exposure to the performance of the structured entity counterparty. This includes margin lending which is presented under financial assets at fair value through the income statement to align to the balance sheet presentation.

#### Short-term traded interests

The Barclays Bank Group buys and sells interests in structured entities as part of its trading activities, for example, retail mortgage-backed securities, collateralised debt obligations and similar interests. Such interests are typically held individually or as part of a larger portfolio for no more than 90 days. In such cases, the Barclays Bank Group typically has no other involvement with the structured entity other than the securities it holds as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset.

As at 31 December 2020, £10,682m (2019: £8,903m) of the Barclays Bank Group's £11,361m (2019: £9,585m) short-term traded interests were comprised of debt securities issued by asset securitisation vehicles.

#### Traded derivatives

The Barclays Bank Group enters into a variety of derivative contracts with structured entities which reference market risk variables such as interest rates, foreign exchange rates and credit indices among other things. The main derivative types which are considered interests in structured entities include index-based and entity specific credit default swaps, balance guaranteed swaps, total return swaps, commodities swaps, and equity swaps. A description of the types of derivatives and the risk management practices are detailed in Note 13. The risk of loss

# Notes to the financial statements

## Scope of consolidation

may be mitigated through ongoing margining requirements as well as a right to cash flows from the structured entity which are senior in the payment waterfall. Such margining requirements are consistent with market practice for many derivative arrangements and in line with the Barclays Bank Group's normal credit policies.

Derivative transactions require the counterparty to provide cash or other collateral under margining agreements to mitigate counterparty credit risk. The Barclays Bank Group is mainly exposed to settlement risk on these derivatives which is mitigated through daily margining. Total notional contract amounts were £153,894m (2019: £314,170m).

Except for credit default swaps where the maximum exposure to loss is the swap notional amount, it is not possible to estimate the maximum exposure to loss in respect of derivative positions as the fair value of derivatives is subject to changes in market rates of interest, exchange rates and credit indices which by their nature are uncertain. In addition, the Barclays Bank Group's losses would be subject to mitigating action under its traded market risk and credit risk policies that require the counterparty to provide collateral in cash or other assets in most cases.

### Other interests in unconsolidated structured entities

The Barclays Bank Group's interests in structured entities not held for the purposes of short-term trading activities are set out below, summarised by the purpose of the entities and limited to significant categories, based on maximum exposure to loss.

### Nature of interest

	Multi-seller conduit programmes	Lending	Other	Total
	£m	£m	£m	£m
<b>As at 31 December 2020</b>				
Trading portfolio assets	-	-	-	-
Financial assets at fair value through the income statement	-	15	2,765	2,780
Financial assets at fair value through other comprehensive income	-	106	47	153
Loans and advances at amortised cost	5,146	12,475	797	18,418
Other assets	8	3	-	11
<b>Total on-balance sheet exposures</b>	<b>5,154</b>	<b>12,599</b>	<b>3,609</b>	<b>21,362</b>
Total off-balance sheet notional amounts	11,750	7,531	-	19,281
<b>Maximum exposure to loss</b>	<b>16,904</b>	<b>20,130</b>	<b>3,609</b>	<b>40,643</b>
<b>Total assets of the entity</b>	<b>87,004</b>	<b>153,990</b>	<b>14,110</b>	<b>255,104</b>
<b>As at 31 December 2019</b>				
Trading portfolio assets	-	-	76	76
Financial assets at fair value through the income statement	-	-	2,500	2,500
Financial assets at fair value through other comprehensive income	-	-	391	391
Loans and advances at amortised cost	5,930	7,874	3,288	17,092
Other assets	17	4	1	22
<b>Total on-balance sheet exposures</b>	<b>5,947</b>	<b>7,878</b>	<b>6,256</b>	<b>20,081</b>
Total off-balance sheet notional amounts	8,649	3,732	1,621	14,002
<b>Maximum exposure to loss</b>	<b>14,596</b>	<b>11,610</b>	<b>7,877</b>	<b>34,083</b>
<b>Total assets of the entity</b>	<b>78,716</b>	<b>139,210</b>	<b>16,139</b>	<b>234,065</b>

### Maximum exposure to loss

Unless specified otherwise below, the Barclays Bank Group's maximum exposure to loss is the total of its on-balance sheet positions and its off-balance sheet arrangements, being loan commitments and financial guarantees. Exposure to loss is mitigated through collateral, financial guarantees, the availability of netting and credit protection held.

### Multi-seller conduit programme

The multi-seller conduit engages in providing financing to various clients and holds whole or partial interests in pools of receivables or similar obligations. These instruments are protected from loss through over-collateralisation, seller guarantees, or other credit enhancements provided to the conduit. The Barclays Bank Group's off-balance sheet exposure included in the table above represents liquidity facilities that are provided to the conduit for the benefit of the holders of the commercial paper issued by the conduit and will only be drawn where the conduit is unable to access the commercial paper market. If these liquidity facilities are drawn, the Barclays Bank Group is protected from loss through over-collateralisation, seller guarantees, or other credit enhancements provided to the conduit.

### Lending

The portfolio includes lending provided by the Barclays Bank Group to unconsolidated structured entities in the normal course of its lending business to earn income in the form of interest and lending fees and includes loans to structured entities that are generally collateralised by property, equipment or other assets. All loans are subject to the Barclays Bank Group's credit sanctioning process. Collateral arrangements are specific to the circumstances of each loan with additional guarantees and collateral sought from the sponsor of the structured entity for certain arrangements. During the period the Barclays Bank Group incurred an impairment of £22m (2019: £7m) against such facilities.

# Notes to the financial statements

## Scope of consolidation

### Other

This includes fair value loans with structured entities where the market risk is materially hedged with corresponding derivative contracts, interests in debt securities issued by securitisation vehicles and drawn and undrawn loan facilities to these entities. In addition, other includes investment funds with interests restricted to management fees based on the performance of the fund and trusts held on behalf of beneficiaries with interests restricted to unpaid fees.

### Assets transferred to sponsored unconsolidated structured entities

Assets transferred to sponsored unconsolidated structured entities were £730m (2019: £471m).

## 34 Investments in associates and joint ventures

### Accounting for associates and joint ventures

The Barclays Bank Group applies IAS 28 *Investments in Associates* and IFRS 11 *Joint Arrangements*. Associates are entities in which the Barclays Bank Group has significant influence, but not control, over the operating and financial policies. Generally the Barclays Bank Group holds more than 20%, but less than 50%, of their voting shares. Joint ventures are arrangements where the Barclays Bank Group has joint control and rights to the net assets of the entity.

The Barclays Bank Group's investments in associates and joint ventures are initially recorded at cost and increased (or decreased) each year by the Barclays Bank Group's share of the post acquisition profit/(loss). The Barclays Bank Group ceases to recognise its share of the losses of equity accounted associates when its share of the net assets and amounts due from the entity have been written off in full, unless it has a contractual or constructive obligation to make good its share of the losses. In some cases, investments in these entities may be held at fair value through profit or loss, for example, those held by private equity businesses.

There are no individually significant investments in joint ventures or associates held by Barclays Bank Group.

	2020			2019		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
	£m	£m	£m	£m	£m	£m
Equity accounted (Group)	24	-	24	30	265	295

Summarised financial information for the Barclays Bank Group's equity accounted associates and joint ventures is set out below. The amounts shown are the Barclays Bank Group's share of the net income of the investees for the year ended 31 December 2020, with the exception of certain undertakings for which the amounts are based on accounts made up to dates not earlier than three months before the balance sheet date.

	Associates		Joint ventures	
	2020	2019	2020	2019
	£m	£m	£m	£m
Profit/(loss) from continuing operations	(1)	19	2	43
Other comprehensive income / (expenses)	(3)	-	-	2
<b>Total comprehensive income/(loss) from continuing operations</b>	<b>(4)</b>	<b>19</b>	<b>2</b>	<b>45</b>

Unrecognised shares of the losses of individually immaterial associates and joint ventures were £nil (2019: £nil).

The Barclays Bank commitments and contingencies to its associates and joint ventures comprised unutilised credit facilities provided to customers of £nil (2019: £1,726m).

## 35 Securitisations

### Accounting for securitisations

The Barclays Bank Group uses securitisations as a source of finance and a means of risk transfer. Such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities.

Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction; lead to partial continued recognition of the assets to the extent of the Barclays Bank Group's continuing involvement in those assets or lead to derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer. Full derecognition only occurs when the Barclays Bank Group transfers both its contractual right to receive cash flows from the financial assets, or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment, and also transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk.

In the course of its normal banking activities, the Barclays Bank Group makes transfers of financial assets, either where legal rights to the cash flows from the asset are passed to the counterparty or beneficially, where the Barclays Bank Group retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty. Depending on the nature of the transaction, this may result in derecognition of the assets in their entirety, partial derecognition or no derecognition of the assets subject to the transfer.

A summary of the main transactions, and the assets and liabilities and the financial risks arising from these transactions, is set out below:

### Transfers of financial assets that do not result in derecognition

#### Securitisations

# Notes to the financial statements

## Scope of consolidation

The Barclays Bank Group was party to securitisation transactions involving its credit card balances.

In these transactions, the assets, interests in the assets, or beneficial interests in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues interest bearing debt securities to third party investors.

Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction. Partial continued recognition of the assets to the extent of the Barclays Bank Group's continuing involvement in those assets can also occur or derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer.

The following table shows the carrying amount of securitised assets that have not resulted in full derecognition, together with the associated liabilities, for each category of asset on the balance sheet:

	2020				2019			
	Assets		Liabilities		Assets		Liabilities	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£m	£m	£m	£m	£m	£m	£m	£m
<b>Barclays Bank Group</b>								
<b>Loans and advances at amortised cost</b>								
Credit cards, unsecured loans and other retail lending	963	1,051	(952)	(966)	3,035	3,183	(2,426)	(2,429)

Balances included within loans and advances at amortised cost represent securitisations where substantially all the risks and rewards of the asset have been retained by Barclays Bank Group.

The relationship between the transferred assets and the associated liabilities is that holders of notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their notes, although the contractual terms of their notes may be different to the maturity and interest of the transferred assets.

For transfers of assets in relation to repurchase agreements, see Note 36.

### Continuing involvement in financial assets that have been derecognised

In some cases, the Barclays Bank Group may have transferred a financial asset in its entirety but may have continuing involvement in it. This arises in asset securitisations where loans and asset backed securities were derecognised as a result of the Barclays Bank Group's involvement with asset backed securities, residential mortgage backed securities and commercial mortgage securities. Continuing involvement largely arises from providing financing into these structures in the form of retained notes, which do not bear first losses.

The table below shows the potential financial implications of such continuing involvement:

Type of transfer	Continuing involvement <sup>a</sup>			Gain/(loss) from continuing involvement	
	Carrying amount	Fair value	Maximum exposure to loss	For the year ended	Cumulative to 31 December
	£m	£m	£m	£m	£m
<b>2020</b>					
Asset Backed Securities	56	56	56	1	1
Residential mortgage backed securities	49	49	49	1	1
Commercial mortgage backed securities	243	237	243	2	6
<b>Total</b>	<b>348</b>	<b>342</b>	<b>348</b>	<b>4</b>	<b>8</b>
<b>2019</b>					
Commercial mortgage backed securities	189	188	189	1	4
<b>Total</b>	<b>189</b>	<b>188</b>	<b>189</b>	<b>1</b>	<b>4</b>

Note  
<sup>a</sup> Assets which represent the Barclays Bank Group's continuing involvement in derecognised assets are recorded in Loans and advances at amortised cost and Debt Securities at FVTP&L.

### 36 Assets pledged, collateral received and assets transferred

Assets are pledged or transferred as collateral to secure liabilities under repurchase agreements, securitisations and stock lending agreements or as security deposits relating to derivatives. Assets transferred are non-cash assets transferred to a third party that do not qualify for derecognition from the Barclays Bank Group's balance sheet, for example because the Barclays Bank Group retains substantially all the exposure to those assets under an agreement to repurchase them in the future for a fixed price.

## Notes to the financial statements

### Scope of consolidation

Where non-cash assets are pledged or transferred as collateral for cash received, the asset continues to be recognised in full, and a related liability is also recognised on the balance sheet. Where non-cash assets are pledged or transferred as collateral in an exchange for non-cash assets, the transferred asset continues to be recognised in full, and there is no associated liability as the non-cash collateral received is not recognised on the balance sheet. The Barclays Bank Group is unable to use, sell or pledge the transferred assets for the duration of the transaction and remains exposed to interest rate risk and credit risk on these pledged assets. Unless stated, the counterparty's recourse is not limited to the transferred assets.

The following table summarises the nature and carrying amount of the assets pledged as security against these liabilities:

	Barclays Bank Group	
	2020	2019
	£m	£m
Cash collateral and settlements	69,271	61,158
Loans and advances at amortised cost	25,437	18,726
Trading portfolio assets	76,750	65,341
Financial assets at fair value through the income statement	5,584	8,107
Financial assets at fair value through other comprehensive income	15,303	8,011
<b>Assets pledged</b>	<b>192,345</b>	<b>161,343</b>

# Notes to the financial statements

## Scope of consolidation

The following table summarises the transferred financial assets and the associated liabilities:

	Barclays Bank Group	
	Transferred assets	Associated liabilities
	£m	£m
<b>At 31 December 2020</b>		
Derivatives	72,732	(72,732)
Repurchase agreements	58,398	(39,044)
Securities lending arrangements	59,824	-
Other	1,391	(1,134)
	<b>192,345</b>	<b>(112,910)</b>
<b>At 31 December 2019</b>		
Derivatives	64,061	(64,061)
Repurchase agreements	35,562	(22,981)
Securities lending arrangements	53,099	-
Other	8,621	(4,430)
	<b>161,343</b>	<b>(91,472)</b>

Included within Other are agreements where a counterparty's recourse is limited to the transferred assets. The relationship between the transferred assets and the associated liabilities is that holders of notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their notes.

	Carrying value		Fair value		Net position £m
	Transferred assets	Associated liabilities	Transferred assets	Associated liabilities	
	£m	£m	£m	£m	
<b>Barclays Bank Group</b>					
<b>2020</b>					
Recourse to transferred assets only	963	(952)	1,051	(966)	85
<b>2019</b>					
Recourse to transferred assets only	3,035	(2,426)	3,183	(2,429)	754

The Barclays Bank Group has an additional £3.1bn (2019: £2.5bn) of loans and advances within its asset backed funding programmes that can readily be used to raise additional secured funding and are available to support future issuances.

Total assets pledged includes a collateral pool put in place to provide security for the UKRF funding deficit, as referred to in Note 31.

### Collateral held as security for assets

Under certain transactions, including reverse repurchase agreements and stock borrowing transactions, the Barclays Bank Group is allowed to resell or re-pledge the collateral held. The fair value at the balance sheet date of collateral accepted and re-pledged to others was as follows:

	Barclays Bank Group	
	2020	2019
	£m	£m
Fair value of securities accepted as collateral	792,317	660,999
Of which fair value of securities re-pledged/transferred to others	684,389	554,111

Additional disclosure has been included in collateral and other credit enhancements on pages 48 to 50.

# Notes to the financial statements

## Other disclosure matters

The notes included in this section focus on related party transactions, Auditors' remuneration, Directors' remuneration and Transition disclosures. Related parties include any subsidiaries, associates, joint ventures and Key Management Personnel.

### 37 Related party transactions and Directors' remuneration

#### Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both.

#### Parent company

The parent company, which is also the ultimate parent company, is Barclays PLC, which holds 100% of the issued ordinary shares of Barclays Bank PLC.

#### Subsidiaries

Transactions between Barclays Bank PLC and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Barclays Bank Group's financial statements. A list of the Barclays Bank Group's principal subsidiaries is shown in Note 32.

#### Fellow subsidiaries

Transactions between the Barclays Bank Group and other subsidiaries of the parent company also meet the definition of related party transactions.

#### Associates, joint ventures and other entities

The Barclays Bank Group provides banking services to its associates, joint ventures and the Barclays Bank Group pension funds (principally the UK Retirement Fund), providing loans, overdrafts, interest and non-interest bearing deposits and current accounts to these entities as well as other services. Barclays Bank Group companies also provide investment management and custodian services to the Barclays Bank Group pension schemes. All of these transactions are conducted on the same terms as third party transactions. Summarised financial information for the Barclays Bank Group's investments in associates and joint ventures is set out in Note 34.

Amounts included in the Barclays Bank Group's financial statements, in aggregate, by category of related party entity are as follows:

	Parent	Fellow subsidiaries	Associates	Joint ventures	Pension funds
	£m	£m	£m	£m	£m
<b>For the year ended and as at 31 December 2020</b>					
Total income	(606)	41	-	-	3
Credit impairment charges	-	-	-	-	-
Operating expenses	(62)	(2,937)	-	-	(1)
Total assets	6,803	1,917	-	-	4
Total liabilities	25,819	3,954	66	-	69
<b>For the year ended and as at 31 December 2019</b>					
Total income	(717)	53	-	12	3
Credit impairment charges	-	-	-	-	-
Operating expenses	(90)	(3,023)	(5)	-	-
Total assets	2,097	2,165	-	1,303	3
Total liabilities	24,876	1,600	-	-	75

Total liabilities includes derivatives transacted on behalf of the pensions funds of £13m (2019: £6m).

#### Key Management Personnel

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Barclays Bank PLC (directly or indirectly) and comprise the Directors and Officers of Barclays Bank PLC, certain direct reports of the Chief Executive Officer and the heads of major business units and functions.

The Barclays Bank Group provides banking services to Key Management Personnel and persons connected to them. Transactions during the year and the balances outstanding were as follows:



# Notes to the financial statements

## Other disclosure matters

### Loans outstanding

	2020	2019
	£m	£m
<b>As at 1 January</b>	-	14.6
Loans issued during the year <sup>a</sup>	-	0.1
Loan repayments during the year <sup>b</sup>	-	(14.7)
<b>As at 31 December</b>	-	-

#### Notes

a Includes loans issued to existing Key Management Personnel and new or existing loans issued to newly appointed Key Management Personnel.

b Includes loan repayments by existing Key Management Personnel and loans to former Key Management Personnel.

No allowances for impairment were recognised in respect of loans to Key Management Personnel (or any connected person).

### Deposits outstanding

	2020	2019
	£m	£m
<b>As at 1 January</b>	4.2	2.9
Deposits received during the year <sup>a</sup>	13.3	11.5
Deposits repaid during the year <sup>b</sup>	(14.1)	(10.2)
<b>As at 31 December</b>	3.4	4.2

#### Notes

a Includes deposits received from existing Key Management Personnel and new or existing deposits received from newly appointed Key Management Personnel.

b Includes deposits repaid by existing Key Management Personnel and deposits of former Key Management Personnel.

### Total commitments outstanding

Total commitments outstanding refer to the total of any undrawn amounts on credit card and/or overdraft facilities provided to Key Management Personnel. Total commitments outstanding as at 31 December 2020 were £0.2m (2019: £0.1m).

All loans to Key Management Personnel (and persons connected to them) were made in the ordinary course of business; were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons; and did not involve more than a normal risk of collectability or present other unfavourable features.

### Remuneration of Key Management Personnel

Total remuneration awarded to Key Management Personnel below represents the awards made to individuals that have been approved by the Board Remuneration Committee as part of the latest remuneration decisions. Costs recognised in the income statement reflect the accounting charge for the year included within operating expenses. The difference between the values awarded and the recognised income statement charge principally relates to the recognition of deferred costs for prior year awards. Figures are provided for the period that individuals met the definition of Key Management Personnel.

	2020	2019
	£m	£m
Salaries and other short-term benefits	37.5	37.6
Pension costs	0.1	0.2
Other long-term benefits	7.2	9.1
Share-based payments	12.4	14.2
Employer social security charges on emoluments	6.0	6.0
<b>Costs recognised for accounting purposes</b>	<b>63.2</b>	<b>67.1</b>
Employer social security charges on emoluments	(6.0)	(6.0)
Other long-term benefits – difference between awards granted and costs recognised	0.4	(1.0)
Share-based payments – difference between awards granted and costs recognised	1.3	(0.7)
<b>Total remuneration awarded</b>	<b>58.9</b>	<b>59.4</b>

### Disclosure required by the Companies Act 2006

The following information regarding the Barclays Bank PLC Board of Directors is presented in accordance with the Companies Act 2006:

# Notes to the financial statements

## Other disclosure matters

	2020	2019
	£m	£m
Aggregate emoluments <sup>a</sup>	6.4	7.6
Amounts paid under LTIPs <sup>b</sup>	-	0.2
	<b>6.4</b>	<b>7.8</b>

### Notes

a The aggregate emoluments include amounts paid for the 2020 year. In addition, deferred cash and share awards for 2020 with a total value at grant of £0.6m (2019: £1.9m) will be made to Directors which will only vest subject to meeting certain conditions.

b No LTIP amounts were received by the Executive Directors in 2020 as the release of the first tranche of the 2017-2019 LTIP was delayed from June 2020 to March 2021.

There were no pension contributions paid to defined contribution schemes on behalf of Directors (2019: £11,932). There were no notional pension contributions to defined contribution schemes.

As at 31 December 2020, there were no Directors accruing benefits under a defined benefit scheme (2019: nil).

The aggregate amount of compensation payable to departing officers in respect of loss of office was £1,850,713.

Of the figures in the table above, the amounts attributable to the highest paid Director in respect of qualifying services are as follows:

	2020	2019
	£m	£m
Aggregate emoluments <sup>a</sup>	3.0	3.2
Amounts paid under LTIPs	-	-
	<b>3.0</b>	<b>3.2</b>

### Note

a The aggregate emoluments include amounts paid for the 2020 year. In addition, a deferred share award for 2020 with a value at grant of £0.4m (2019: £1.2m) will be made to the highest paid Director which will only vest subject to meeting certain conditions.

There were no actual pension contributions to defined contribution schemes on behalf of the highest paid Director (2019: £nil). There were no notional pension contributions to defined contribution schemes.

### Advances and credit to Directors and guarantees on behalf of Directors

In accordance with Section 413 of the Companies Act 2006, the total amount of advances and credits made available in 2020 to persons who served as Directors during the year was £nil (2019: £nil). The total value of guarantees entered into on behalf of Directors during 2020 was £nil (2019: £nil).

### 38 Discontinued operations and assets included in disposal groups classified as held for sale and associated liabilities

#### Accounting for non-current assets held for sale and associated liabilities

The Barclays Bank Group applies IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use. In order to be classified as held for sale, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Non-current assets (or disposal groups) held for sale are measured at the lower of carrying amount and fair value less cost to sell.

A component of the Barclays Bank Group that has either been disposed of or is classified as held for sale is presented as a discontinued operation if it represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of the separate major line or geographical area of operations, or if it is a subsidiary acquired exclusively with a view to re-sale.

#### Barclays Bank Group

During the year, Barclays Bank PLC sold its investments in Barclaycard International Payments Limited, Entercard Group AB, Carnegie Holdings Limited and Barclays Mercantile Business Finance Limited to Barclays Principal Investments Limited, a fellow Barclays PLC Group company, at their fair values of £102m, £292m, £188m and £154m respectively. Barclays Bank PLC recorded profit on disposal of £56m, £192m, £133m and £23m in respect of these transactions. The Barclays Bank Group recorded profit on disposal of £45m, £13m, £57m and £11m.

#### UK banking business

Following the court approval of the ring-fencing transfer scheme on 9 March 2018, the UK banking business largely comprising Personal Banking, Barclaycard Consumer UK and Business Banking customers, and related assets and liabilities was transferred to Barclays Bank UK PLC on 1 April 2018, to meet the regulatory ring-fencing requirement under the Financial Services (Banking Reform) Act 2013 and related legislation. Following the transfer of the UK banking business, Barclays Bank PLC transferred the equity ownership in Barclays Bank UK PLC to Barclays PLC through a dividend in specie on the same day. Accordingly, Barclays Bank UK PLC ceased to be a subsidiary of Barclays Bank PLC and became a direct subsidiary of the ultimate parent, Barclays PLC.

The results of Barclays Bank UK PLC and its subsidiaries for the three months ended 31 March 2018, the date prior to the transfer of ownership to Barclays PLC, are included in the consolidated financial statements of the Barclays Bank Group.

The transfer of the ownership of Barclays Bank UK PLC to Barclays PLC resulted in a material change to the consolidated financial position and results of the Barclays Bank Group in 2018, in comparison to prior periods. The transfer had no impact on the share capital and share premium

# Notes to the financial statements

## Other disclosure matters

of Barclays Bank PLC. Other equity instruments reduced by £2,070m relating to additional tier 1 (AT1) securities transferred to Barclays Bank UK PLC. The fair value through other comprehensive income reserve increased by £16m and retained earnings reduced by £14,187m.

Upon disposal of the equity ownership of Barclays Bank UK PLC on 1 April 2018, the UK banking business met the requirements for presentation as a discontinued operation. As such, the results, which have been presented as the profit after tax in respect of discontinued operations on the face of the Barclays Bank Group income statement, are analysed in the income statement below. In 2018, discontinued operations relating to the UK banking business incurred a loss after tax of £47m. The income statement and cash flow statement below represent three months of results as a discontinued operation to 31 March 2018.

### UK banking business disposal group income statement

	2020	2019	2018
	£m	£m	£m
<b>For the year ended 31 December</b>			
Net interest income	-	-	1,449
Net fee and commission income	-	-	296
Net trading income	-	-	(5)
Net investment income	-	-	6
Other income	-	-	2
<b>Total income</b>	-	-	1,748
Credit impairment charges and other provisions	-	-	(201)
<b>Net operating income</b>	-	-	1,547
Staff costs	-	-	(321)
Administration and general expenses	-	-	(1,135)
<b>Operating expenses</b>	-	-	(1,456)
<b>Profit before tax</b>	-	-	91
Taxation	-	-	(138)
<b>(Loss)/profit after tax</b>	-	-	(47)
<b>Attributable to:</b>			
Equity holders of the parent	-	-	(47)
<b>(Loss)/profit after tax</b>	-	-	(47)

The cash flows attributed to the UK banking business discontinued operation are as follows:

	2020	2019	2018
	£m	£m	£m
<b>For the year ended 31 December</b>			
Net cash flows from operating activities	-	-	(522)
Net cash flows from investing activities	-	-	54
<b>Net (decrease)/increase in cash and cash equivalents</b>	-	-	(468)

### 39 Auditor's remuneration

Auditor's remuneration is included within consultancy, legal and professional fees in administration and general expenses and comprises:

	2020	2019	2018
	£m	£m	£m
<b>Audit of the Barclays Bank Group's annual accounts</b>	<b>17</b>	<b>16</b>	<b>14</b>
<b>Other services:</b>			
Audit of the Barclays Bank PLC subsidiaries <sup>a</sup>	13	12	10
Other audit related fees <sup>b</sup>	7	6	6
Other services	1	1	1
<b>Total Auditor's remuneration</b>	<b>38</b>	<b>35</b>	<b>31</b>

Notes

a Comprises the fees for the statutory audit of the subsidiaries both inside and outside UK and fees for the work performed by associates of KPMG in respect of the consolidated financial statements of the Company.

b Comprises services in relation to statutory and regulatory filings. These include audit services for the review of the interim financial information under the Listing Rules of the UK listing authority.

Under SEC regulations, the remuneration of our auditors is required to be presented as follows: audit fees £33m (2019: £31m, 2018: £27m), audit-related fees £5m (2019: £3m, 2018: £3m), tax fees £nil (2019: £nil, 2018: £nil), and all other fees £nil (2019: £1m, 2018: £1m).

# Notes to the financial statements

## Other disclosure matters

### 40 Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as LIBOR has become a priority for global regulators. The UK's Financial Conduct Authority (FCA) and other global regulators have instructed market participants to prepare for the cessation of LIBOR after the end of 2021, and to adopt "near Risk-Free Rates" (RFRs). While it is expected that most reforms affecting the Barclays Bank Group will be completed by the end of 2021, consultations and possible regulatory changes are in progress. This may mean that some LIBORs continue to be published beyond that date.

The Barclays Bank Group's risk exposure is predominately to GBP, USD, JPY and CHF LIBOR and Euro Overnight Index Average (EONIA) with the vast majority concentrated in derivatives within the Corporate and Investment Bank. Some additional exposure resides on floating rate loans and advances, repurchase agreements and debt securities held and issued within the Corporate and Investment Bank.

The Barclays Bank Group does not consider there to be risk in respect of the Euro Interbank Offered Rate (EURIBOR) arising from IBOR reform as at 31 December 2020. This is because the calculation methodology of EURIBOR changed during 2019 and the reform of EURIBOR is complete. In July 2019, the Belgian Financial Services and Markets Authority (as the administrator of EURIBOR) granted authorisation with respect to EURIBOR under the European Union Benchmarks Regulation. This allows market participants to continue to use EURIBOR after 1 January 2021 for both existing and new contracts. The EUR Risk Free Rate Working Group has not contemplated the cessation of EURIBOR. The Group expects that EURIBOR will continue to exist as a benchmark rate for the foreseeable future.

There are key differences between IBORs and RFRs. IBORs are 'term rates', which means that they are published for a borrowing period (for example three months), and they are 'forward-looking', because they are published at the beginning of a borrowing period, based upon an estimated inter-bank borrowing cost for the period. RFRs are based upon overnight rates from actual transactions, and are therefore published after the end of the overnight borrowing period. Furthermore, IBORs include a credit spread over the RFRs. Therefore, to transition existing contracts and agreements to RFRs, adjustments for term and credit differences may need to be applied to RFR-linked rates. The methodologies for determining these adjustments are undergoing in-depth consultations by industry working groups, on behalf of the respective global regulators and related market participants.

### How the Group is managing the transition to alternative benchmark rates

The Barclays Group has established a Group-wide LIBOR Transition Programme, with oversight from the Group Finance Director. The Programme spans all business lines and has cross-functional governance which includes Legal, Conduct Risk, Client Engagement and Communications, Risk, and Finance. The Transition Programme aims to drive strategic execution, and identify, manage and resolve key risks and issues as they arise. Accountable Executives are in place within key working groups across businesses and workstreams. Barclays' transition plans primarily focus on G5 currencies while providing quarterly updates on progress and exposures to the PRA/FCA and other regulators as required.

The Transition Programme follows a risk based approach, using recognised 'change delivery' control standards, to drive strategic execution, and identify, manage and resolve key risks and issues as they arise. Accountable Executives are in place within key working groups, with overall Board oversight delegated to the Board Risk Committee. Barclays performs a prominent stewardship role to drive orderly transition via our representation on official sector and industry working groups across all major jurisdictions and product classes. Additionally, the Barclays Group Finance Director is Chair of the UK's 'Working Group on Sterling Risk-Free Reference Rates', whose mandate is to catalyse a broad-based transition to using SONIA ('Sterling Overnight Index Average') as the primary sterling interest rate benchmark in bond, loan and derivatives markets.

Approaches to transition exposure expiring post the expected end dates for LIBOR vary by product and nature of counterparty. The Barclays Bank Group is actively engaging with the counterparties to transition or include appropriate fallback provisions and transition mechanisms in its floating rate assets and liabilities with maturities after 2021, when most IBORs are expected to cease to be published. For the derivative population, adherence to the ISDA IBOR Fallbacks Protocol now provides the Group with an efficient mechanism to amend outstanding trades to incorporate fallbacks. Beyond the ISDA IBOR Fallbacks Protocol, there will be options to terminate or bilaterally agree new terms with counterparties. The Barclays Bank Group expects derivative contracts facing central clearing counterparties to follow a market-wide, standardised approach to reform.

Market participants are currently awaiting publication of the results of ICE Benchmark Administration's consultation on plans to cease publication of most LIBORs at end 2021, with certain, actively used USD LIBOR tenors continuing to be provided until end June 2023. The FCA expects to enable publication of a synthetic LIBOR rate for at least certain actively used GBP LIBOR tenors to facilitate roll-off of relevant contracts that cannot be actively transitioned by end 2021.

### Progress made during 2020

During 2020, the Barclays Bank Group has successfully delivered Alternative RFR product capabilities and alternatives to LIBOR across loans, bonds and derivatives. Good progress has been made in relation to client outreach and we have been actively engaging with customers and counterparties to transition or include the appropriate fallback provisions. The Barclays Bank Group has in place detailed plans, processes and procedures to support the transition of the remainder during 2021. Barclays Bank Group has adhered to the ISDA IBOR Fallbacks Protocol for its major derivative dealing entities and we continue to track progress and engage with clients on their own adherence. Following the progress made during 2020, the Barclays Bank Group continues to deliver technology and business process changes to ensure operational readiness in preparation for LIBOR cessation and transitions to RFRs that will be necessary during 2021 in line with official sector expectations and milestones.

### Risks to which the Group is exposed as a result of the transition

IBOR reform exposes the Barclays Bank Group to various risks, which are being managed through the LIBOR Transition Programme. The material risks identified include those set out below:

# Notes to the financial statements

## Other disclosure matters

- **Conduct and Legal risk:** This is the risk that poor customer outcomes are brought about as a direct result of inappropriate or negligent conduct on the part of Barclays Bank Group, in connection with LIBOR transition.
- **Operational Risk:** The LIBOR Transition Programme cuts across all businesses and functions. There are a number of implementation challenges arising from transition, including technology, operations, client communication and the measurement of valuation, giving rise to additional operational risks.
- **Market Risk:** Changes to Barclays Bank Group Market Risk profile are expected due to IBOR transition. These changes are expected to be managed within risk appetite. IBOR transition will also impact the basis risk profile both at the cessation event (when broadly all LIBOR contracts fall back to alternatives) as well as in the interim period when alternative rates are referenced in contracts.
- **Counterparty Credit Risk:** LIBOR replacement presents an increased risk of clients wishing to renegotiate the terms of existing transactions. This is dependent on client behaviour and the outcome of resulting negotiations and could change the credit risk profile of client exposure.
- **Financial risk:** There is a risk to the Barclays Bank Group and its clients that markets are disrupted due to IBOR reform. This could give rise to financial losses should the Barclays Bank Group be unable to operate effectively in financial markets.
- **Accounting risk:** This would occur if the hedged items and hedging instruments of the Barclays Bank Group hedging relationships were to transition away from IBORs: at different times; to different benchmarks; or using divergent methodologies resulting in significant volatility to the income statement either through hedge accounting ineffectiveness or failure of the hedge accounting relationships

A disorderly cessation of LIBOR would carry substantial economic, legal, regulatory, reputational and operational risks for the Barclays bank Group and the industry in general. The Barclays Bank Group's expectation is that the transition away from LIBOR will be carefully managed and that measures including the broad adoption of ISDA IBOR Fallbacks Protocol, the approach the Central Clearing Counterparties are expected to follow, proactive client engagement, regulatory action and/or terminating or bilaterally amending contracts where clients do not wish to adopt new conventions (e.g. ISDA IBOR Fallbacks Protocol), can mitigate the risks associated with a disorderly cessation.

The Barclays Bank Group does not expect material changes to its risk management approach and strategy as a result of interest rate benchmark reform.

The following table summarises the significant exposures impacted by interest rate benchmark reform as at 31 December 2020:

	GBP LIBOR	USD LIBOR	JPY LIBOR	CHF LIBOR	Others	Total
	£m	£m	£m	£m	£m	£m
<b>Non-derivative financial assets</b>						
Loans and advances at amortised cost	19,317	17,990	173	11	1,725	39,216
Reverse repurchase agreements and other similar secured lending	-	334	-	-	-	334
Financial assets at fair value through the income statement	1,190	6,373	-	283	209	8,055
Financial assets at fair value through other comprehensive income	186	106	-	-	8	300
<b>Non-derivative financial assets</b>	<b>20,693</b>	<b>24,803</b>	<b>173</b>	<b>294</b>	<b>1,942</b>	<b>47,905</b>
<b>Non-derivative financial liabilities</b>						
Debt securities in issue	-	(1,430)	(22)	-	-	(1,452)
Subordinated liabilities	(21)	(876)	-	-	-	(897)
Financial liabilities designated at fair value	(149)	(1,273)	(759)	-	(139)	(2,320)
<b>Non-derivative financial liabilities</b>	<b>(170)</b>	<b>(3,579)</b>	<b>(781)</b>	<b>-</b>	<b>(139)</b>	<b>(4,669)</b>
<b>Equity</b>						
Other equity instruments	(2,122)	(3,062)	-	-	-	(5,184)
<b>Standby facilities, credit lines and other commitments</b>	<b>18,169</b>	<b>74,008</b>	<b>-</b>	<b>74</b>	<b>15,951</b>	<b>108,202</b>

The table above represents the derivatives exposures to interest rate benchmark reform, which have yet to transition. The exposure disclosed is for positions with contractual maturities after 31 December 2021. Balances reported at amortised cost are disclosed at their gross carrying value and do not include any expected credit losses that may be held against them. Balances reported at fair value are disclosed at their fair value on the balance sheet date.

## Notes to the financial statements

### Other disclosure matters

The Barclays Bank Group also has exposure to interest rate benchmark reform in respect of its cash collateral balances across some of its Credit Support Annex agreements, predominantly in EONIA. This exposure is not included within the table above due to its short dated nature.

	GBP LIBOR	USD LIBOR	EONIA	JPY LIBOR	CHF LIBOR	Others	Total
	£m	£m	£m	£m	£m	£m	£m
<b>Derivative notional contract amount</b>							
OTC interest rate derivatives	596,564	2,832,339	457,844	754,206	25,681	41,782	4,708,416
OTC interest rate derivatives - cleared by central counterparty	1,552,637	2,872,962	623,802	1,091,479	119,382	198,113	6,458,375
Exchange traded interest rate derivatives	300,182	333,705	-	-	2,494	-	636,381
OTC foreign exchange derivatives	155,285	589,332	-	93,108	31,257	1,921	870,903
OTC equity and stock index derivatives	1,845	7,946	544	1,929	491	2,141	14,896
<b>Derivative notional contract amount</b>	<b>2,606,513</b>	<b>6,636,284</b>	<b>1,082,190</b>	<b>1,940,722</b>	<b>179,305</b>	<b>243,957</b>	<b>12,688,971</b>

The table above represents the derivative exposures to interest rate benchmark reform, which have yet to transition. The exposure disclosed is for positions with contractual maturities after 31 December 2021. Derivatives are reported by using the notional contract amount and where derivatives have both pay and receive legs with exposure to benchmark reform such as cross currency swaps, the notional contract amount is disclosed for both legs. As at 31 December 2020, there were £264bn of cross currency swaps where both the pay and receive legs are impacted by interest rate benchmark reform.

The Barclays Bank Group also had £23bn of Barclays issued debt retained by the group, impacted by the interest rate benchmark reform, predominately in GBP and USD LIBOR.

The table below provides detail on the contractual maturity of the above exposures:

## Notes to the financial statements

### Other disclosure matters

	Over one year but not more than two years	Over two years but not more than five years	Over five years but not more than ten years	Over ten years	Total
Current benchmark rate	£m	£m	£m	£m	£m
<b>Non-derivative financial assets</b>					
GBP LIBOR	4,520	10,781	1,544	3,848	20,693
USD LIBOR	8,381	14,653	1,715	54	24,803
JPY LIBOR	11	144	-	18	173
CHF LIBOR	22	73	88	111	294
Other	931	713	60	238	1,942
<b>Non-derivative financial assets</b>	<b>13,865</b>	<b>26,364</b>	<b>3,407</b>	<b>4,269</b>	<b>47,905</b>
<b>Non-derivative financial liabilities</b>					
GBP LIBOR	(32)	(117)	-	(21)	(170)
USD LIBOR	(464)	(1,124)	(1,591)	(400)	(3,579)
JPY LIBOR	(213)	(43)	(240)	(285)	(781)
CHF LIBOR	-	-	-	-	-
Other	(12)	(5)	-	(122)	(139)
<b>Non-derivative financial liabilities</b>	<b>(721)</b>	<b>(1,289)</b>	<b>(1,831)</b>	<b>(828)</b>	<b>(4,669)</b>
<b>Equity</b>					
GBP LIBOR	-	-	-	(2,122)	(2,122)
USD LIBOR	-	-	-	(3,062)	(3,062)
<b>Equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,184)</b>	<b>(5,184)</b>
<b>Derivative notional contract amount</b>					
GBP LIBOR	872,516	745,834	473,388	514,775	2,606,513
USD LIBOR	2,019,027	2,563,020	1,344,292	709,945	6,636,284
EONIA	395,558	416,670	207,656	62,306	1,082,190
JPY LIBOR	327,669	582,200	731,942	298,911	1,940,722
CHF LIBOR	46,868	73,792	46,010	12,635	179,305
Other	50,777	96,657	72,125	24,398	243,957
<b>Derivative notional contract amount</b>	<b>3,712,415</b>	<b>4,478,173</b>	<b>2,875,413</b>	<b>1,622,970</b>	<b>12,688,971</b>
<b>Standby facilities, credit lines and other commitments</b>					
GBP LIBOR	4,827	11,752	441	1,149	18,169
USD LIBOR	15,366	56,579	455	1,608	74,008
CHF LIBOR	-	74	-	-	74
Other	2,897	12,170	862	22	15,951
<b>Standby facilities, credit lines and other commitments</b>	<b>23,090</b>	<b>80,575</b>	<b>1,758</b>	<b>2,779</b>	<b>108,202</b>



# Additional information

## Additional shareholder information

### Articles of Association

Barclays Bank PLC (the "Company") is a public limited company registered in England and Wales under company number 01026167 (formerly called Barclays Bank International Limited, a company incorporated under the name The Colonial Bank by the Colonial Bank Act 1925 and which changed its name on 15 September 1925 to Barclays Bank (Dominion, Colonial and Overseas) and further changed its name on 22 September 1954 to Barclays Bank D.C.O. and on 1 October 1971 to Barclays Bank International Limited) was incorporated under the Companies Acts 1948 to 1967 as a limited company on 4 October 1971 and changed its name on 1 January 1985 to Barclays Bank PLC.

Under the Companies Act 2006 a company's Memorandum of Association now need only contain the names of the subscribers and the number of shares each subscriber has agreed to take. For companies in existence as of 1 October 2009, all other provisions which were contained in the company's Memorandum of Association, including the company's objects, are now deemed to be contained in the company's articles. The Companies Act 2006 also states that a company's objects are unrestricted unless the company's articles provide otherwise.

The Articles of Association were adopted by Special Resolution on 30 April 2010.

The following is a summary and explanation of the current Articles of Association, which are available for inspection.

### Directors

- (i) The minimum number of Directors (excluding alternate Directors) is five. There is no maximum limit. There is no age limit for Directors. A director shall not be required to hold any shares in the Company by way of qualification.
- (ii) Excluding executive remuneration and any other entitlement to remuneration for extra services (including service on board committees) under the Articles, a Director is entitled to a fee at a rate determined by the Board but the aggregate fees paid to all Directors shall not exceed £2,000,000 per annum or such higher amount as may be approved by an ordinary resolution of the Company. Each Director is entitled to reimbursement for all reasonable travelling, hotel and other expenses properly incurred by him/her in or about the performance of his/her duties.
- (iii) A Director may hold any other office of the Company on such terms as the Board shall determine.
- (iv) No director shall be required to retire from office at any annual general meeting by rotational retirement.
- (v) The Board has the power to appoint additional Directors or to fill a casual vacancy amongst the Directors. Any Director so appointed holds office until the next AGM, when he/she may offer himself/herself for reappointment.
- (vi) The Board may appoint any Director to any executive position or employment in the Company on such terms as they determine.
- (vii) The Company may by ordinary resolution remove a Director before the expiry of his/her period of office (without prejudice to a claim for damages for breach of contract or otherwise) and may by ordinary resolution appoint another person who is willing to act to be a Director in his/her place.
- (viii) A Director may appoint either another Director or some other person approved by the Board to act as his/her alternate with power to attend Board meetings and generally to exercise the functions of the appointing Director in his/her absence (other than the power to appoint an alternate).
- (ix) The Board may authorise any matter in relation to which a Director has, or can have, a direct interest that conflicts, or possibly may conflict with, the Company's interests. Only Directors who have no interest in the matter being considered will be able to authorise the relevant matter and they may impose limits or conditions when giving authorisation if they think this is appropriate.
- (x) A Director may hold positions with or be interested in other companies and, subject to legislation applicable to the Company and the FCA's requirements, may contract with the Company or any other company in which the Company is interested. A Director may not vote or count towards the quorum on any resolution concerning any proposal in which he/she (or any person connected with him/her) has a material interest (other than by virtue of his/her interest in securities of the Company) or if he/she has a duty which conflicts or may conflict with the interests of the Company, unless the resolution relates to any proposal:
  - (a) to indemnify a Director or provide him/her with a guarantee or security in respect of money lent by him/her to, or any obligation incurred by him/her or any other person for the benefit of (or at the request of), the Company (or any other member of the Group);
  - (b) to indemnify or give security or a guarantee to a third party in respect of a debt or obligation of the Company (or any other member of the Group) for which the Director has personally assumed responsibility;
  - (c) to obtain insurance for the benefit of Directors;
  - (d) involving the acquisition by a Director of any securities of the Company (or any other member of the Group) pursuant to an offer to existing holders of securities or to the public;
  - (e) concerning any other company in which the Director is interested as an officer or creditor or Shareholder but, broadly, only if he/she (together with his/her connected persons) is directly or indirectly interested in less than 1% of either any class of the issued equity share capital or of the voting rights of that company; and

## Additional information

(f) concerning any other arrangement for the benefit of employees of the Company (or any other member of the Group) under which the Director benefits or stands to benefit in a similar manner to the employees concerned and which does not give the Director any advantage which the employees to whom the arrangement relates would not receive.

### Classes of Shares

The Company authorized capital comprise of Ordinary Shares, Euro, US Dollar and Sterling Preference Shares (collectively, the "Preference Shares") and Series 1 Sterling Preference Shares. A list and description the outstanding Ordinary Shares and Preference Shares of the Company is included in Note 27 to the Financial Statements (Ordinary shares, share premium, and other equity).

### Dividends

Subject to the provisions of the Articles and applicable legislation, the Company in general meeting may declare dividends on the Ordinary Shares by ordinary resolution, but any such dividend may not exceed the amount recommended by the Board. The Board may also pay interim or final dividends if it appears they are justified by the Company's financial position.

Each Preference Share confers the right to a preferential dividend ("Preference Dividend") payable in such currency at such rates (whether fixed or calculated by reference to or in accordance with a specified procedure or mechanism), on such dates and on such other terms as may be determined by the Board prior to allotment thereof.

The Preference Shares rank in regard to payment of dividends in priority to the holders of Ordinary Shares and any other class of shares in the Company ranking junior to the Preference Shares.

Dividends may be paid on the Preference Shares if, in the opinion of the Board, the Company has sufficient distributable profits, after payment in full or the setting aside of a sum to provide for all dividends payable on (or in the case of shares carrying a cumulative right to dividends, before) the relevant dividend payment date on any class of shares in the Company ranking *pari passu* with or in priority to the relevant series of Preference Shares as regards participation in the profits of the Company.

If the Board considers that the distributable profits of the Company available for distribution are insufficient to cover the payment in full of Preference Dividends, Preference Dividends shall be paid to the extent of the distributable profits on a pro rata basis.

Notwithstanding the above, the Board may, at its absolute discretion, determine that any Preference Dividend which would otherwise be payable may either not be payable at all or only payable in part.

If any Preference Dividend on a series of Preference Shares is not paid, or is only paid in part, for the reasons described above, holders of Preference Shares will not have a claim in respect of such non-payment.

If any dividend on a series of Preference Shares is not paid in full on the relevant dividend payment date, a dividend restriction shall apply. The dividend restriction means that, subject to certain exceptions, neither the Company nor Barclays Bank may (a) pay a dividend on, or (b) redeem, purchase, reduce or otherwise acquire, any of their respective ordinary shares, other preference shares or other share capital ranking equal or junior to the relevant series of Preference Shares until the earlier of such time as the Company next pays in full a dividend on the relevant series of Preference Shares or the date on which all of the relevant series of Preference Shares are redeemed.

All unclaimed dividends payable in respect of any share may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. If a dividend is not claimed after 12 years of it becoming payable, it is forfeited and reverts to the Company.

### Redemption and Purchase

Subject to applicable legislation and the rights of the other shareholders, any share may be issued on terms that it is, at the option of the Company or the holder of such share, redeemable. The Directors are authorised to determine the terms, conditions and manner of redemption of any such shares under the Articles of Association.

### Calls on capital

The Directors may make calls upon the members in respect of any monies unpaid on their shares. A person upon whom a call is made remains liable even if the shares in respect of which the call is made have been transferred. Interest will be chargeable on any unpaid amount called at a rate determined by the Board (of not more than 20% per annum).

If a member fails to pay any call in full (following notice from the Board that such failure will result in forfeiture of the relevant shares), such shares (including any dividends declared but not paid) may be forfeited by a resolution of the Board, and will become the property of the Company. Forfeiture shall not absolve a previous member for amounts payable by him/her (which may continue to accrue interest).

The Company also has a lien over all partly paid shares of the Company for all monies payable or called on that share and over the debts and liabilities of a member to the Company. If any monies which are the subject of the lien remain unpaid after a notice from the Board demanding payment, the Company may sell such shares.

### Annual and other general meetings

The Company is required to hold an AGM in addition to such other general meetings as the Directors think fit. The type of the meeting will be specified in the notice calling it. Under the Companies Act 2006, the AGM must be held within six months of the accounting reference date. A general meeting may be convened by the Board on requisition in accordance with the applicable legislation.

In the case of an AGM, a minimum of 21 clear days' notice is required. The notice must be in writing and must specify the place, the day and the hour of the meeting, and the general nature of the business to be transacted. A notice convening a meeting to pass a special resolution shall

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specify the intention to propose the resolution as such. The accidental failure to give notice of a general meeting or the non-receipt of such notice will not invalidate the proceedings at such meeting.

Subject as noted above, all Shareholders are entitled to attend and vote at general meetings. The Articles do, however, provide that arrangements may be made for simultaneous attendance at a satellite meeting place or, if the meeting place is inadequate to accommodate all members and proxies entitled to attend, another meeting place may be arranged to accommodate such persons other than that specified in the notice of meeting, in which case Shareholders may be excluded from the principal place.

Holders of Preference Shares have no right to receive notice of, attend or vote at, any general meetings of the Company as a result of holding Preference Shares.

### Notices

Save where the articles expressly require otherwise, a document or information may be sent by the Company in hard copy form, electronic form, by being made available on a website, or by another means agreed with the recipient, in accordance with the provisions set out in the Companies Act 2006. Accordingly, a document or information may only be sent in electronic form to a person who has agreed to receive it in that form or, in the case of a company, who has been deemed to have so agreed pursuant to applicable legislation. A document or information may only be sent by being made available on a website if the recipient has agreed to receive it in that form or has been deemed to have so agreed pursuant to applicable legislation, and has not revoked that agreement.

In respect of joint holdings, documents or information shall be sent to the joint holder whose name stands first in the register.

A member who (having no registered address within the UK) has not supplied an address in the UK at which documents or information may be sent in hard copy form, or an address to which notices, documents or information may be sent or supplied by electronic means, is not entitled to have documents or information sent to him/her.

In addition, the Company may cease to send notices to any member who has been sent documents on two consecutive occasions over a period of at least 12 months and when each of those documents is returned undelivered or notification is received that they have not been delivered.

### Capitalisation of profits

The Company may, by ordinary resolution, upon the recommendation of the Board capitalise all or any part of an amount standing to the credit of a reserve or fund to be set free for distribution provided that amounts from the share premium account, capital redemption reserve or any profits not available for distribution should be applied only in paying up unissued shares to be allotted to members credited as fully paid and no unrealised profits shall be applied in paying up debentures of the Company or any amount unpaid on any share in the capital of the Company.

### Indemnity

Subject to applicable legislation, every current and former Director or other officer of the Company (other than any person engaged by the company as auditor) shall be indemnified by the Company against any liability in relation to the Company, other than (broadly) any liability to the Company or a member of the Group, or any criminal or regulatory fine.

### Variation of Rights

The rights attached to any class of shares may be varied either with the consent in writing of the holders of at least 75% in nominal value of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. The rights of shares shall not (unless expressly provided by the rights attached to such shares) be deemed varied by the creation of further shares ranking equally with them or subsequent to them.

### Limitations on foreign shareholders

There are no restrictions imposed by the Articles of Association or (subject to the effect of any economic sanctions that may be in force from time to time) by current UK laws which relate only to non-residents of the UK and which limit the rights of such non-residents to hold or (when entitled to do so) vote the ordinary shares.

### Special rights

There are no persons holding securities that carry special rights with regard to the control of the company.

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## Taxation of UK holders

The following is a summary of certain UK tax issues which are likely to be material to the holding and disposal of Preference Shares of Barclays Bank PLC or ADSs representing such Preference Shares (the 'Shares').

It is based on the current laws of England and Wales, UK tax law and the practice of Her Majesty's Revenue and Customs ('HMRC'), each of which may be subject to change, possibly with retrospective effect. It is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective purchaser, holder or disposer of Shares. In particular, save where expressly stated to the contrary, this summary deals with shareholders who are resident and, in the case of individuals, domiciled in (and only in) the UK for UK tax purposes, who hold their Shares as investments (other than under an individual savings account) and who are the absolute beneficial owners of their Shares and any dividends paid on them.

The statements are not addressed to: (i) shareholders who own (or are deemed to own) 10% or more of the voting power of Barclays Bank PLC; (ii) shareholders who hold Shares as part of hedging transactions; (iii) investors who have (or are deemed to have) acquired their Shares by virtue of an office or employment; and (iv) shareholders who hold Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate shareholder, through a permanent establishment, or otherwise). It does not discuss the tax treatment of classes of shareholder subject to special rules, such as dealers in securities.

Persons who are in any doubt as to their tax position should consult their professional advisers. Persons who may be liable to taxation in jurisdictions other than the UK in respect of their acquisition, holding or disposal of Shares are particularly advised to consult their professional advisers as to whether they are so liable.

### (i) Taxation of dividends

In accordance with UK law, Barclays Bank PLC pays dividends on the Shares without any deduction or withholding for or on account of any taxes imposed by the UK government or any UK taxing authority.

The total dividends (including any dividends paid by Barclays Bank PLC) paid to a UK resident individual shareholder in a tax year (the 'Total Dividend Income') will generally form part of that shareholder's total income for UK income tax purposes, and will be subject to UK income tax at the rates discussed below.

For dividends paid on or after 6 April 2016, the rate of UK income tax applicable to the Total Dividend Income will depend on the amount of the Total Dividend Income and the UK income tax band(s) that the Total Dividend Income falls within when included as part of the shareholder's total income for UK income tax purposes for that tax year.

For the tax year from 6 April 2020 to 5 April 2021 (inclusive), a nil rate of UK income tax applies to the first £2,000 of Total Dividend Income received by an individual shareholder in that tax year (the 'Nil Rate Amount'). For the 2018-2019 and 2019-2020 tax years, the Nil Rate Amount was £2,000. For the 2016-2017 and 2017-2018 tax years, the Nil Rate Amount was £5,000.

Where the Total Dividend Income received by an individual shareholder in a tax year exceeds the relevant Nil Rate Amount for that tax year, the excess amount (the 'Remaining Dividend Income') will be subject to UK income tax at the following rates:

- (a) at the rate of 7.5% on any portion of the Remaining Dividend Income that falls within the basic tax band;
- (b) at the rate of 32.5% on any portion of the Remaining Dividend Income that falls within the higher tax band; and
- (c) at the rate of 38.1% on any portion of the Remaining Dividend Income that falls within the additional tax band.

In determining the tax band the Remaining Dividend Income falls within for a tax year, the individual shareholder's Total Dividend Income for the tax year in question (including the portion comprising the Nil Rate Amount) will be treated as the top slice of the shareholder's total income for UK income tax purposes.

Subject to special rules for small companies, UK resident shareholders within the charge to UK corporation tax will not generally be subject to UK corporation tax on the dividends paid on the Shares, provided the dividend falls within an exempt class and certain conditions are met.

### (ii) Taxation of capital gains

The disposal of Shares may, depending on the shareholder's circumstances, give rise to a liability to UK tax on chargeable capital gains.

Where Shares are sold, a liability to UK tax may result if the proceeds from that sale exceed the sum of the base cost of the Shares sold and any other allowable deductions such as share dealing costs and, in certain circumstances, indexation relief (discussed further below). For this purpose, current legislation permits the market valuation at 31 March 1982 to be substituted for the original cost of shares purchased before that date, subject to certain exceptions for shareholders within the charge to UK corporation tax. Shareholders other than those within the charge to UK corporation tax should note that, following the Finance Act 2008, no indexation allowance will be available. Following the Finance Act 2018, shareholders within the charge to UK corporation tax may be eligible for indexation allowance for the period of ownership of their Shares up to December 2017, but no indexation allowance will be available in respect of the period of ownership starting on or after 1 January 2018.

Chargeable capital gains may also arise from the gifting of Shares to connected parties such as relatives (although not spouses or civil partners) and family trusts.

The calculations required to compute chargeable capital gains may be complex. Shareholders are advised to consult their personal financial adviser if further information regarding a possible tax liability in respect of their holdings of shares is required.

### (iii) Stamp duty and stamp duty reserve tax

Dealings in Shares will generally be subject to UK stamp duty or stamp duty reserve tax (although see the comments below as regards ADSs in the section 'Taxation of US holders – UK stamp duty and stamp duty reserve tax'). Any document effecting the transfer on sale of Shares will generally be liable to stamp duty at 0.5% of the consideration paid for that transfer (rounded up to the next £5). An unconditional agreement to transfer Shares, or any interest therein, will generally be subject to stamp duty reserve tax at 0.5% of the consideration given. Such liability to

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stamp duty reserve tax will be cancelled, or a right to a repayment (generally with interest) in respect of the stamp duty reserve tax liability will arise, if the agreement is completed by a duly stamped transfer within six years of the agreement having become unconditional. Both stamp duty and stamp duty reserve tax are normally the liability of the transferee.

Paperless transfers of Shares within CREST are liable to stamp duty reserve tax rather than stamp duty.

Stamp duty reserve tax on transactions settled within the CREST system or reported through it for regulatory purposes will be collected by CREST.

Special rules apply to certain categories of person, including intermediaries, market makers, brokers, dealers and persons connected with depositary arrangements and clearance services.

### **(iv) Inheritance tax**

An individual may be liable to inheritance tax on the transfer of Shares. Where an individual is so liable, inheritance tax may be charged on the amount by which the value of his or her estate is reduced as a result of any transfer by way of gift or other gratuitous transaction made by them or treated as made by them.

### **Taxation of US Holders**

The following is a summary of certain US federal income tax considerations and certain UK tax considerations to the purchase, ownership, and disposition of Preference Shares of Barclays Bank PLC or ADSs representing such Preference Shares (the "**Shares**") that are likely to be relevant for US Holders (as defined below) who own the Shares as capital assets for tax purposes. This discussion is not a comprehensive analysis of all the potential US or UK tax consequences that may be relevant to US Holders and does not discuss particular tax consequences that may be applicable to US Holders who may be subject to special tax rules such as banks, brokers or dealers in securities or currencies, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, financial institutions, tax-exempt organisations, regulated investment companies, life insurance companies, entities or arrangements that are treated as partnerships for US federal income tax purposes (or partners therein), holders that own or are treated as owning 10% or more of the stock of Barclays Bank PLC measured either by voting power or value, holders that hold Shares as part of a straddle or a hedging or conversion transaction, holders that purchase or sell Shares as part of a wash sale, holders whose functional currency is not the US Dollar, or holders who are resident, or who are carrying on a trade, in the UK. The summary also does not address state or local taxes or any aspect of US federal taxation other than US federal income taxation (such as the estate and gift tax, the alternative minimum tax or the Medicare tax on net investment income). Investors are advised to consult their tax advisers regarding the tax implications of their particular holdings, including the consequences under applicable state and local law, and in particular whether they are eligible for the benefits of the Treaty (as defined below).

This discussion is based on the Internal Revenue Code of 1986, as amended (the 'Code'), its legislative history, existing and proposed regulations, published rulings and court decisions, and on the Double Taxation Convention between the UK and the US as entered into force in March 2003 (the 'Treaty'), and, in respect of UK tax, the Estate and Gift Tax Convention between the UK and the US as entered into force on 11 November 1979 (the 'Estate and Gift Tax Convention'), the current UK tax law and the practice of HMRC, all of which are subject to change, possibly on a retroactive basis. This discussion is based in part upon the representations of the ADR Depositary and the assumption that each obligation of the Deposit Agreement and any related agreement will be performed in accordance with its terms.

A "US Holder" is a beneficial owner of Shares that is a citizen or resident of the United States or a US domestic corporation or that otherwise is subject to US federal income taxation on a net income basis in respect of such Shares and that is fully eligible for benefits under the Treaty.

In general, the holders of ADRs evidencing ADSs will be treated as owners of the underlying Preference Shares for the purposes of the Treaty, the Estate and Gift Tax Convention, and the Code. Generally, exchanges of shares for ADRs and ADRs for shares will not be subject to US federal income tax or to UK capital gains tax.

### **Taxation of dividends**

Subject to the PFIC rules discussed below, the gross amount of any distribution of cash or property with respect to the Shares (including any amount withheld in respect of UK taxes) that is paid out of Barclays Bank PLC's current or accumulated earnings and profits (as determined for US federal income tax purposes) will be includible in a US Holder's taxable income as ordinary dividend income on the day such US Holder receives the dividend, in the case of Preference Shares, or the date the Depositary receives the dividends, in the case of ADRs, and will not be eligible for the dividends-received deduction allowed to corporations under the Code.

Subject to certain exceptions for short-term positions, dividends paid by Barclays Bank PLC to an individual with respect to the Shares will generally be subject to taxation at a preferential rate if the dividends are "qualified dividend income." Dividends paid on the Shares will be treated as qualified dividend income if (i) the Shares are readily tradable on an established securities market in the United States or Barclays Bank PLC is eligible for the benefits of a comprehensive tax treaty with the United States that the US Treasury determines is satisfactory for purposes of this provision and that includes an exchange of information program, and (ii) Barclays Bank PLC was not a PFIC (as defined below) in the year of the distribution or the immediately preceding taxable year. The US Treasury has determined that the Treaty meets the requirements for reduced rates of taxation, and Barclays Bank PLC believes that it is eligible for the benefits of the Treaty. Based on its audited financial statements and relevant market and shareholder data, Barclays Bank PLC believes that it was not treated as a PFIC for US federal income tax purposes with respect to its 2019 or 2020 taxable years. In addition, based on its audited financial statements and current expectations regarding the value and nature of its assets, the sources and nature of its income, and relevant market and shareholder data, Barclays Bank PLC does not anticipate becoming a PFIC for its current taxable year or in the foreseeable future.

Dividends paid by Barclays Bank PLC to a US Holder with respect to the Shares will not be subject to UK withholding tax. For foreign tax credit purposes, dividends will generally be income from sources outside the US and will generally be "passive" income for purposes of computing the foreign tax credit allowable to a US Holder.

The amount of the dividend distribution includable in income will be the US Dollar value of the distribution, determined at the spot Pound Sterling/US Dollar rate on the date the dividend distribution is includable in income, regardless of whether the payment is in fact converted into US Dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date the dividend payment is

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includable in income to the date the payment is converted into US Dollars will be treated as ordinary income or loss and, for foreign tax credit limitation purposes, from sources within the US, and will not be eligible for the special tax rates applicable to qualified dividend income.

Distributions in excess of current or accumulated earnings and profits, as determined for US federal income tax purposes, will be treated as a return of capital to the extent of the US Holder's basis in the Shares and thereafter as capital gain. Because Barclays Bank PLC does not currently maintain calculations of earnings and profits for US federal income tax purposes, US Holders should expect that distributions with respect to the Shares will generally be treated as dividends.

### **Taxable sale or other disposition of Shares**

Subject to the PFIC rules discussed below, upon a sale or other taxable disposition of the Shares, US Holders generally will not be subject to UK tax, but will realise gain or loss for US federal income tax purposes in an amount equal to the difference between the US Dollar value of the amount realised on the disposition and the US Holder's adjusted tax basis in the Shares, as determined in US Dollars. Such gain or loss will be capital gain or loss, and will generally be long-term capital gain or loss if the Shares have been held for more than one year. Long-term capital gain of a noncorporate US Holder is generally taxed at preferential rates. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The deductibility of capital losses is subject to limitations.

### **Taxation of passive foreign investment companies (PFICs)**

Barclays Bank PLC believes that its Shares should not be treated as stock of a passive foreign investment company ("PFIC") for US federal income tax purposes, but this conclusion is a factual determination that is made annually and thus may be subject to change. In general, Barclays Bank PLC will be a PFIC with respect to a US Holder if, for any taxable year in which a US Holder holds the Shares, either (i) at least 75% of the gross income of Barclays Bank PLC for the taxable year is passive income, or (ii) at least 50% of the value, determined on the basis of a quarterly average, of Barclays Bank PLC's assets is attributable to assets that produce or are held for the production of passive income (including cash). With certain exceptions, a US Holder's Shares will be treated as stock of a PFIC if Barclays Bank PLC was a PFIC at any time during such holder's holding period in its Shares.

If Barclays Bank PLC were to be treated as a PFIC with respect to a US Holder, unless such US Holder elected to be taxed annually on a mark-to-market basis with respect to its Shares, such gain and certain 'excess distributions' would be treated as having been realised ratably over a US Holder's holding period for the Shares and generally would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year.

### **UK stamp duty and stamp duty reserve tax**

No obligation to pay UK stamp duty will arise on the transfer on sale of an ADS, provided that any instrument of transfer is not executed in, and remains at all times outside, the UK. No UK stamp duty reserve tax is payable in respect of an agreement to transfer an ADS. For the UK stamp duty and stamp duty reserve tax implications of dealings in Preference Shares, see the section "Taxation of UK holders – (iii) Stamp duty and stamp duty reserve tax" above.

### **UK estate and gift tax**

Under the Estate and Gift Tax Convention, Shares held by an individual US holder who is US domiciled for the purposes of the Estate and Gift Tax Convention and who is not for such purposes a UK national generally will not, provided any US federal estate or gift tax chargeable has been paid, be subject to UK inheritance tax on the individual's death or on a lifetime transfer of Shares, except in certain cases where the Shares are comprised in a settlement (unless the settlor was US domiciled and not a UK national at the time of the settlement), are part of the business property of a UK permanent establishment of an enterprise, or pertain to a UK fixed base of an individual used for the performance of independent personal services. In cases where the Shares are subject to both UK inheritance tax and US federal estate or gift tax, the Estate and Gift Tax Convention generally provides a credit against US federal tax liability for the amount of any inheritance tax paid in the UK.

### **Foreign Financial Asset Reporting**

Certain US Holders that own "specified foreign financial assets" with an aggregate value in excess of US\$50,000 on the last day of the taxable year or US\$75,000 at any time during the taxable year are generally required to file an information statement along with their tax returns, currently on Form 8938, with respect to such assets. "Specified foreign financial assets" include any financial accounts held at a non-US financial institution, as well as securities issued by a non-US issuer that are not held in accounts maintained by financial institutions. The understatement of income attributable to "specified foreign financial assets" in excess of US\$5,000 extends the statute of limitations with respect to the tax return to six years after the return was filed. US Holders who fail to report the required information could be subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisors regarding the possible application of these rules, including the application of the rules to their particular circumstances.

### **Backup Withholding and Information Reporting**

Dividends paid on, and proceeds from the sale or other disposition of, the Shares to a US Holder generally may be subject to the information reporting requirements of the Code and may be subject to backup withholding unless the US Holder provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a US Holder will be allowed as a refund or credit against the US Holder's US federal income tax liability, provided the required information is furnished to the US Internal Revenue Service ("IRS") in a timely manner.

A holder that is not a US Holder may be required to comply with certification and identification procedures in order to establish its exemption from information reporting and backup withholding.

### **FATCA Risk Factor**

In certain circumstances, payments on shares or ADSs may be subject to US withholding taxes on "passthru payments," starting on the date that is two years after the date on which final regulations defining this concept are adopted in the United States. Under the "Foreign Account Tax Compliance Act" (or "FATCA"), as well as intergovernmental agreements between the United States and other countries and implementing laws in respect of the foregoing, certain US-source payments (including dividends and interest) and certain payments made by, and financial accounts held with, entities that are classified as financial institutions under FATCA are subject to a special information reporting and



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withholding tax regime. Regulations implementing withholding in respect of “passthru payments” under FATCA have not yet been adopted or proposed. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with the UK (the “UK IGA”). Under the UK IGA, as currently drafted, it is not expected that Barclays Bank PLC will be required to withhold tax under FATCA on payments made with respect to the shares or ADSs. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the shares or ADSs in the future. Investors should consult their own tax advisers regarding the potential impact of FATCA.

The Barclays Group has registered with the Internal Revenue Service (‘IRS’) for FATCA. The Global Intermediary Identification Number (GIIN) for Barclays Bank PLC in the United Kingdom is E1QAZN.00001.ME.826 and it is a Reporting Model 1 FFI. The GIINs for other parts of the Barclays Group or Barclays branches outside of the UK may be obtained from your usual Barclays contact on request. The IRS list of registered Foreign Financial Institutions is publicly available on the IRS website.

### Exchange controls and other limitations affecting security holders

Other than certain economic sanctions which may be in force from time to time, there are currently no UK laws, decrees or regulations which would affect the transfer of capital or remittance of dividends, interest and other payments to holders of Barclays securities who are not residents of the UK. There are also no restrictions under the Articles of Association of Barclays Bank PLC, or (subject to the effect of any such economic sanctions) under current UK laws, which relate only to non-residents of the UK, and which limit the right of such non-residents to hold Barclays securities or, when entitled to vote, to do so.

### Documents on display

It is possible to read and copy documents that have been filed by Barclays Bank PLC with the US Securities and Exchange Commission via commercial document retrieval services, and from the website maintained by the US Securities and Exchange Commission at [www.sec.gov](http://www.sec.gov).

### Disclosure controls and procedures

The Chief Executive Officer, Jes Staley, and the Chief Financial Officer, Steven Ewart, conducted with Barclays Bank Group Management an evaluation of the effectiveness of the design and operation of the Barclays Bank Group’s disclosure controls and procedures of Barclays Bank PLC as at 31 December 2020, which are defined as those controls and procedures designed to ensure that information required to be disclosed in reports filed or submitted under the US Securities Exchange Act of 1934 is recorded, processed, summarised and reported within the time periods specified in the US Securities and Exchange Commission’s rules and forms. As of the date of the evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective.

### Section 13(r) to the US Securities Exchange Act of 1934 (Iran sanctions and related disclosure)

Section 13(r) of the U.S. Securities Exchange Act of 1934 as amended (the “Exchange Act”) requires each SEC reporting issuer to disclose in its annual and, if applicable, quarterly reports whether it or any of its affiliates have knowingly engaged in certain activities, transactions or dealings relating to Iran or with the Government of Iran or certain designated natural persons or entities involved in terrorism or the proliferation of weapons of mass destruction during the period covered by the report. The requirement includes disclosure of activities not prohibited by U.S. or other law even if conducted outside the U.S. by non-U.S. companies or affiliates in compliance with local law. Pursuant to Section 13(r) of the Exchange Act we note the following in relation to activity occurring in 2020, the period covered by this annual report, or in relation to activity we became aware of in 2020 relating to disclosable activity prior to the reporting period. Except as noted below, Barclays intends to continue the activities described. Barclays does not allocate profits at the level of these activities, which in any event would not be significant, and we therefore report only gross revenue where measurable. Barclays attributed revenue of approximately GBP 425 in 2020 in relation to the activities disclosed below.

### Legacy Guarantees

Between 1993 and 2006, Barclays entered into several guarantees for the benefit of Iranian banks in connection with the supply of goods and services by Barclays customers to Iranian buyers. These were counter guarantees issued to Iranian banks to support guarantees issued by these banks to the Iranian buyers. The Iranian banks and a number of the Iranian buyers were subsequently designated as Specially Designated Nationals and Blocked Persons (“SDN”) by the U.S. Department of the Treasury, Office of Foreign Assets Control (“OFAC”). In addition, between 1993 and 2005, Barclays entered into similar guarantees for the benefit of a Syrian bank that was subsequently designated pursuant to the Weapons of Mass Destruction Proliferators Sanctions Regulations (“WMDPSR”) in August 2011.

These guarantees were issued either on:

- (i) an “extend or pay” basis, which means that, although the guarantee is of limited duration on its face, until there is full performance under the contract to provide goods and services, the terms of the guarantee require Barclays to maintain the guarantee or pay the beneficiary bank the full amount of the guarantee; or
- (ii) the basis that Barclays obligations can only be discharged with the consent of the beneficiary counterparty.

Barclays is not able to exit its obligations under the above guarantees unilaterally, and thus it maintains a limited legacy portfolio of these guarantees, which were in compliance with applicable laws and regulations at the time they were entered into. Barclays intends to terminate the guarantees where an agreement can be reached with the counterparty, in accordance with applicable laws and regulations. Barclays attributed no revenue in 2020 in relation to this activity.

### Lease Payments

Barclays is party to a long-term lease, entered into in 1979, with the National Iranian Oil Company (“NIOC”), pursuant to which Barclays rents part of NIOC House in London for a Barclays branch. The lease is for 60 years, contains no early termination clause, and has 19 years remaining. Barclays makes quarterly lease payments in GBP to an entity that is owned by the Government of Iran. The payments are made in accordance with applicable laws and regulations. Barclays attributed no revenue in 2020 in relation to this activity.

### Local Clearing Systems

Banks based in the United Arab Emirates (“UAE”), including certain Iranian banks that are SDNs, participate in the various banking payment and settlement systems used in the UAE (the “UAE Clearing Systems”). Barclays, by virtue of its banking activities in the UAE, participates in the UAE Clearing Systems, in accordance with applicable laws and regulations. In order to mitigate the risk of engaging in transactions in which



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participant Iranian SDN banks may be involved, Barclays has implemented restrictions relating to its involvement in the UAE Clearing Systems. Barclays attributed no revenue in 2020 in relation to this activity.

### Payments Notified

A Barclays customer was designated pursuant to the Global Terrorism Sanctions Regulations in March 2016. Barclays continues to receive credit card repayments from this customer in accordance with applicable laws and regulations. A block continues to be applied to the card to prevent any further spending. Barclays attributed revenue of approximately GBP 345 in 2020 in relation to this activity.

Barclays maintains customer relationships with certain UK-incorporated medical manufacturing companies. In 2020, Barclays processed two payments, for the benefit of our customers, relating to the export of medical devices to privately-owned Iranian entities. The end users of these medical devices include hospitals, medical universities, or clinics that may be owned or controlled by, or affiliated with, the Government of Iran. The payments were made in accordance with applicable laws and regulations and all payments were received from the privately-owned Iranian entities; no payments were received directly from any SDN or entity owned or controlled by, or affiliated with, the Government of Iran. Although OFAC has issued general licenses relating to the sale of medical devices, these licenses do not apply to sales of non-U.S. origin items by non-U.S. persons. Barclays attributed revenue of approximately GBP 10 in 2020 in relation to this activity.

Barclays maintains customer relationships with several individuals who work for UK-based entities that are ultimately owned by the Government of Iran and are SDNs. Payments are received, in GBP, from a UK-based payment services company or in cash, and are credited to the customers' accounts with Barclays. The payments are processed in accordance with applicable laws and regulations. No payments are received directly from any entity owned by the Government of Iran or any SDN. Barclays attributed no revenue in 2020 in relation to this activity.

Barclays maintains a relationship with Her Majesty's Revenue & Customs ("HMRC"), a UK Government agency, which receives funds from Iranian SDN financial institutions in relation to the settlement of tax liabilities with the UK Government. The payments are received by Barclays and credited to the HMRC account. The payment activity is covered by a license issued by UK Her Majesty's Treasury ("HMT"), another UK Government agency. Barclays also received a one-off credit to HMRC's accounts, from HMT, to settle the tax liabilities of an Iranian SDN financial institution. Barclays attributed revenue of approximately GBP 30 in 2020 in relation to this activity.

Barclays processed four transactions to embassies of the Government of Iran in the European Union ("EU") in relation to fees for renewing Iranian passports or replacing Iranian passports that had been lost or stolen. The payments were processed in accordance with applicable laws and regulations. Barclays attributed no revenue in 2020 in relation to this activity.

In November 2020, a Barclays customer was designated as an SDN pursuant to the WMDPSR. The customer had two accounts with Barclays, containing total credits of less than GBP 1, both of which were inactive since 2010. Barclays exited the relationship with the customer and closed the accounts. Barclays attributed no revenue in 2020 in relation to this activity.

In 2020, Barclays processed one GBP through payment from an entity in the Netherlands, affiliated with the Government of Iran, to a UK-based barristers' chambers. Neither entity is a customer of Barclays. The payment was for legal services provided by the barristers' chambers related to two pending cases between Iran and the U.S. before the International Court of Justice ("ICJ") in The Hague. The payment was processed in accordance with applicable laws and regulations. OFAC's regulations generally authorize the provision of legal services to the Government of Iran related to the conduct of legal proceedings before the ICJ involving Iran and the United States. However, the payment for legal fees did not fall within the scope of any authorization from OFAC (nor was it required to, as there was no U.S. jurisdictional nexus). Barclays attributed revenue of approximately GBP 15 in 2020 in relation to this activity.

Barclays maintains a customer relationship with a UK-incorporated charity that works in the areas of blood cancer and stem cell transplantation. In 2020, Barclays processed one EUR payment, on behalf of our customer, where the ultimate beneficiary of the payment was affiliated with the Government of Iran. The payment was for the procurement of a blood sample from an individual in Iran and shipping of the sample to the UK to determine whether the individual was a potential donor match to a patient in the UK. The payment was processed in accordance with applicable laws and regulations. Barclays attributed revenue of approximately GBP 10 in 2020 in relation to this activity.

Barclays maintains a customer relationship with a UK university specialising in medicine. They are part of a consortium that includes a Government of Iran university, which has received funding from the EU to conduct research into a tropical disease. Our customer is the administrator for the consortium and is responsible for distributing the funding. Barclays processes grant payments to the Government of Iran university's account at an Iranian SDN financial institution. All payments were processed in accordance with applicable laws and regulations. Barclays attributed revenue of approximately GBP 15 in 2020 in relation to this activity.

## Additional information

### Related undertakings

The Barclays Bank PLC Group's corporate structure consists of a number of related undertakings, comprising subsidiaries, joint ventures, associates and significant other interests. A full list of these undertakings, the country of incorporation and the ownership of each share class is set out below. The information is provided as at 31 December 2020.

The entities are grouped by the countries in which they are incorporated. The profits earned by the activities of these entities are in some cases taxed in countries other than the country of incorporation. Barclays PLC 2020 Country Snapshot provides details of where the Barclays PLC Group carries on its business, where its profits are subject to tax and the taxes it pays in each country it operates in.

### Wholly owned subsidiaries

Unless otherwise stated the undertakings below are wholly owned and consolidated by Barclays Bank PLC and the share capital disclosed comprises ordinary and/or common shares, 100% of the nominal value of which is held by Barclays Bank PLC or its subsidiaries.

#### Wholly owned subsidiaries

Wholly owned subsidiaries	Note
<b>United Kingdom</b>	
- 1 Churchill Place, London, E14 5HP	
Aequor Investments Limited	
Ardencroft Investments Limited	A
B D & B Investments Limited	
B.P.B. (Holdings) Limited	A
Barclays (Barley) Limited (In Liquidation)	J, K, A
Barclays Aldersgate Investments Limited	A
Barclays Capital Asia Holdings Limited	A
Barclays Capital Finance Limited	A
Barclays Capital Japan Securities Holdings Limited	
Barclays Capital Nominees (No.2) Limited	
Barclays Capital Nominees (No.3) Limited	A
Barclays Capital Nominees Limited	A
Barclays Capital Securities Client Nominee Limited	A
Barclays Capital Securities Limited	A, F, I
Barclays CCP Funding LLP	A, B
Barclays Directors Limited	A
Barclays Executive Schemes Trustees Limited	A
Barclays Group Holdings Limited	A
Barclays International Holdings Limited	A
Barclays Investment Management Limited	A
Barclays Long Island Limited	A
Barclays Marlist Limited	A
Barclays Nominees (George Yard) Limited	A, Z
Barclays Pension Funds Trustees Limited	A
Barclays Private Bank	
Barclays Services (Japan) Limited	A
Barclays Shea Limited	A
Barclays Term Funding Limited Liability Partnership	B
Barclays Wealth Nominees Limited	A
Barcossec Limited	A
Barsec Nominees Limited	A
BB Client Nominees Limited	A
BMBF (No.24) Limited	
BMI (No.9) Limited	
Chapelcrest Investments Limited	
Clydesdale Financial Services Limited	
Cobalt Investments Limited	A
Cornwall Homes Loans Limited	A
CP Flower Guaranteeco (UK) Limited (In Liquidation)	A, E
DMW Realty Limited	A
Dorset Home Loans Limited	A

#### Wholly owned subsidiaries

Wholly owned subsidiaries	Note
Barclays Capital (Cayman) Limited	A
Barclays Securities Financing Limited	F, I
Braven Investments No.1 Limited	
Calthorpe Investments Limited	

### Notes

<b>A</b>	Directly held by Barclays Bank PLC
<b>B</b>	Partnership Interest
<b>C</b>	Membership Interest
<b>D</b>	Trust Interest
<b>E</b>	Guarantor
<b>F</b>	Preference Shares
<b>G</b>	A Preference Shares
<b>H</b>	B Preference Shares
<b>I</b>	Ordinary/Common Shares in addition to other shares
<b>J</b>	A Ordinary Shares
<b>K</b>	B Ordinary Shares
<b>L</b>	C Ordinary Shares
<b>M</b>	F Ordinary Shares
<b>N</b>	W Ordinary Shares
<b>O</b>	First Preference Shares, Second Preference Shares
<b>P</b>	Registered Address not in country of incorporation
<b>Q</b>	Core Shares, Insurance (Classified) Shares
<b>R</b>	Capital Contribution Shares
<b>S</b>	A Unit Shares, B Unit Shares
<b>T</b>	Non-Redeemable Ordinary Shares
<b>U</b>	C Preference Shares, D Preference Shares
<b>V</b>	Class A Ordinary Shares, Class B Ordinary Shares, Class C Ordinary Shares, Class C Preference Shares, Class D Ordinary Shares, Class D Preference Shares, Class E Ordinary Shares, Class E Preference Shares, Class F Ordinary Shares,

	Class F Preference Shares, Class H 2012 Ordinary Shares, Class H 2012 Preference Shares, Class H Ordinary Shares, Class H Preference Shares, Class I Preference Shares, Class J Ordinary Shares, Class J Preference Shares
<b>W</b>	First Class Common Shares, Second Class Common Shares
<b>X</b>	Class B Redeemable Preference Shares
<b>Y</b>	EUR Tracker 1 Shares, GBP Tracker 1 Shares, USD Tracker 1 Shares, USD Tracker 2 Shares, USD Tracker 3 Shares
<b>Z</b>	Not Consolidated (see Note 33 Structured entities)
<b>AA</b>	USD Linked Ordinary Shares
<b>BB</b>	Redeemable Class B Shares
<b>CC</b>	Class A Redeemable Preference Shares
<b>DD</b>	Nominal Shares

#### Wholly owned subsidiaries

Wholly owned subsidiaries	Note
Durlacher Nominees Limited	A
Eagle Financial and Leasing Services (UK) Limited	A
Equity Value Investments No.1 Limited	A
Equity Value Investments No.2 Limited	
Finpart Nominees Limited	A
Foltus Investments Limited	
Hawkins Funding Limited	A
Heraldglen Limited	I, O
Isle of Wight Home Loans Limited	A
J.V. Estates Limited	A
Kirsche Investments Limited	A
Long Island Assets Limited	
Maloney Investments Limited	A
Menlo Investments Limited	A
Mercantile Credit Company Limited	A
Mercantile Leasing Company (No.132) Limited	A
MK Opportunities LP	B
Murray House Investment Management Limited (In Liquidation)	A
Naxos Investments Limited	A
Northwharf Nominees Limited	A
Real Estate Participation Management Limited	
Real Estate Participation Services Limited	
Relative Value Investments UK Limited Liability Partnership	B
Relative Value Trading Limited	
Roder Investments No. 1 Limited	A, I, Y
Roder Investments No. 2 Limited	A, I, Y
RVT CLO Investments LLP	B
Surety Trust Limited	A
Swan Lane Investments Limited	
US Real Estate Holdings No.1 Limited	
US Real Estate Holdings No.2 Limited	
US Real Estate Holdings No.3 Limited	
US Real Estate Holdings No.4 Limited	
Wedd Jefferson (Nominees) Limited	A
Westferry Investments Limited	A
Woolwich Qualifying Employee Share Ownership Trustee Limited	
Zeban Nominees Limited	A
- Hill House, 1 Little New Street, London, EC4A 3TR	
Barclays Nominees (Branches) Limited (In Liquidation)	A

#### Wholly owned subsidiaries

Wholly owned subsidiaries	Note
- 25-28 North Wall Quay, Dublin 1, D01H104	
Erimon Home Loans Ireland Limited	A

#### Wholly owned subsidiaries

Wholly owned subsidiaries	Note
Gerrard Management Services Limited (In Liquidation)	A
Lombard Street Nominees Limited (In Liquidation)	A
Ruthenium Investments Limited (Liquidation)	A
Woolwich Plan Managers Limited (In liquidation)	A
Woolwich Surveying Services Limited (In liquidation)	A
- 5 The North Colonnade, London, E14 4BB	
Leonis Investments LLP	A, B
- 9, allée Scheffer, L-2520, Luxembourg	
Barclays Claudas Investments Partnership	B, P
Barclays Pelleas Investments Limited Partnership	B, P
Barclays Blossom Finance General Partnership	B, P
<b>Argentina</b>	
- 855 Leandro N.Alem Avenue, 8th Floor, Buenos Aires	
Compañía Sudamerica S.A.	A
- Marval, O'Farrell & Mairal, Av. Leandro N. Alem 882, Buenos Aires, C1001AAQ	
Compañía Regional del Sur S.A.	A
<b>Brazil</b>	
- Av. Brigadeiro Faria Lima, No. 4.440, 12th Floor, Bairro Itaim Bibi, Sao Paulo, CEP, 04538-132	
Barclays Brasil Assessoria Financeira Ltda	A
BNC Brazil Consultoria Empresarial Ltda	A
<b>Canada</b>	
- 333 Bay Street, Suite 4910, Toronto ON M5H 2R2	
Barclays Capital Canada Inc.	
- Stikeman Elliot LLP, 199 Bay Street, 5300 Commerce Court West, Toronto ON M5L 1B9	
Barclays Corporation Limited	A
<b>Cayman Islands</b>	
- Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, KY1-1104	
Alymere Investments Limited	G, H, I
Analytical Trade UK Limited	A

#### Wholly owned subsidiaries

Wholly owned subsidiaries	Note
<b>Mexico</b>	
- Paseo de la Reforma 505, 41 Floor, Torre Mayor, Col. Cuauhtemoc, CP 06500	
Barclays Bank Mexico, S.A.	K, M

## Additional information

Capton Investments Limited	A	<b>Isle of Man</b>	Barclays Capital Casa de Bolsa, S.A. de C.V.	K, M
Claudas Investments Limited	A, I, CC, X	<b>- P O Box 9, Victoria Street,</b>	Grupo Financiero Barclays Mexico,	A, K, M
Claudas Investments Two Limited		<b>Douglas, IM99 1AJ</b>	S.A. de C.V.	
Gallen Investments Limited		Barclays Holdings (Isle of Man) Limited (In Liquidation)	Servicios Barclays, S.A. de C.V.	
Hurley Investments No.1 Limited				
JV Assets Limited	L	Barclays Nominees (Manx) Limited	<b>Monaco</b>	
Mintaka Investments No. 4 Limited		Barclays Private Clients International Limited	<b>- 31 Avenue de la Costa, Monte Carlo</b>	
OGP Leasing Limited			<b>BP 339</b>	
Palomino Limited	A, Z		Barclays Private Asset Management (Monaco) S.A.M	
Pelleas Investments Limited	A	<b>Japan</b>		
Pippin Island Investments Limited	A	<b>- 10-1, Roppongi 6-chome, Minato-ku, Tokyo</b>	<b>Philippines</b>	
Razzoli Investments Limited	A, F, I	Barclays Funds and Advisory Japan Limited	<b>- 21/F, Philamlife Tower, 8767 Paseo de</b>	
RVH Limited	A, F, I	Barclays Securities Japan Limited	<b>Roxas, Makati City, 1226</b>	
Wessex Investments Limited		Barclays Wealth Services Limited	Meridian (SPV-AMC) Corporation	
<b>- Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, KY1- 9008</b>		<b>Jersey</b>	<b>Saudi Arabia</b>	
Long Island Holding B Limited	A	<b>- 2<sup>nd</sup> Floor, Gaspé House, 66-72 Esplanade, St. Helier, JE1 1GH</b>	<b>- 3<sup>rd</sup> Floor Al Dahna Center, 114 Al-Ahsa Street, PO Box 1454, Riyadh 11431</b>	
<b>Germany</b>		Barclays Services Jersey Limited	Barclays Saudi Arabia (In Liquidation)	A
<b>- TaunusTurm, Taunustor 1, 60310, Frankfurt</b>		<b>- 5 Esplanade, St. Helier, JE2 3QA</b>		
Barclays Capital Effekten GmbH	A	Barclays Wealth Management Jersey Limited	<b>Singapore</b>	
<b>- Stuttgarter Straße 55-57, 73033 Göppingen</b>		BIFML PTC Limited	<b>- 10 Marina Boulevard, #24-01 Marina Bay</b>	
Holding Stuttgarter Straße GmbH (In Liquidation)		<b>- 13 Castle Street, St. Helier, JE4 5UT</b>	<b>Financial Centre, Tower 2, 018983</b>	
<b>Guernsey</b>		Barclays Index Finance Trust	Barclays Capital Futures (Singapore) Private Limited	
<b>- P.O. Box 33, Dorey Court, Admiral Park, St. Peter Port, GY1 4AT</b>		<b>- Lime Grove House, Green Street, St Helier, JE1 2ST</b>	Barclays Capital Holdings (Singapore) Private Limited	A
Barclays Insurance Guernsey PCC Limited	A, Q	Barbridge Limited (In Liquidation)	Barclays Merchant Bank (Singapore) Ltd.	
Barclays UKRF No.1 IC Limited	Z	<b>- 13 Library Place, St Helier, JE4 8NE</b>		
Barclays UKRF ICC Limited	Z	Barclays Nominees (Jersey) Limited	<b>Spain</b>	
<b>- PO BOX 41, Floor 2, Le Marchant House, Le Truchot, St Peter Port, GY1 3BE</b>		Barclaytrust Channel Islands Limited	<b>- Calle Jose, Abascal 51, 28003, Madrid</b>	
Barclays Nominees (Guernsey) Limited (In Liquidation)	A	<b>- Estera Trust (Jersey) Limited, 13-14 Esplanade, St Helier, JE1 1EE</b>	Barclays Tenedora De Inmuebles SL.	A
<b>Hong Kong</b>		MK Opportunities GP Ltd	BVP Galvani Global, S.A.U.	A
<b>- 42nd floor Citibank Tower, Citibank Plaza, 3 Garden Road</b>		<b>Luxembourg</b>	<b>Switzerland</b>	
Barclays Bank (Hong Kong Nominees) Limited (in Liquidation)	A	<b>- 9, allée Scheffer, L-2520</b>	<b>- Chemin de Grange Canal 18-20, PO Box 3941, 1211, Geneva</b>	
Barclays Capital Asia Nominees Limited (In Liquidation)		Barclays Alzin Investments S.à r.l.	Barclays Bank (Suisse) SA	
<b>- Level 41, Cheung Kong Center, 2 Queen's Road, Central</b>		Barclays Bayard Investments S.à r.l.	BPB Holdings SA	
Barclays Capital Asia Limited	A	Barclays Bordang Investments S.à r.l.	<b>United States</b>	
<b>India</b>		Barclays BR Investments S.à r.l.	<b>- Corporation Service Company,</b>	
<b>- 208 Ceejay House, Shivsagar Estate, Dr A Beasant Road, Worli, Mumbai, 400 018</b>		Barclays Cantal Investments S.à r.l.	<b>251 Little Falls Drive, Wilmington, DE 19808</b>	
Barclays Securities (India) Private Limited		Barclays Capital Luxembourg S.à r.l.	Analytical Trade Holdings LLC	
Barclays Wealth Trustees (India) Private Limited		Barclays Capital Trading Luxembourg S.à r.l.	Analytical Trade Investments LLC	BB
<b>- Level 10, Block B6, Nirlon Knowledge Park, Off Western Express Highway Goregaon (East), Mumbai, 40063</b>		Barclays Claudas Investments S.à r.l.	Archstone Equity Holdings Inc	
Barclays Investments & Loans (India) Private Limited	A, F, I	Barclays Equity Index Investments S.à r.l.	Barclays Bank Delaware	F, I
<b>Ireland</b>		Barclays International Luxembourg Dollar Holdings S.à r.l.	Barclays Capital Derivatives Funding LLC	C
<b>- One Molesworth Street, Dublin 2, D02RF29</b>		Barclays Lamorak Investments S.à r.l.	Barclays Capital Energy Inc.	
		Barclays Leto Investments S.à r.l.	Barclays Capital Holdings Inc.	G, H, I
		Barclays Luxembourg EUR Holdings S.à r.l.	Barclays Capital Real Estate Finance Inc.	
		Barclays Luxembourg Finance S.à r.l.	Barclays Capital Real Estate Holdings Inc.	
		Barclays Luxembourg GBP Holdings S.à r.l.	Barclays Capital Real Estate Inc.	
		Barclays Luxembourg Global Funding S.à r.l.	Barclays Commercial Mortgage Securities LLC	C
		Barclays Luxembourg Holdings S.à r.l.	Barclays Capital Equities Trading GP	B
		Barclays Luxembourg Holdings SSC	Barclays Dryrock Funding LLC	C
		Barclays Pelleas Investments S.à r.l.	Barclays Electronic Commerce Holdings Inc.	
		<b>- 68-70 Boulevard de la Petrusse, L-2320</b>	Barclays Financial LLC	C
		Adler Toy Holding Sarl	Barclays Group US Inc.	G, I
		<b>Mauritius</b>	Barclays Insurance U.S. Inc.	
		<b>- C/O Rogers Capital Corporate Services Limited, 3<sup>rd</sup> Floor, Rogers House, No.5</b>	Barclays Oversight Management Inc.	
			Barclays Receivables LLC	C



# Additional information

## Income statement commentary

### Income Statement commentary

Barclays Bank PLC continued to support its customers and clients through the COVID-19 pandemic by providing or facilitating lending, through a range of support programmes which have been introduced, as well as enabling the raising of debt and equity financing in the capital markets. Support actions, including payment holidays, were introduced to help customers and clients.

#### 2020 compared to 2019

- Profit before tax decreased 1% to £3,075m driven by a £1,412m decrease in CC&P to a loss before tax of £292m. This was partially offset by a £1,339m increase in CIB to £3,929m and a lower loss in Head Office of £562m (2019: £598m)
- Total income increased 11% to £15,778m
  - CIB income increased 26% to £12,607m driven by a 52% increase in Markets, reflecting gains in market share as well as an increase in market size<sup>a</sup>, wider spreads, higher levels of client activity and volatility, an 8% increase in Banking fees, partially offset by a 12% decline in Corporate as deposit balance growth was more than offset by margin compression and due to the impact of losses on the market of lending and related hedge positions, and the carry costs of those hedges
  - CC&P income decreased 22% to £3,490m reflecting lower cards balances, margin compression and reduced payments, which were impacted by the COVID-19 pandemic, and disposal of Barclays Partner Finance (BPF) within the Barclays Group in Q220. Q220 included a c.£100m valuation loss on Barclays' preference shares in Visa Inc. resulting from the Q220 Supreme Court ruling concerning charges paid by merchants
  - Head Office income was an expense of £319m (2019: £320m) which included hedge accounting and funding costs on legacy capital instruments, including £85m from repurchases of the Barclays Bank PLC 7.625% Contingent Capital Note.
- Credit impairment charges increased to £3,377m (2019: £1,202m)
  - CIB credit impairment charges increased to £1,565m (2019: £157m) due to the deterioration in economic outlook driven by the COVID-19 pandemic. The current year charge is broadly driven by £711m of non default provisions for future expected customer and client stress and c.£800m of single name wholesale loan charges
  - CC&P credit impairment charges increased to £1,720m (2019: £1,016m) due to the deterioration in economic outlook driven by the COVID-19 pandemic. The current year charge is broadly driven by £752m of non default provisions for future expected customer and client stress. As at 31 December 2020, 30 and 90 day arrears in US cards were 2.5% (Q419: 2.7%) and 1.4% (Q419: 1.4%) respectively
  - Head Office credit impairment charges increased to £92m (2019: £29m) due to the deterioration in economic outlook driven by the COVID-19 pandemic. The incremental £63m charge is primarily driven by provision for future expected customer stress in the Italian home loan portfolio
- Total operating expenses decreased 5% to £9,459m
  - CIB total operating expenses decreased 3% to £7,129m due to cost efficiencies and discipline in the current environment, partially offset by higher bank levy charge mainly due to the non recurrence of prior year adjustments
  - CC&P total operating expenses decreased 8% to £2,176m reflecting cost efficiencies, lower marketing spend due to the impacts of the COVID-19 pandemic and disposal of BPF
  - Head Office total operating expenses decreased 36% to £154m due to lower litigation and conduct charges, partially offset by charitable donations from Barclays' COVID-19 Community Aid Package
- Other net income of £133m (2019: £145m) reflects gains on disposals following the sale of a number of subsidiaries within the Barclays Group

Please refer to the Financial review section in the Annual Report on form 20-F 2019 for a comparative discussion of 2019 financial results compared to 2018.

#### Notes

<sup>a</sup> Data source: Coalition Greenwich, Preliminary FY20 Competitor Analysis. Market share represents Barclays share of the Global Industry Revenue Pool. Analysis is based on Barclays internal business structure and internal revenues.

### Guide 3 ratios

#### For the year ended 31 December

	2020	2019
Return on average total assets	0.16%	0.21%
Dividend payout ratio	15%	11%
Average total equity to average total assets	4.9%	5.0%

## Additional information

### Balance sheet commentary

#### Total assets

Total assets increased by £183bn to £1,060bn.

Cash and balances at central banks increased £30bn to £156bn due to an increase in the liquidity pool predominantly driven by an increase in customer deposits.

Cash collateral and settlement balances increased £18bn to £98bn, predominantly due to increased activity.

Loans and advances decreased £7bn to £134bn mainly due to lower unsecured lending balances in CC&P.

Reverse repurchase agreements and other similar secured lending increased £7bn driven by an increase in liquidity pool assets.

Trading portfolio assets increased £14bn to £128bn due to increased client activity.

Financial assets at fair value through the income statement increased £42bn to £172bn driven by reverse repurchase agreements and similar secured lending.

Derivative financial instruments increased £73bn to £303bn, driven by a decrease in major interest rate curves and increased client activity.

Financial assets at fair value through other comprehensive income increased £6bn to £52bn due to an increase in the liquidity pool predominantly driven by an increase in customer deposits.

#### Total liabilities

Total liabilities increased £180bn to £1,006bn.

Deposits at amortised cost increased £31bn to £245bn primarily due to CIB clients increasing liquidity.

Cash collateral and settlement balances increased £18bn to £86bn, predominantly due to increased activity.

Repurchase agreements and other similar secured borrowing increased £8bn to £10bn driven by increased secured borrowing.

Debt securities in issue and subordinated liabilities had a net decrease of £6bn due to the maturity of a number of issuances which were not refinanced.

Trading portfolio liabilities increased £11bn to £46bn due to increased client activity.

Financial liabilities designated at fair value increased £45bn to £250bn primarily driven by repurchase agreements and secured lending.

Derivative financial instruments increased £72bn to £301bn, driven by a decrease in major interest rate curves and increased client activity. This is consistent with the movement in derivative financial instrument assets.

#### Total shareholders' equity

Total shareholders' equity increased £3bn to £54bn.

Other equity instruments increased £0.3bn to £8.6bn driven by AT1 instrument issuances of £1.1bn, partially offset by AT1 redemptions during the year with principal amounts of £0.8bn. AT1 securities are perpetual subordinated contingent convertible securities structured to qualify as AT1 instruments under prevailing capital rules applicable as at the relevant issue date.

The fair value through other comprehensive income reserve increased £0.4bn driven by an increase in the fair value of bonds due to decreasing bond yields.

The cash flow hedging reserve increased £0.8bn as a result of the fair value movements of interest rate swaps held for hedging purposes due to a decrease in major interest rate curves.

The currency translation reserve decreased £0.6bn to £2.7bn reflecting the increase in value of period end GBP against USD partially offset by the decrease in value of period end GBP against EUR.

The own credit reserve decreased £0.6bn to £1.0bn debit due to a tightening of Barclays' credit spreads increasing the fair value of liabilities on balance sheet.

Retained earnings increased £2.9bn driven by £1.8bn profit after tax and a £1.5bn capital contribution received from Barclays PLC, partially offset by dividends paid on ordinary and preference shares totalling £0.3bn.

## Additional information

### Additional financial disclosure

#### Deposits and short-term borrowings

##### Deposits

Deposits include deposits from banks and customer accounts.

	2020	2019	2018
	£m	£m	£m
<b>Average for the year ended 31 December</b>			
<b>Deposits at amortised cost</b>			
UK	148,711	130,726	272,730
Europe	46,353	39,496	32,886
Americas	36,841	31,815	44,562
Asia	12,269	9,268	6,062
Africa	8,290	7,802	6,702
<b>Total deposits at amortised cost</b>	<b>252,464</b>	<b>219,107</b>	<b>362,942</b>
	2020	2019	2018
	£m	£m	£m
<b>For the year ended 31 December<sup>a</sup></b>			
<b>Deposits at amortised cost</b>	<b>244,696</b>	<b>213,881</b>	<b>399,189</b>
<b>In offices in the United Kingdom:</b>			
Current and demand accounts			
- interest free	44,371	31,865	92,008
- interest bearing	29,655	25,040	35,442
Savings accounts	17,251	14,059	121,600
Other time deposits - retail	4,683	4,846	12,467
Other time deposits - wholesale	67,192	62,949	60,475
<b>Total repayable in offices in the United Kingdom</b>	<b>163,152</b>	<b>138,759</b>	<b>321,992</b>
<b>In offices outside the United Kingdom:</b>			
Current and demand accounts			
- interest free	15,309	10,613	8,950
- interest bearing	13,772	12,932	9,606
Savings accounts	14,940	14,110	12,738
Other time deposits	37,523	37,467	45,903
<b>Total repayable in offices outside the United Kingdom</b>	<b>81,544</b>	<b>75,122</b>	<b>77,197</b>

Deposits at amortised cost amounts in offices in the United Kingdom received from non-residents amounted to £31,818m (2019: £32,499m).

##### Note

a The UK/Non-UK deposit analysis is based on the location of the office where the transactions are recorded.

##### Short-term borrowings

Short-term borrowings include deposits from banks, commercial paper, negotiable certificates of deposit and repurchase agreements.

##### Deposits from banks

Deposits from banks are taken from a wide range of counterparties and generally have maturities of less than one year.

	2020	2019
	£m	£m
Year-end balance	17,331	18,144
Average balance <sup>a</sup>	25,208	24,812
Maximum balance <sup>a</sup>	38,199	29,754
Average interest rate during year	0.3%	1.5%
Year-end interest rate	0.5%	2.2%

##### Notes

a Calculated based on month-end balances.

##### Commercial paper

Commercial paper is issued by the Group, mainly in the United States, generally in denominations of not less than \$100,000, with maturities of up to 270 days.



## Additional information

### Additional financial disclosure

	2020	2019
	£m	£m
Year-end balance	13,528	13,874
Average balance <sup>a</sup>	17,912	17,475
Maximum balance <sup>a</sup>	21,250	20,381
Average interest rate during year	1.1%	1.0%
Year-end interest rate	1.4%	1.2%

Note

a Calculated based on month-end balances.

#### Negotiable certificates of deposit

Negotiable certificates of deposits are issued mainly in the United Kingdom and United States, generally in denominations of not less than \$100,000.

	2020	2019
	£m	£m
Year-end balance	6,803	7,716
Average balance <sup>a</sup>	11,965	10,619
Maximum balance <sup>a</sup>	17,667	13,315
Average interest rate during year	0.8%	3.0%
Year-end interest rate	1.4%	4.1%

Note

a Calculated based on month-end balances.

#### Repurchase agreements

Repurchase agreements are entered into with both customers and banks and generally have maturities of not more than three months.

	2020	2019
	£m	£m
Year-end balance	10,443	2,032
Average balance <sup>a</sup>	8,566	4,542
Maximum balance <sup>a</sup>	19,129	9,739
Average interest rate during year	0.4%	0.7%
Year-end interest rate	0.3%	1.5%

Note

a Calculated based on month-end balances.

### Commitments and contractual obligations

Commercial commitments include guarantees, contingent liabilities and standby facilities.

#### Commercial commitments

	Amount of commitment expiration per period				Total amounts committed
	Less than one year	Between one to three years	Between three to five years	After five years	
	£m	£m	£m	£m	
<b>As at 31 December 2020</b>					
Guarantees and letters of credit pledged as collateral security	15,115	23	-	-	15,138
Performance guarantees, acceptances and endorsements	5,792	2	-	-	5,794
Documentary credits and other short-term trade related transactions	1,086	-	-	-	1,086
Standby facilities, credit lines and other commitments	263,461	245	202	28	263,936
<b>As at 31 December 2019</b>					
Guarantees and letters of credit pledged as collateral security	16,893	107	6	-	17,006
Performance guarantees, acceptances and endorsements	6,660	78	22	11	6,771
Documentary credits and other short-term trade related transactions	1,291	-	-	-	1,291
Standby facilities, credit lines and other commitments	267,883	216	273	364	268,736

Contractual obligations include debt securities.

## Additional information

### Additional financial disclosure

#### Contractual obligations

	Payments due by period				Total £m
	Less than one year	Between one to three years	Between three to five years	After five years	
	£m	£m	£m	£m	
<b>As at 31 December 2020</b>					
Long-term debt <sup>a</sup>	29,434	11,644	9,478	15,797	66,353

#### As at 31 December 2019

Long-term debt <sup>a</sup>	25,786	21,979	13,457	18,779	80,001
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Note

a Long-term debt has been prepared to reflect cash flows on an undiscounted basis, which includes interest payments.

Net cash flows from derivatives used to hedge long-term debt amount to £2.3bn (2019: £1.6bn).

Further information on the contractual maturity of the Barclays Bank Group's assets and liabilities is given in the Liquidity risk section.

#### Securities

Investment securities include securities reported within loans and advances at amortised cost and financial assets at fair value through other comprehensive income.

Other securities include securities reported within trading portfolio and financial assets at fair value through the income statement.

#### Analysis of securities

As at 31 December	2020	2019	2018
	£m	£m	£m
<b>Investment securities</b>			
US government, other public bodies and agencies	13,731	11,628	9,078
United Kingdom government	13,617	12,880	7,516
Other government	16,929	11,685	15,483
Mortgage and asset backed securities	1,702	1,019	617
Corporate and other issuers	20,894	18,476	13,466
<b>Debt securities</b>	<b>66,873</b>	<b>55,688</b>	<b>46,160</b>
<b>Equity securities</b>	<b>1</b>	<b>1</b>	<b>11</b>
<b>Investment securities</b>	<b>66,874</b>	<b>55,689</b>	<b>46,171</b>
<b>Other securities</b>			
US government, other public bodies and agencies	21,004	19,410	23,890
United Kingdom government	7,141	10,380	10,005
Other government	17,582	11,622	9,825
Mortgage and asset backed securities	1,733	2,354	2,023
Corporate and other issuers	10,433	13,334	15,906
<b>Debt securities</b>	<b>57,893</b>	<b>57,100</b>	<b>61,649</b>
<b>Equity securities</b>	<b>65,934</b>	<b>62,549</b>	<b>44,737</b>
<b>Other securities</b>	<b>123,827</b>	<b>119,649</b>	<b>106,386</b>

Investment debt securities include government securities held as part of the Group's treasury management portfolio for asset and liability, liquidity and regulatory purposes and are for use on a continuing basis in the activities of the Group. In addition, the Group holds as investments listed and unlisted corporate securities.

## Additional information

### Additional financial disclosure

#### Maturities and yield of investment debt securities

	Maturing within one year		Maturing after one but within five years		Maturing after five but within ten years		Maturing after ten years		Total	
	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %
<b>As at 31 December 2020</b>										
US government, other public bodies and agencies	1,344	0.4%	6,800	0.6%	4,248	1.2%	1,339	2.5%	13,731	1.0%
United Kingdom government	653	1.3%	5,716	1.5%	1,482	2.6%	5,766	1.1%	13,617	1.4%
Other government	1,593	2.6%	3,990	1.7%	7,728	0.6%	3,618	1.6%	16,929	1.3%
Other issuers	2,313	0.4%	11,464	1.7%	6,267	1.1%	2,552	1.2%	22,596	1.3%
<b>Total book value</b>	<b>5,903</b>	<b>1.1%</b>	<b>27,970</b>	<b>1.4%</b>	<b>19,725</b>	<b>1.0%</b>	<b>13,275</b>	<b>1.4%</b>	<b>66,873</b>	<b>1.3%</b>

The yield for each range of maturities is calculated by dividing the annualised interest income prevailing at reporting date by the book value of securities held at that date.

The above table is only for debt securities held at the reporting date and does not include associated hedges.

## Additional information

### Additional financial disclosure

#### Average balance sheet

Average balances are based upon monthly averages.

Assets		2020				
		Average balance £m	Interest income £m	Interest expense <sup>a</sup> £m	Total interest £m	Rate %
Cash and balances at central banks	UK	44,950	84	-	84	0.2
Cash and balances at central banks	Non-UK	123,162	142	(281)	(139)	(0.1)
<b>Cash and balances at central banks</b>	<b>Total</b>	<b>168,112</b>	<b>226</b>	<b>(281)</b>	<b>(55)</b>	<b>-</b>
Loans and advances at amortised cost	UK	78,833	1,500	-	1,500	1.9
Loans and advances at amortised cost	Non-UK	73,781	3,010	(4)	3,006	4.1
<b>Loans and advances at amortised cost<sup>b</sup></b>	<b>Total</b>	<b>152,614</b>	<b>4,510</b>	<b>(4)</b>	<b>4,506</b>	<b>3.0</b>
Cash collateral	UK	61,503	196	(31)	165	0.3
Cash collateral	Non-UK	18,110	36	-	36	0.2
<b>Cash collateral</b>	<b>Total</b>	<b>79,613</b>	<b>232</b>	<b>(31)</b>	<b>201</b>	<b>0.3</b>
Reverse repurchase agreements	UK	675	8	-	8	1.2
Reverse repurchase agreements	Non-UK	8,917	4	(9)	(5)	(0.1)
<b>Reverse repurchase agreements</b>	<b>Total</b>	<b>9,592</b>	<b>12</b>	<b>(9)</b>	<b>3</b>	<b>-</b>
Interest earning assets at fair value through other comprehensive income	UK	47,665	549	-	549	1.2
Interest earning assets at fair value through other comprehensive income	Non-UK	2,927	55	-	55	1.9
<b>Interest earning assets at fair value through other comprehensive income</b>	<b>Total</b>	<b>50,592</b>	<b>604</b>	<b>-</b>	<b>604</b>	<b>1.2</b>
Other interest and similar income <sup>c</sup>		-	422	-	422	-
<b>Total interest earning assets not at fair value through P&amp;L</b>		<b>460,523</b>	<b>6,006</b>	<b>(325)</b>	<b>5,681</b>	<b>1.2</b>
Less interest and similar expense		-	(2,846)	325	(2,521)	-
<b>Net interest</b>		<b>460,523</b>	<b>3,160</b>	<b>-</b>	<b>3,160</b>	<b>-</b>
Interest earning assets at fair value through P&L	UK	184,701				
Interest earning assets at fair value through P&L	Non-UK	76,369				
<b>Interest earning assets at fair value through P&amp;L</b>	<b>Total</b>	<b>261,070</b>				
<b>Total interest earning assets</b>		<b>721,593</b>				
Impairments		(4,852)				
Non-interest earning assets		412,510				
<b>Total</b>		<b>1,129,251</b>				
<b>Percentage of total average interest earning assets in offices outside the UK</b>		<b>42%</b>				

Notes

a For the purposes of the average balance sheet, negative interest earned on assets (which is presented within interest and similar expense in the statutory accounts) is included in determining the total net interest figure. This presentation is deemed appropriate to represent the return associated with each asset class in the table.

b Loans and advances at amortised cost include all doubtful lendings, including non-accrual lendings. Interest receivable on such lendings has been included to the extent to which either cash payments have been received or interest has been accrued in accordance with the income recognition policy of the Barclays Bank Group

c Other interest and similar income principally relates to hedging activity.

## Additional information

### Additional financial disclosure

Assets		2019				
		Average balance £m	Interest income £m	Interest expense <sup>a</sup> £m	Total net interest £m	Rate %
Cash and balances at central banks	UK	38,450	293	-	293	0.8
Cash and balances at central banks	Non-UK	101,371	626	(233)	393	0.4
<b>Cash and balances at central banks</b>	<b>Total</b>	<b>139,821</b>	<b>919</b>	<b>(233)</b>	<b>686</b>	<b>0.5</b>
Loans and advances at amortised cost	UK	74,894	1,746	-	1,746	2.3
Loans and advances at amortised cost	Non-UK	71,925	3,768	(3)	3,765	5.2
<b>Loans and advances at amortised cost<sup>b</sup></b>	<b>Total</b>	<b>146,819</b>	<b>5,514</b>	<b>(3)</b>	<b>5,511</b>	<b>3.8</b>
Cash collateral	UK	56,091	394	(14)	380	0.7
Cash collateral	Non-UK	7,400	49	-	49	0.7
<b>Cash collateral</b>	<b>Total</b>	<b>63,491</b>	<b>443</b>	<b>(14)</b>	<b>429</b>	<b>0.7</b>
Reverse repurchase agreements	UK	1,284	46	-	46	3.6
Reverse repurchase agreements	Non-UK	2,041	11	-	11	0.5
<b>Reverse repurchase agreements</b>	<b>Total</b>	<b>3,325</b>	<b>57</b>	<b>-</b>	<b>57</b>	<b>1.7</b>
Interest earning assets at fair value through other comprehensive income	UK	49,399	756	-	756	1.5
Interest earning assets at fair value through other comprehensive income	Non-UK	2,961	75	-	75	2.5
<b>Interest earning assets at fair value through other comprehensive income</b>	<b>Total</b>	<b>52,360</b>	<b>831</b>	<b>-</b>	<b>831</b>	<b>1.6</b>
Other interest and similar income <sup>c</sup>			321	-	321	-
<b>Total interest earning assets not at fair value through P&amp;L</b>		<b>405,816</b>	<b>8,085</b>	<b>(250)</b>	<b>7,835</b>	<b>1.9</b>
Less interest and similar expense			(4,178)	250	(3,928)	-
<b>Net interest</b>		<b>405,816</b>	<b>3,907</b>	<b>-</b>	<b>3,907</b>	<b>-</b>
Interest earning assets at fair value through P&L	UK	188,811				
Interest earning assets at fair value through P&L	Non-UK	68,031				
<b>Interest earning assets at fair value through P&amp;L</b>	<b>Total</b>	<b>256,842</b>				
<b>Total interest earning assets</b>		<b>662,658</b>				
Impairments		(3,776)				
Non-interest earning assets		348,215				
<b>Total</b>		<b>1,007,097</b>				
<b>Percentage of total average interest earning assets in offices outside the UK</b>		<b>38%</b>				

#### Notes

a Comparatives for negative interest income on liabilities and negative interest expense on assets have been re-presented. Negative interest earned on assets (which is presented within interest and similar expense in the statutory accounts) is included in determining the total net interest figure. This presentation is deemed appropriate to represent the return associated with each asset class in the table.

b Loans and advances at amortised cost include all doubtful lendings, including non-accrual lendings. Interest receivable on such lendings has been included to the extent to which either cash payments have been received or interest has been accrued in accordance with the income recognition policy of the Barclays Bank Group.

c Other interest and similar income principally relates to hedging activity.

## Additional information

### Additional financial disclosure

Assets		2018					
		Average balance £m	Interest income £m	Interest expense <sup>a</sup> £m	Discontinued operations £m	Total net interest £m	Rate %
Cash and balances at central banks	UK	42,611	93	(6)	127	214	0.5
Cash and balances at central banks	Non-UK	106,344	826	(208)	-	618	0.6
<b>Cash and balances at central banks</b>	<b>Total</b>	<b>148,955</b>	<b>919</b>	<b>(214)</b>	<b>127</b>	<b>832</b>	<b>0.6</b>
Loans and advances at amortised cost	UK	133,590	2,225	-	1,518	3,743	2.8
Loans and advances at amortised cost	Non-UK	65,851	3,329	(2)	-	3,327	5.1
<b>Loans and advances at amortised cost<sup>b</sup></b>	<b>Total</b>	<b>199,441</b>	<b>5,554</b>	<b>(2)</b>	<b>1,518</b>	<b>7,070</b>	<b>3.5</b>
Cash collateral	UK	50,437	324	(12)	-	312	0.6
Cash collateral	Non-UK	5,343	47	-	-	47	0.9
<b>Cash collateral</b>	<b>Total</b>	<b>55,780</b>	<b>371</b>	<b>(12)</b>	<b>-</b>	<b>359</b>	<b>0.6</b>
Reverse repurchase agreements	UK	580	2	-	-	2	0.3
Reverse repurchase agreements	Non-UK	855	10	-	-	10	1.2
<b>Reverse repurchase agreements</b>	<b>Total</b>	<b>1,435</b>	<b>12</b>	<b>-</b>	<b>-</b>	<b>12</b>	<b>0.8</b>
Interest earning assets at fair value through other comprehensive income	UK	49,733	589	-	132	721	1.4
Interest earning assets at fair value through other comprehensive income	Non-UK	2,857	73	-	-	73	2.6
<b>Interest earning assets at fair value through other comprehensive income</b>	<b>Total</b>	<b>52,590</b>	<b>662</b>	<b>-</b>	<b>132</b>	<b>794</b>	<b>1.5</b>
Other interest and similar income <sup>c</sup>		-	(59)	-	(11)	(70)	-
<b>Total interest earning assets not at fair value through P&amp;L</b>		<b>458,201</b>	<b>7,459</b>	<b>(228)</b>	<b>1,766</b>	<b>8,997</b>	<b>2.0</b>
Less interest and similar expense			(4,329)	228	(317)	(4,418)	-
<b>Net interest</b>		<b>458,201</b>	<b>3,130</b>	<b>-</b>	<b>1,449</b>	<b>4,579</b>	<b>-</b>
Interest earning assets at fair value through P&L	UK	170,459					
Interest earning assets at fair value through P&L	Non-UK	77,129					
<b>Interest earning assets at fair value through P&amp;L</b>	<b>Total</b>	<b>247,588</b>					
<b>Total interest earning assets</b>		<b>705,789</b>					
Impairments		(4,851)					
Non-interest earning assets		335,903					
<b>Total</b>		<b>1,036,841</b>					
<b>Percentage of total average interest earning assets in offices outside the UK</b>							<b>37%</b>

#### Notes

- a Comparatives for negative interest income on liabilities and negative interest expense on assets have been re-presented. Negative interest earned on assets (which is presented within interest and similar expense in the statutory accounts) is included in determining the total net interest figure. This presentation is deemed appropriate to represent the return associated with each asset class in the table.
- b Loans and advances at amortised cost include all doubtful lending. Interest receivable on such lending has been included to the extent to which either cash payments have been received or interest has been accrued in accordance with the income recognition policy of the Barclays Bank Group.
- c Other interest and similar income principally includes interest income relating to hedging activity.

## Additional information

### Additional financial disclosure

Liabilities		2020				
		Average balance	Interest expense	Interest income <sup>a</sup>	Total net interest	Rate
		£m	£m	£m	£m	%
Deposits at amortised cost	UK	130,760	200	(15)	185	0.1
Deposits at amortised cost	Non-UK	70,707	444	(15)	429	0.6
<b>Deposits at amortised cost</b>	<b>Total</b>	<b>201,467</b>	<b>644</b>	<b>(30)</b>	<b>614</b>	<b>0.3</b>
Cash collateral	UK	53,245	96	(31)	65	0.1
Cash collateral	Non-UK	13,921	38	-	38	0.3
Cash collateral	<b>Total</b>	<b>67,166</b>	<b>134</b>	<b>(31)</b>	<b>103</b>	<b>0.2</b>
Debt securities in issue	UK	17,935	70	-	70	0.4
Debt securities in issue	Non-UK	23,543	354	(2)	352	1.5
<b>Debt securities in issue</b>	<b>Total</b>	<b>41,478</b>	<b>424</b>	<b>(2)</b>	<b>422</b>	<b>1.0</b>
Subordinated liabilities	UK	34,573	1,104	-	1,104	3.2
Subordinated liabilities	Non-UK	220	8	-	8	3.6
<b>Subordinated liabilities</b>	<b>Total</b>	<b>34,793</b>	<b>1,112</b>	<b>-</b>	<b>1,112</b>	<b>3.2</b>
Repurchase agreements	UK	7,245	29	-	29	0.4
Repurchase agreements	Non-UK	1,321	7	(5)	2	0.2
<b>Repurchase agreements</b>	<b>Total</b>	<b>8,566</b>	<b>36</b>	<b>(5)</b>	<b>31</b>	<b>0.4</b>
Other interest and similar expense <sup>b</sup>		-	496	-	496	-
<b>Total interest bearing liabilities not at fair value through P&amp;L</b>		<b>353,470</b>	<b>2,846</b>	<b>(68)</b>	<b>2,778</b>	<b>0.8</b>
Interest bearing liabilities at fair value through P&L	UK	239,987				
Interest bearing liabilities at fair value through P&L	Non-UK	51,887				
<b>Interest bearing liabilities at fair value through P&amp;L</b>	<b>Total</b>	<b>291,874</b>				
<b>Total interest bearing liabilities</b>		<b>645,344</b>				
Interest free customer deposits	UK	38,136				
Interest free customer deposits	Non-UK	12,860				
<b>Interest free customer deposits</b>	<b>Total</b>	<b>50,996</b>				
Other non-interest bearing liabilities		377,157				
Shareholders' equity		55,754				
<b>Total</b>		<b>1,129,251</b>				
<b>Percentage of total average interest bearing liabilities in offices outside the UK</b>		<b>25%</b>				

#### Notes

a For the purposes of the average balance sheet, negative interest earned on liabilities (which is presented within interest and similar income in the statutory accounts) is included in determining the total net interest figure. This presentation is deemed appropriate to represent the return associated with each asset class in the table.

b Other interest and similar expense principally relates to hedging activity.



## Additional information

### Additional financial disclosure

Liabilities		2019				
		Average balance	Interest expense	Interest income <sup>a</sup>	Total net interest	Rate
		£m	£m	£m	£m	%
Deposits at amortised cost	UK	110,455	636	-	636	0.6
Deposits at amortised cost	Non-UK	67,628	1,142	(1)	1,141	1.7
<b>Deposits at amortised cost</b>	<b>Total</b>	<b>178,083</b>	<b>1,778</b>	<b>(1)</b>	<b>1,777</b>	<b>1.0</b>
Cash collateral	UK	50,985	214	(10)	204	0.4
Cash collateral	Non-UK	8,332	82	-	82	1.0
<b>Cash collateral</b>	<b>Total</b>	<b>59,317</b>	<b>296</b>	<b>(10)</b>	<b>286</b>	<b>0.5</b>
Debt securities in issue	UK	15,832	101	-	101	0.6
Debt securities in issue	Non-UK	25,730	772	(2)	770	3.0
<b>Debt securities in issue</b>	<b>Total</b>	<b>41,562</b>	<b>873</b>	<b>(2)</b>	<b>871</b>	<b>2.1</b>
Subordinated liabilities	UK	35,590	1,072	-	1,072	3.0
Subordinated liabilities	Non-UK	374	24	-	24	6.4
<b>Subordinated liabilities</b>	<b>Total</b>	<b>35,964</b>	<b>1,096</b>	<b>-</b>	<b>1,096</b>	<b>3.0</b>
Repurchase agreements	UK	2,160	11	-	11	0.5
Repurchase agreements	Non-UK	2,381	20	-	20	0.8
<b>Repurchase agreements</b>	<b>Total</b>	<b>4,541</b>	<b>31</b>	<b>-</b>	<b>31</b>	<b>0.7</b>
Other interest and similar expense <sup>b</sup>		-	104	-	104	-
<b>Total interest bearing liabilities not at fair value through P&amp;L</b>		<b>319,467</b>	<b>4,178</b>	<b>(13)</b>	<b>4,165</b>	<b>1.3</b>
Interest bearing liabilities at fair value through P&L	UK	231,224				
Interest bearing liabilities at fair value through P&L	Non-UK	62,304				
<b>Interest bearing liabilities at fair value through P&amp;L</b>	<b>Total</b>	<b>293,528</b>				
<b>Total interest bearing liabilities</b>		<b>612,995</b>				
Interest free customer deposits	UK	30,688				
Interest free customer deposits	Non-UK	10,375				
<b>Interest free customer deposits</b>	<b>Total</b>	<b>41,063</b>				
Other non-interest bearing liabilities		303,005				
Shareholders' equity		50,034				
<b>Total</b>		<b>1,007,097</b>				
<b>Percentage of total average interest bearing liabilities in offices outside the UK</b>						<b>27%</b>

#### Notes

a Comparatives for negative interest income on liabilities and negative interest expense on assets have been re-presented. Negative interest earned on liabilities (which is presented within interest and similar income in the statutory accounts) is included in determining the total net interest figure. This presentation is deemed appropriate to represent the return associated with each asset class in the table.

b Other interest and similar expense principally relates to hedging activity.

## Additional information

### Additional financial disclosure

Liabilities		2018					
		Average balance	Interest expense	Interest income <sup>a</sup>	Discontinued operations	Total net interest	Rate
		£m	£m		£m	£m	%
Deposits at amortised cost	UK	154,191	641	-	218	859	0.6
Deposits at amortised cost	Non-UK	57,664	950	-	-	950	1.6
<b>Deposits at amortised cost</b>	<b>Total</b>	<b>211,855</b>	<b>1,591</b>	<b>-</b>	<b>218</b>	<b>1,809</b>	<b>0.9</b>
Cash collateral	UK	44,782	176	(7)	-	169	0.4
Cash collateral	Non-UK	5,498	70	-	-	70	1.3
<b>Cash collateral</b>	<b>Total</b>	<b>50,280</b>	<b>246</b>	<b>(7)</b>	<b>-</b>	<b>239</b>	<b>0.5</b>
Debt securities in issue	UK	22,570	75	-	233	308	1.4
Debt securities in issue	Non-UK	32,176	418	(28)	-	390	1.2
<b>Debt securities in issue</b>	<b>Total</b>	<b>54,746</b>	<b>493</b>	<b>(28)</b>	<b>233</b>	<b>698</b>	<b>1.3</b>
Subordinated liabilities	UK	20,753	1,382	-	-	1,382	6.7
Subordinated liabilities	Non-UK	143	15	-	-	15	10.5
<b>Subordinated liabilities</b>	<b>Total</b>	<b>20,896</b>	<b>1,397</b>	<b>-</b>	<b>-</b>	<b>1,397</b>	<b>6.7</b>
Repurchase agreements	UK	5,416	9	-	-	9	0.2
Repurchase agreements	Non-UK	6,302	12	-	-	12	0.2
<b>Repurchase agreements</b>	<b>Total</b>	<b>11,718</b>	<b>21</b>	<b>-</b>	<b>-</b>	<b>21</b>	<b>0.2</b>
Other interest and similar expense <sup>b</sup>			581	-	(134)	447	-
<b>Total interest bearing liabilities not at fair value through P&amp;L</b>		<b>349,495</b>	<b>4,329</b>	<b>(35)</b>	<b>317</b>	<b>4,611</b>	<b>1.3</b>
Interest bearing liabilities at fair value through P&L	UK	250,273					
Interest bearing liabilities at fair value through P&L	Non-UK	51,249					
<b>Interest bearing liabilities at fair value through P&amp;L</b>	<b>Total</b>	<b>301,522</b>					
<b>Total interest bearing liabilities</b>		<b>651,017</b>					
Interest free customer deposits	UK	49,380					
Interest free customer deposits	Non-UK	9,496					
<b>Interest free customer deposits</b>	<b>Total</b>	<b>58,876</b>					
Other non-interest bearing liabilities		276,409					
Shareholders' equity		50,539					
<b>Total</b>		<b>1,036,841</b>					
<b>Percentage of total average interest bearing liabilities in offices outside the UK</b>							<b>24%</b>

Notes

a Comparatives for negative interest income on liabilities and negative interest expense on assets have been re-presented. Negative interest earned on liabilities (which is presented within interest and similar income in the statutory accounts) is included in determining the total net interest figure. This presentation is deemed appropriate to represent the return associated with each asset class in the table.

b Other interest and similar expense principally includes interest expense relating to hedging activity.

## Additional information

### Additional financial disclosure

#### Changes in total interest – volume and rate analysis

The following tables allocate changes in interest between changes in volume and changes in interest rates for the last two years. Volume and rate variances have been calculated on the movement in the average balances and the change in the interest rates on average interest earning assets and average interest bearing liabilities. Where variances have arisen from changes in both volumes and interest rates, these have been allocated proportionately between the two.

#### Interest income

		2020/2019 Change due to increase/(decrease) in:			2019/2018 Change due to increase/(decrease) in:		
		Total change	Volume	Rate	Total change	Volume	Rate
		£m	£m	£m	£m	£m	£m
Cash and balances at central banks	UK	(209)	43	(252)	79	(23)	102
Cash and balances at central banks	Non-UK	(532)	69	(601)	(225)	(28)	(197)
<b>Cash and balances at central banks</b>	<b>Total</b>	<b>(741)</b>	<b>112</b>	<b>(853)</b>	<b>(146)</b>	<b>(51)</b>	<b>(95)</b>
Loans and advances at amortised cost	UK	(246)	88	(334)	(1,997)	(1,445)	(552)
Loans and advances at amortised cost	Non-UK	(759)	95	(854)	438	315	123
<b>Loans and advances at amortised cost</b>	<b>Total</b>	<b>(1,005)</b>	<b>183</b>	<b>(1,188)</b>	<b>(1,559)</b>	<b>(1,130)</b>	<b>(429)</b>
Cash collateral	UK	(215)	34	(249)	68	37	31
Cash collateral	Non-UK	(13)	38	(51)	2	16	(14)
<b>Cash collateral</b>	<b>Total</b>	<b>(228)</b>	<b>72</b>	<b>(300)</b>	<b>70</b>	<b>53</b>	<b>17</b>
Reverse repurchase agreements	UK	(38)	(16)	(22)	44	4	40
Reverse repurchase agreements	Non-UK	(16)	3	(19)	1	8	(7)
<b>Reverse repurchase agreements</b>	<b>Total</b>	<b>(54)</b>	<b>(13)</b>	<b>(41)</b>	<b>45</b>	<b>12</b>	<b>33</b>
Interest earning assets at fair value through other comprehensive income	UK	(207)	(26)	(181)	35	(5)	40
Interest earning assets at fair value through other comprehensive income	Non-UK	(20)	(1)	(19)	2	3	(1)
<b>Interest earning assets at fair value through other comprehensive income</b>	<b>Total</b>	<b>(227)</b>	<b>(27)</b>	<b>(200)</b>	<b>37</b>	<b>(2)</b>	<b>39</b>
<b>Other interest income</b>		<b>101</b>	<b>-</b>	<b>101</b>	<b>391</b>	<b>-</b>	<b>391</b>
<b>Total interest receivable</b>		<b>(2,154)</b>	<b>327</b>	<b>(2,481)</b>	<b>(1,162)</b>	<b>(1,118)</b>	<b>(44)</b>

#### Interest expense

		2020/2019 Change due to increase/(decrease) in:			2019/2018 Change due to increase/(decrease) in:		
		Total change	Volume	Rate	Total change	Volume	Rate
		£m	£m	£m	£m	£m	£m
Deposits at amortised cost	UK	(451)	99	(550)	(223)	(251)	28
Deposits at amortised cost	Non-UK	(712)	50	(762)	191	168	23
<b>Deposits at amortised cost</b>	<b>Total</b>	<b>(1,163)</b>	<b>149</b>	<b>(1,312)</b>	<b>(32)</b>	<b>(83)</b>	<b>51</b>
Cash collateral liabilities	UK	(139)	9	(148)	35	24	11
Cash collateral liabilities	Non-UK	(44)	36	(80)	12	30	(18)
<b>Cash collateral liabilities</b>	<b>Total</b>	<b>(183)</b>	<b>45</b>	<b>(228)</b>	<b>47</b>	<b>54</b>	<b>(7)</b>
Debt securities in issue	UK	(31)	12	(43)	(205)	(74)	(131)
Debt securities in issue	Non-UK	(418)	(60)	(358)	378	(92)	472
<b>Debt securities in issue</b>	<b>Total</b>	<b>(449)</b>	<b>(48)</b>	<b>(401)</b>	<b>173</b>	<b>(166)</b>	<b>341</b>
Subordinated liabilities	UK	32	(32)	64	(310)	682	(992)
Subordinated liabilities	Non-UK	(16)	(8)	(8)	9	17	(8)
<b>Subordinated liabilities</b>	<b>Total</b>	<b>16</b>	<b>(40)</b>	<b>56</b>	<b>(301)</b>	<b>699</b>	<b>(1,000)</b>
Repurchase agreements	UK	18	20	(2)	2	(7)	9
Repurchase agreements	Non-UK	(18)	(6)	(12)	8	(11)	19
<b>Repurchase agreements</b>	<b>Total</b>	<b>-</b>	<b>14</b>	<b>(14)</b>	<b>10</b>	<b>(18)</b>	<b>28</b>
<b>Other interest expense</b>		<b>392</b>	<b>-</b>	<b>392</b>	<b>(343)</b>	<b>-</b>	<b>(343)</b>
<b>Total interest payable</b>		<b>(1,387)</b>	<b>120</b>	<b>(1,507)</b>	<b>(446)</b>	<b>486</b>	<b>(930)</b>

## Additional information

### Additional financial disclosure

#### Credit risk additional disclosure

This section of the report contains supplementary information that is more detailed or contains longer histories than the data presented in the Risk review section.

#### Risk elements in loans and advances at amortised cost

There are three main higher credit risk elements identified in loans and advances:

##### Loans assessed as Stage 3 credit impaired

Stage 3 credit impaired loans are loans in default assessed for lifetime expected credit losses. Further details on the approach to expected credit loss provisioning, including the classification into stages of gross exposures and approach to the measurement of lifetime expected credit losses, can be found in Note 1 *Significant Accounting Policies*.

##### Loans greater than 90 days past due not considered Stage 3 credit impaired

Under a US reporting framework, all accruing loans greater than 90 days past due are considered to be at higher risk of loss. Barclays Bank Group classifies all loans and advances past due 90 days except mortgages as Stage 3 credit impaired loans and therefore these are already considered a higher credit risk. However, in addition to Stage 3 gross loans and advances past due 90 days as at 31 December 2020, there are a further £21m of Stage 2 mortgages loans between 90 to 180 days past due.

##### Restructured loans not included above

Restructured loans: comprises loans not included above where, for economic or legal reasons related to the debtor's financial difficulties, a concession has been granted to the debtor that would not otherwise be considered.

These risk elements in loans and advances at amortised cost may be analysed between the United Kingdom and Rest of the World as follows:

#### Risk elements in loans and advances at amortised cost

	2020	2019	2018
	£m	£m	£m
<b>As at 31 December</b>			
<b>Gross stage 3 credit impaired loans</b>			
United Kingdom	1,016	1,037	872
Rest of the world	4,103	3,311	3,317
<b>Total</b>	<b>5,119</b>	<b>4,348</b>	<b>4,189</b>
<b>Accruing gross loans which are not stage 3 credit impaired loans and are contractually overdue 90 days or more as to principal or interest</b>			
United Kingdom	21	8	19
Rest of the world	–	–	–
<b>Total</b>	<b>21</b>	<b>8</b>	<b>19</b>
<b>Other gross restructured loans<sup>a</sup></b>			
United Kingdom	–	–	–
Rest of the world	–	–	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total risk elements in loans and advances at amortised cost</b>			
United Kingdom	1,037	1,045	891
Rest of the world	4,103	3,311	3,317
<b>Total</b>	<b>5,140</b>	<b>4,356</b>	<b>4,208</b>

Notes

a Prior year comparatives have been restated to ensure the consistent basis of reporting with 2020.

#### Interest forgone on risk elements in loans and advances

	2020	2019 <sup>a</sup>	2018 <sup>a</sup>
	£m	£m	£m
<b>Interest income that would have been recognised under the original contractual terms</b>			
United Kingdom	–	–	–
Rest of the World	69	83	77
<b>Total</b>	<b>69</b>	<b>83</b>	<b>77</b>

## Additional information

### Additional financial disclosure

#### Potential Problem Loans

Potential problem loans are those loans for which serious doubt exists as to the ability of the borrower to continue to comply with repayment terms in the near future.

Loans and advances at amortised cost by product on page 49 includes gross exposure and associated impairment allowance for assets classified as Stage 2, but not past due i.e. assets satisfying the criteria for a Significant Increase in Credit Risk, but which are still complying with repayment terms.

Forbearance measures consist of concessions towards a debtor that is experiencing or is about to experience difficulties in meeting their financial commitments. Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definition of default criteria has been triggered, in which case the asset is classified as Stage 2. The minimum probationary period for non-performing forbearance is 12 months and for performing forbearance, 24 months. Hence, a minimum of 36 months is required for non-performing forbearance to move out of a forbore state.

In order to assess asset credit quality, 12-month PDs are used to map assets into strong, satisfactory, higher risk or credit impaired. A credit risk profile by internal PD grade for gross loans and advances at amortised cost and allowance for ECL is shown in the credit risk section on page 65, analysing each of these categories by stage.

Wholesale accounts that are deemed to contain heightened levels of risk are recorded on graded watchlists comprising four categories, graded in line with the perceived severity of the risk attached to the lending, and its probability of default. Where a counterparty's financial health gives grounds for concern, it is immediately placed into the appropriate category. Once an account has been placed on a watchlist, the exposure is monitored and, where appropriate, exposure reductions are effected.

## Additional information

### Additional financial disclosure

#### Impairment

##### Movements in allowance for impairment by geography

	2020	2019	2018
	£m	£m	£m
<b>Allowance for impairment as at 1 January</b>	<b>3,696</b>	3,843	7,102
<b>Exchange and other adjustments</b>	<b>(355)</b>	(168)	(2,837)
<b>Amounts written off:</b>			
United Kingdom	(91)	(146)	(514)
Europe	(201)	(96)	(62)
Americas	(1,042)	(1,036)	(862)
Africa and Middle East	(3)	(9)	-
Asia	-	(6)	(18)
<b>New and increased/(released) impairment allowance:</b>			
United Kingdom	481	147	91
Europe	423	116	84
Americas	1,931	1,071	809
Africa and Middle East	191	(30)	32
Asia	35	10	18
<b>Allowance for impairment as at 31 December</b>	<b>5,066</b>	3,696	3,843
<b>Average loans and advances at amortised cost for the year</b>	<b>152,614</b>	146,819	199,441

##### Analysis of impairment charges

	2020	2019	2018
	£m	£m	£m
<b>As at 31 December</b>			
<b>Impairment charges:</b>			
United Kingdom	315	93	(163)
Europe	470	127	52
Americas	1,685	927	758
Africa and Middle East	188	(14)	16
Asia	34	8	25
Loans and advances at amortised cost	2,692	1,141	688
Provision for undrawn contractually committed facilities and guarantees provided	547	55	(48)
<b>Loans impairment</b>	<b>3,239</b>	1,196	640
Cash collateral and settlement balances	2	1	(1)
Financial instruments at fair value through other comprehensive income	-	-	4
Other financial assets measured at amortised cost	136	5	-
<b>Impairment charges</b>	<b>3,377</b>	1,202	643

The industry classifications in the tables below have been prepared at the level of the borrowing entity. This means that a loan to a subsidiary of a major corporation is classified by the industry in which the subsidiary operates, even though the Parent's predominant business may be in a different industry.

## Additional information

### Additional financial disclosure

#### Total impairment charges on loans and advances at amortised cost by industry

	2020	2019	2018
As at 31 December	£m	£m	£m
United Kingdom:			
Financial institutions	(37)	(4)	66
Manufacturing	23	(7)	(4)
Construction	21	(6)	(2)
Property	64	(5)	(26)
Energy and water	12	6	(1)
Wholesale and retail distribution and leisure	46	32	(45)
Business and other services	124	10	(116)
Home loans	(2)	-	(15)
Cards, unsecured and other personal lending	21	43	54
Other	43	24	(74)
<b>Total United Kingdom</b>	<b>315</b>	<b>93</b>	<b>(163)</b>
Overseas	2,377	1,048	851
<b>Total Impairment charges</b>	<b>2,692</b>	<b>1,141</b>	<b>688</b>

#### Allowance for impairment by industry

As at 31 December	2020 <sup>a</sup>		2019		2018	
	£m	%	£m	%	£m	%
United Kingdom:						
Financial institutions	78	1.5	63	1.7	66	1.7
Manufacturing	33	0.7	33	0.9	30	0.8
Construction	35	0.7	25	0.7	27	0.7
Property	97	1.9	38	1.0	39	1.0
Government and central bank	1	-	-	-	-	-
Energy and water	56	1.1	20	0.5	5	0.1
Wholesale and retail distribution and leisure	274	5.4	103	2.8	93	2.4
Business and other services	138	2.7	138	3.7	135	3.5
Home loans	10	0.2	11	0.3	19	0.5
Cards, unsecured and other personal lending	54	1.1	181	4.9	193	5.0
Other	66	1.3	33	0.9	38	1.0
<b>Total United Kingdom</b>	<b>841</b>	<b>16.6</b>	<b>645</b>	<b>17.4</b>	<b>645</b>	<b>16.8</b>
Overseas	4,225	83.4	3,051	82.6	3,198	83.2
<b>Total</b>	<b>5,066</b>	<b>100.0</b>	<b>3,696</b>	<b>100.0</b>	<b>3,843</b>	<b>100.0</b>

Note  
a Other financial assets subject to impairment not included in the table above include £146m impairment allowance relating to cash collateral and settlement balances, financial assets at fair value through other comprehensive income and other assets.



## Additional information

### Additional financial disclosure

#### Amounts written off and recovered by industry

	Amounts written off			Recoveries of amounts previously written off		
	2020	2019	2018	2020 <sup>a</sup>	2019	2018
As at 31 December	£m	£m	£m	£m	£m	£m
United Kingdom:						
Financial institutions	26	6	2	18	5	1
Manufacturing	3	2	11	14	4	3
Construction	6	6	7	3	1	-
Property	2	2	31	3	5	4
Energy and water	3	-	4	12	-	-
Wholesale and retail distribution and leisure	20	12	34	35	19	14
Business and other services	17	39	214	39	6	6
Home loans	-	4	5	-	-	-
Cards, unsecured and other personal lending	8	71	191	-	-	-
Other	6	4	15	30	4	2
<b>Total United Kingdom</b>	<b>91</b>	<b>146</b>	<b>514</b>	<b>154</b>	<b>44</b>	<b>30</b>
Overseas	1,246	1,147	942	214	29	56
<b>Total</b>	<b>1,337</b>	<b>1,293</b>	<b>1,456</b>	<b>368</b>	<b>73</b>	<b>86</b>

#### Impairment ratios

	2020	2019	2018
	%	%	%
Impairment charges as a percentage of average loans and advances at amortised cost	2.12	0.82	0.32
Amounts written off (net of recoveries) as a percentage of average loans and advances at amortised cost	0.63	0.83	0.69
Allowance for impairment balance as a percentage of loans and advances at amortised cost as at 31 December	3.64	2.54	2.73

## Additional information

### Additional financial disclosure

#### Maturity analysis of Gross loans and advances at amortised cost

##### Maturity analysis of Gross loans and advances at amortised cost

	On demand	Not more than three months	Over three months but not more than six months	Over six months but not more than one year	Over one year but not more than three years	Over three years but not more than five years	Over five years but not more than ten years	Over ten years	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>As at 31 December 2020</b>									
<b>United Kingdom</b>									
Corporate lending	2,630	3,892	1,270	2,864	14,258	8,178	5,472	8,183	46,747
Other lending to customers in the United Kingdom	1,977	178	929	216	3,299	3,343	528	5,379	15,849
<b>Total United Kingdom</b>	<b>4,607</b>	<b>4,070</b>	<b>2,199</b>	<b>3,080</b>	<b>17,557</b>	<b>11,521</b>	<b>6,000</b>	<b>13,562</b>	<b>62,596</b>
Europe	3,376	2,731	847	1,654	7,821	3,154	2,415	2,952	24,950
Americas	3,866	2,721	1,828	2,802	12,818	7,721	5,973	5,581	43,310
Africa and Middle East	716	802	232	420	417	431	414	120	3,552
Asia	1,116	1,272	1,378	385	411	266	69	28	4,925
<b>Total loans and advances at amortised cost</b>	<b>13,681</b>	<b>11,596</b>	<b>6,484</b>	<b>8,341</b>	<b>39,024</b>	<b>23,093</b>	<b>14,871</b>	<b>22,243</b>	<b>139,333</b>

#### As at 31 December 2019

<b>United Kingdom</b>									
Corporate lending	2,150	3,063	937	2,987	13,614	10,105	3,844	8,592	45,292
Other lending to customers in the United Kingdom	1,156	930	3,646	1,020	4,869	1,354	1,204	3,742	17,921
<b>Total United Kingdom</b>	<b>3,306</b>	<b>3,993</b>	<b>4,583</b>	<b>4,007</b>	<b>18,483</b>	<b>11,459</b>	<b>5,048</b>	<b>12,334</b>	<b>63,213</b>
Europe	2,762	1,892	961	2,405	6,833	4,303	2,573	3,514	25,243
Americas	4,450	2,454	2,473	3,907	10,748	9,732	7,285	6,978	48,027
Africa and Middle East	482	662	267	126	375	761	167	95	2,935
Asia	1,245	1,414	1,634	455	531	532	84	19	5,914
<b>Total loans and advances at amortised cost</b>	<b>12,245</b>	<b>10,415</b>	<b>9,918</b>	<b>10,900</b>	<b>36,970</b>	<b>26,787</b>	<b>15,157</b>	<b>22,940</b>	<b>145,332</b>

#### Industrial and geographical concentrations of Gross loans and advances at amortised cost

##### Gross Loans and advances at amortised cost by industry

	2020	2019	2018
	£m	£m	£m
<b>As at 31 December</b>			
Financial institutions	33,603	29,516	27,540
Manufacturing	7,252	8,000	8,444
Construction	2,190	2,574	2,486
Property	10,851	11,121	10,745
Government and central bank	13,762	11,404	3,476
Energy and water	4,773	5,373	5,508
Wholesale and retail distribution and leisure	8,156	8,363	9,831
Business and other services	13,988	14,816	17,438
Home loans	11,627	11,334	13,530
Cards, unsecured loans and other personal lending	26,857	36,109	35,498
Other	6,274	6,722	6,306
<b>Loans and advances at amortised cost</b>	<b>139,333</b>	<b>145,332</b>	<b>140,802</b>

## Additional information

### Additional financial disclosure

#### Gross Loans and advances at amortised cost in the UK

	2020	2019	2018
As at 31 December	£m	£m	£m
Financial institutions	11,951	7,821	5,605
Manufacturing	4,706	4,512	4,035
Construction	2,025	2,320	2,277
Property	8,318	8,373	7,892
Government and central bank	10,141	7,997	1,012
Energy and water	2,284	2,707	2,595
Wholesale and retail distribution and leisure	6,370	6,686	7,993
Business and other services	8,211	9,859	12,542
Home loans	2,690	2,502	2,521
Cards, unsecured loans and other personal lending	2,983	6,903	6,122
Other	2,917	3,533	2,751
<b>Loans and advances at amortised cost in the UK</b>	<b>62,596</b>	<b>63,213</b>	<b>55,345</b>

#### Loans and advances at amortised cost in Europe

	2020	2019	2018
As at 31 December	£m	£m	£m
Financial institutions	5,519	5,668	5,937
Manufacturing	906	1,072	1,335
Construction	127	133	85
Property	512	504	708
Government and central bank	2,370	1,459	1,778
Energy and water	831	828	675
Wholesale and retail distribution and leisure	615	752	735
Business and other services	898	907	991
Home loans	7,764	7,985	10,157
Cards, unsecured loans and other personal lending	4,917	5,090	5,055
Other	491	845	839
<b>Loans and advances at amortised cost in Europe</b>	<b>24,950</b>	<b>25,243</b>	<b>28,295</b>

#### Gross Loans and advances at amortised cost in the Americas

	2020	2019	2018
As at 31 December	£m	£m	£m
Financial institutions	12,289	12,308	12,430
Manufacturing	1,096	1,782	2,426
Construction	5	77	71
Property	1,804	2,123	2,071
Government and central bank	311	319	424
Energy and water	1,397	1,437	1,667
Wholesale and retail distribution and leisure	774	635	612
Business and other services	4,379	3,620	2,970
Home loans	513	380	433
Cards, unsecured loans and other personal lending	18,234	23,439	23,746
Other	2,508	1,907	2,187
<b>Loans and advances at amortised cost in the Americas</b>	<b>43,310</b>	<b>48,027</b>	<b>49,037</b>

## Additional information

### Additional financial disclosure

#### Gross Loans and advances at amortised cost in Africa and Middle East

	2020	2019	2018
As at 31 December	£m	£m	£m
Financial institutions	1,422	948	1,319
Manufacturing	138	160	51
Property	72	55	52
Government and central bank	297	269	262
Energy and water	59	116	200
Wholesale and retail distribution and leisure	100	67	123
Business and other services	326	363	221
Home loans	536	391	331
Cards, unsecured loans and other personal lending	559	530	484
Other	43	36	96
<b>Loans and advances at amortised cost in Africa and Middle East</b>	<b>3,552</b>	<b>2,935</b>	<b>3,139</b>

#### Gross Loans and advances at amortised cost in Asia

	2020	2019	2018
As at 31 December	£m	£m	£m
Financial institutions	2,422	2,771	2,249
Manufacturing	406	474	597
Construction	33	44	53
Property	145	66	22
Government and central bank	643	1,360	-
Energy and water	202	285	371
Wholesale and retail distribution and leisure	297	223	368
Business and other services	174	67	714
Home loans	124	76	88
Cards, unsecured loans and other personal lending	164	147	91
Other	315	401	433
<b>Loans and advances at amortised cost in Asia</b>	<b>4,925</b>	<b>5,914</b>	<b>4,986</b>

#### Interest rate sensitivity of gross loans and advances at amortised cost

	2020			2019		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
As at 31 December	£m	£m	£m	£m	£m	£m
<b>Gross loans and advances at amortised cost</b>	<b>34,734</b>	<b>104,599</b>	<b>139,333</b>	<b>39,282</b>	<b>106,050</b>	<b>145,332</b>

#### Foreign outstandings for countries where this exceeds 0.75% of total Group assets<sup>a</sup>

	As % of assets	2020			2019		
		Total	Banks and other financial institutions	Government and official institutions	Commercial industrial and other private sectors	Financial guarantees	
	%	£m	£m	£m	£m	£m	
<b>As at 31 December 2020<sup>b</sup></b>							
United States	11.6	123,328	85,560	18,290	18,387	1,091	
France	1.4	14,781	12,004	1,968	781	28	
Germany	0.9	9,142	6,359	502	2,095	186	
<b>As at 31 December 2019<sup>b</sup></b>							
United States	11.5	100,677	64,463	15,053	20,378	783	
Germany	1.3	11,031	9,488	-	1,447	96	
France	1.2	10,314	9,158	-	1,097	59	
Netherlands	1.1	9,988	7,018	686	2,084	200	
<b>As at 31 December 2018<sup>b</sup></b>							
United States	10.8	95,199	61,382	14,375	18,241	1,201	
France	2.2	19,556	11,976	3,508	4,037	35	
Germany	0.9	8,101	4,554	1,612	1,819	116	

Notes

a Foreign outstanding includes cross border exposure in non-local currency of the Barclays branches and subsidiaries, and in country foreign currency exposure.

b Figures are net of short securities.

## Additional information

### Additional financial disclosure

#### Off-balance sheet and other credit exposures

	2020	2019	2018
As at 31 December	£m	£m	£m
<b>Off-balance sheet exposures</b>			
Contingent liabilities	20,932	23,777	19,394
Commitments	265,022	270,027	257,768
<b>On-balance sheet exposures</b>			
Trading portfolio assets	127,664	113,337	104,038
Financial assets at fair value through the income statement	171,761	129,470	145,250
Derivative financial instruments	302,693	229,641	222,683
Financial assets at fair value through other comprehensive income	51,902	45,406	44,994

#### Notional principal amounts of credit derivatives

	2020	2019	2018
As at 31 December	£m	£m	£m
Credit derivatives held or issued for trading purposes <sup>a</sup>	847,845	825,516	759,075

Note

a Includes credit derivatives held as economic hedges which are not designated as hedges for accounting purposes.

## Glossary of terms

'Advanced-Internal Ratings Based (A-IRB)' See 'Internal Ratings Based (IRB)'.

'Acceptances and endorsements' An acceptance is an undertaking by a bank to pay a bill of exchange drawn on a customer. Reimbursement of an acceptance by the customer is normally immediate. Endorsements are residual liabilities of the Barclays Bank Group in respect of bills of exchange which have been paid and subsequently rediscounted.

'Additional Tier 1 (AT1) capital' AT1 capital largely comprises eligible non-common equity capital securities and any related share premium.

'Additional Tier 1 (AT1) securities' Non-common equity securities that are eligible as AT1 capital.

'Advanced Measurement Approach (AMA)' Under the AMA, banks are allowed to develop their own empirical model to quantify required capital for operational risk. Banks can only use this approach subject to approval from their local regulators.

'Agencies' Bonds issued by state and / or government agencies or government-sponsored entities.

'Agency Mortgage-Backed Securities' Mortgage-Backed Securities issued by government-sponsored entities.

'All price risk (APR)' An estimate of all the material market risks, including rating migration and default for the correlation trading portfolio.

'American Depository Receipts (ADR)' A negotiable certificate that represents the ownership of shares in a non-US company (e.g. Barclays) trading in US financial markets.

'Americas' Geographic segment comprising the US, Canada and countries where Barclays operates within Latin America.

'Annual Earnings at Risk (AEaR)' A measure of the potential change in Net Interest Income (NII) due to an interest rate movement over a one-year period.

'Annualised cumulative weighted average lifetime PD' The probability of default over the remaining life of the asset, expressed as an annual rate, reflecting a range of possible economic scenarios.

'Application scorecards' Algorithm based decision tools used to aid business decisions and manage credit risk based on available customer data at the point of application for a product.

'Arrears' Customers are said to be in arrears when they are behind in fulfilling their obligations with the result that an outstanding loan is unpaid or overdue. Such customers are also said to be in a state of delinquency. When a customer is in arrears, their entire outstanding balance is said to be delinquent, meaning that delinquent balances are the total outstanding loans on which payments are overdue.

'Asia' Geographic segment comprising countries where Barclays operates within Asia and the Middle East.

'Asset Backed Commercial Paper (ABCP)' Typically short-term notes secured on specified assets issued by consolidated special purpose entities for funding purposes.

'Asset Backed Securities (ABS)' Securities that represent an interest in an underlying pool of referenced assets. The referenced pool can comprise any assets which attract a set of associated cash flows but are commonly pools of residential or commercial mortgages and, in the case of a Collateralised Debt Obligation (CDO), the referenced pool may be ABS or other classes of assets.

'Attributable profit' Profit after tax that is attributable to ordinary equity holders of Barclays adjusted for the after tax amounts of capital securities classified as equity.

'Average allocated tangible equity' Calculated as the average of the previous month's period end allocated tangible equity and the current month's period end allocated tangible equity. The average allocated tangible equity for the period is the average of the monthly averages within that period.

## Glossary of terms

**'Average tangible shareholders' equity'** Calculated as the average of the previous month's period end tangible equity and the current month's period end tangible equity. The average tangible shareholders' equity for the period is the average of the monthly averages within that period.

**'Average UK leverage ratio'** As per the PRA rulebook, calculated as the average capital measure based on the last day of each month in the quarter divided by the average exposure measure for the quarter, where the average exposure is based on each day in the quarter.

**'Back testing'** Includes a number of techniques that assess the continued statistical validity of a model by simulating how the model would have predicted recent experience.

**'Bank of England (BoE)'** The central bank of the United Kingdom with devolved responsibility for managing monetary policy and to oversee regulation of the UK's financial sector. Through the Prudential Regulation Committee, the BoE exercises control over the PRA.

**'Barclays Africa' or 'Absa' or 'Absa Group Limited'** Barclays Africa Group Limited (now Absa Group Limited), which was previously a subsidiary of the Barclays Group.

**'Balance weighted Loan to Value (LTV) ratio'** In the context of the credit risk disclosures on secured home loans, a means of calculating marked to market LTVs derived by calculating individual LTVs at account level and weighting it by the balances to arrive at the average position. Balance weighted Loan to Value ratio is calculated using the following formula:  $LTV = ((\text{loan 1 balance} \times \text{Marked to market (MTM) LTV\% for loan 1}) + (\text{loan 2 balance} \times \text{Marked to market (MTM) LTV\% for loan 2}) + \dots) / \text{total outstandings in portfolio}$ .

**'Barclaycard'** An international consumer payments business serving the needs of businesses and consumers through credit cards, consumer lending, merchant acquiring, commercial cards and point of sale finance. Barclaycard has scaled operations in the UK, US, Germany and Scandinavia.

**'Barclaycard Consumer UK'** The UK Barclaycard business.

**'Barclays' or 'Barclays Group'** Barclays PLC, together with its subsidiaries.

**'Barclays Bank Group'** Barclays Bank PLC, together with its subsidiaries.

**'Barclays Bank UK Group'** Barclays Bank UK PLC, together with its subsidiaries.

**'Barclays Operating businesses'** The core Barclays businesses operated by Barclays UK (which include the UK Personal Banking; UK Business Banking and the Barclaycard Consumer UK businesses) and Barclays International (the large UK Corporate business; the International Corporate and Private Bank businesses; the Investment Bank; the Barclaycard International business; and Payments).

**'Barclays Execution Services' or 'BX' or 'Group Service Company'** Barclays Execution Services Limited, the Group services company set up to provide services to Barclays UK and Barclays International to deliver operational continuity.

**'Barclays International'** The segment of Barclays held by Barclays Bank PLC. The division includes the large UK Corporate business; the International Corporate and Private Bank businesses; the Investment Bank; the Barclaycard International business; and Payments.

**'Barclays UK'** The segment of Barclays held by Barclays Bank UK PLC. The division includes the UK Personal Banking; UK Business Banking and the Barclaycard Consumer UK businesses. Following a transfer from Barclays International in Q2 2020, this also includes Barclays Partner Finance (BPF).

**'Basel 3'** The third of the Basel Accords, setting minimum requirements and standards that apply to internationally active banks. Basel 3 is a set of measures developed by the Basel Committee on Banking Supervision aiming to strengthen the regulation, supervision and risk management of banks.

**'Basel Committee on Banking Supervision (BCBS)' or 'The Basel Committee'** A forum for regular cooperation on banking supervisory matters which develops global supervisory standards for the banking industry. Its 45 members are officials from central banks or prudential supervisors from 28 jurisdictions.



## Glossary of terms

**'Basic Indicator Approach (BIA)'** Under the BIA, banks are required to hold regulatory capital for operational risk equal to 15% of the annual average, calculated over a rolling three-year period, of the relevant income indicator for the bank as whole.

**'Basis point(s)' or 'bp(s)'** One hundredth of a per cent (0.01%); 100 basis points is 1%. The measure is used in quoting movements in interest rates, yields on securities and for other purposes.

**'Basis risk'** Index/tenor risk, that arises when floating rate products are linked to different interest rate indices, which are imperfectly correlated, especially under stressed market conditions.

**'Behavioural scorecards'** Algorithm based decision tools used to aid business decisions and manage credit risk based on existing customer data derived from account usage.

**'Book quality'** In the context of the Capital Risk section of the Barclays PLC Annual Report, changes in RWAs caused by factors such as underlying customer behaviour or demographics leading to changes in risk profile.

**'Book size'** In the context of the Capital Risk section of the Barclays PLC Annual Report, changes in RWAs driven by business activity, including net originations or repayments.

**'Bounce Back Loan Scheme (BBLs)'** A UK Government (British Business Bank) backed loan scheme which allows small and medium-sized businesses to borrow between £2,000 and £50,000. The UK Government guarantees 100% of the loan and pays the first 12 months of interest on behalf of the borrowers, subject to terms and conditions.

**'Business Banking'** Business Banking in Barclays UK offers specialist advice, products and services to small and medium enterprises in the UK.

**'Business Lending'** Business Lending in Barclays UK primarily relates to small and medium enterprises typically with a turnover up to £16m.

**'Business scenario stresses'** Multi asset scenario analysis of extreme, but plausible events that may impact the market risk exposures of the Investment Bank.

**'Buy to let mortgage'** A mortgage where the intention of the customer is to let the property at origination.

**'Capital Conservation Buffer (CCB)'** A capital buffer of 2.5% of a bank's total exposures that needs to be met with an additional amount of Common Equity Tier 1 capital above the 4.5% minimum requirement for Common Equity Tier 1 set out in CRR. Its objective is to conserve a bank's capital by ensuring that banks build up surplus capital outside periods of stress which can be drawn down if losses are incurred.

**'Capital ratios'** Key financial ratios measuring the bank's capital adequacy or financial strength expressed as a percentage of RWAs.

**'Capital Requirements Directive (CRD)'** Directive 2013/36/EU, a component of the CRD IV package which accompanies the Capital Requirements Regulation and sets out macroprudential standards including the countercyclical capital buffer and capital buffers for systemically important institutions. Directive (EU) 2019/878, published as part of the EU Risk Reduction Measure package amends CRD. These amendments entered into force from 27 June 2019, with EU member states required to adopt the measures within the Directive by 28 December 2020.

**'Capital Requirements Regulation (CRR)'** Regulation (EU) No 575/2013, a component of the CRD IV package which accompanies the Capital Requirements Directive and sets out detailed rules for capital eligibility, the calculation of RWAs, the measurement of leverage, the management of large exposures and minimum standards for liquidity. Between 27 June 2019 and 28 June 2023, this regulation will be amended in line with the requirements of amending Regulation (EU) 2019/876 (CRR II).

**'Capital Requirements Regulation II (CRR II)'** Regulation (EU) 2019/876, amending Regulation (EU) No 575/2013 (CRR). This is a component of the EU Risk Reduction Measure package. The requirements set out in CRR II will be introduced between 27 June 2019 and 28 June 2023.

**'Capital requirements on the underlying exposures (KIRB)'** An approach available to banks when calculating RWAs for securitisation exposures. This is based upon the RWA amounts that would be calculated under the IRB approach for the underlying pool of securitised exposures in the program, had such exposures not been securitised.

## Glossary of terms

**'Capital resources'** Common Equity Tier 1, Additional Tier 1 capital and Tier 2 capital that are eligible to satisfy capital requirements under CRD. Referred to as 'own funds' within EU regulatory texts.

**'Capital risk'** The risk that the Barclays Bank Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This includes the risk from the Barclays Bank Group's pension plans.

**'Central Counterparty' or 'Central Clearing Counterparties (CCPs)'** A clearing house mediating between the buyer and the seller in a financial transaction, such as a derivative contract or repurchase agreement (repo). Where a central counterparty is used, a single bi-lateral contract between the buyer and seller is replaced with two contracts, one between the buyer and the CCP and one between the CCP and the seller. The use of CCPs allows for greater oversight and improved credit risk mitigation in over-the-counter (OTC) markets.

**'Charge-off'** In the retail segment this refers to the point in time when collections activity changes from the collection of arrears to the recovery of the full balance. This is normally when six payments are in arrears.

**'Client Assets'** Assets managed or administered by the Barclays Bank Group on behalf of clients including assets under management (AUM), custody assets, assets under administration and client deposits.

**'CLOs and Other insured assets'** Highly rated CLO positions wrapped by monolines, non-CLOs wrapped by monolines and other assets wrapped with Credit Support Annex (CSA) protection.

**'Collateralised Debt Obligation (CDO)'** A security issued by a third party which references Asset Backed Securities and/or certain other related assets purchased by the issuer. CDOs may feature exposure to sub-prime mortgage assets through the underlying assets.

**'Collateralised Loan Obligation (CLO)'** A security backed by repayments from a pool of commercial loans. The payments may be made to different classes of owners (in tranches).

**'Collateralised Mortgage Obligation (CMO)'** A security backed by mortgages. A special purpose entity receives income from the mortgages and passes them on to investors in the security.

**'Combined Buffer Requirement (CBR)'** In the context of the CRD capital obligations, the total Common Equity Tier 1 capital required to meet the combined requirements of the Capital Conservation Buffer, the GSII Buffer or the OSII buffer as applicable, the Systemic Risk buffer and an institution specific counter-cyclical buffer.

**'Commercial paper (CP)'** Short-term notes issued by entities, including banks, for funding purposes.

**'Commercial real estate (CRE)'** Commercial real estate includes office buildings, industrial property, medical centres, hotels, retail stores, shopping centres, farm land, multifamily housing buildings, warehouses, garages, industrial properties and other similar properties. Commercial real estate loans are loans backed by a package of commercial real estate. Note: for the purposes of the Credit Risk section, the UK CRE portfolio includes property investment, development, trading and housebuilders but excludes social housing contractors.

**'Commissions and other incentives'** Includes commission-based arrangements, guaranteed incentives and Long Term Incentive Plan awards.

**'Committee of Sponsoring Organisations of the Treadway Commission Framework (COSO)'** A joint initiative of five private sector organisations dedicated to the development of frameworks and providing guidance on enterprise risk management, internal control and fraud deterrence.

**'Commodity derivatives'** Exchange traded and over-the-counter (OTC) derivatives based on an underlying commodity (e.g. metals, precious metals, oil and oil related products, power and natural gas).

**'Commodity risk'** Measures the impact of changes in commodity prices and volatilities, including the basis between related commodities (e.g. Brent vs. WTI crude prices).

## Glossary of terms

**'Common Equity Tier 1 (CET1) capital'** The highest quality form of regulatory capital under CRR that comprises common shares issued and related share premium, retained earnings and other reserves, less specified regulatory adjustments.

**'Common Equity Tier 1 (CET1) ratio'** A measure of Common Equity Tier 1 capital expressed as a percentage of RWAs.

**'Compensation: income ratio'** The ratio of compensation expense over total income. Compensation represents total staff costs less non-compensation items consisting of outsourcing, staff training, redundancy costs and retirement costs.

**'Comprehensive Capital Analysis and Review (CCAR)'** An annual exercise, required by and evaluated by the Federal Reserve, through which the largest bank holding companies operating in the US assess whether they have sufficient capital to continue operations through periods of economic and financial stress and have robust capital-planning processes that account for their unique risks.

**'Comprehensive Risk Capital Charge (CRCC)'** An estimate of all the material market risks, including rating migration and default for the correlation trading portfolio.

**'Comprehensive Risk Measure (CRM)'** An estimate of all the material market risks, including rating migration and default for the correlation trading portfolio. Also referred to as All Price Risk (APR) and Comprehensive Risk Capital Charge (CRCC).

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

**'Constant Currency Basis'** Excluding the impact of foreign currency conversion to GBP when comparing financial results in two different financial periods.

**'Consumer, Cards and Payments'** Barclays US Consumer Bank, Payments (including merchant acquiring and commercial payments), Barclaycard Germany and the Private Bank.

**'Contingent Capital Notes (CCNs)'** Interest bearing debt securities issued by the Barclays Bank Group or its subsidiaries that are either permanently written off or converted into an equity instrument from the issuer's perspective in the event of the Common Equity Tier 1 (CET1) ratio of the relevant Barclays Bank Group entity falling below a specific level, or at the direction of regulators.

**'Conversion Trigger'** Used in the context of Contingent Capital Notes and AT1 securities. A capital adequacy trigger event occurs when the CET1 ratio of the bank falls below a certain level (the trigger) as defined in the Terms & Conditions of the instruments issued. See 'Contingent Capital Notes (CCNs)'.

**'Coronavirus Business Interruption Loan Scheme (CBILS)'** A loan scheme by the British Business Bank (BBB) to support UK based small and medium-sized businesses (turnover of up to £45 million) adversely impacted by COVID-19. The CBILS scheme provides loans up to £5 million which are backed by an 80% UK Government (BBB) guarantee. The UK Government will pay interest and fees for the first 12 months on behalf of the borrowers, subject to terms and conditions.

**Coronavirus Large Business Interruption Loan Scheme (CLBILS)'** A loan scheme by the British Business Bank (BBB) to support UK based medium-sized businesses (turnover above £45 million, but with no access to CCFF) adversely impacted by COVID-19. The CLBILS scheme provides loans of up to £200 million which are backed by an 80% UK Government (BBB) guarantee.

**'Corporate and Investment Bank (CIB)'** Barclays Corporate and Investment Bank businesses which form part of Barclays International.

**'Correlation risk'** Refers to the change in marked to market value of a security when the correlation between the underlying assets changes over time.

**'Cost of Equity'** The rate of return targeted by the equity holders of a company.

**'Cost: income jaws'** Relationship of the percentage change movement in operating expenses relative to total income.

**'Cost: income ratio'** Total operating expenses divided by total income.

## Glossary of terms

**'Countercyclical Capital Buffer (CCyB)** An additional buffer introduced as part of the CRD IV package that requires banks to have an additional cushion of CET 1 capital with which to absorb potential losses, enhancing their resilience and contributing to a stable financial system.

**'Countercyclical leverage ratio buffer (CCLB)** A macroprudential buffer that has applied to specific PRA regulated institutions since 2018 and is calculated at 35% of any risk weighted countercyclical capital buffer set by the Financial Policy Committee (FPC). The CCLB applies in addition to the minimum of 3.25% and any G-SII additional leverage ratio buffer that applies.

**'Counterparty credit risk (CCR)** The risk that a counterparty to a transaction could default before the final settlement of a transaction's cash flows. In the context of RWAs, a component of RWAs that represents the risk of loss from derivatives, repurchase agreements and similar transactions as a result of the default of the counterparty.

**'Coverage ratio'** This represents the percentage of impairment allowance reserve against the gross exposure.

**'Covered bonds'** Debt securities backed by a portfolio of mortgages that are segregated from the issuer's other assets solely for the benefit of the holders of the covered bonds.

**'Covid Corporate Finance Facility (CCFF):'** Bank of England (BOE) scheme to support liquidity among larger investment grade firms which make a material UK contribution, helping to bridge coronavirus disruption to their cash flows. The Bank of England provides liquidity by purchasing short-term debt in the form of commercial paper from corporates. Barclays acts as dealer.

**'CRD IV'** The Fourth Capital Requirements Directive, comprising an EU Directive and an accompanying Regulation (CRR) that together prescribe EU capital adequacy and liquidity requirements, and which implements Basel 3 in the European Union.

**'CRD V'** The Fifth Capital Requirements Directive, comprising an EU amending Directive and an accompanying amending Regulation (CRR II) that together prescribe EU capital adequacy and liquidity requirements, and which implements enhanced Basel 3 proposals in the European Union.

**'Credit conversion factor (CCF)'** A factor used to estimate the risk from off-balance sheet commitments for the purpose of calculating the total Exposure at Default (EAD) used to calculate RWAs.

**'Credit default swaps (CDS)'** A contract under which the protection seller receives premiums or interest-related payments in return for contracting to make payments to the protection buyer in the event of a defined credit event. Credit events normally include bankruptcy, payment default on a reference asset or assets, or downgrades by a rating agency.

**'Credit derivatives (CDs)'** An arrangement whereby the credit risk of an asset (the reference asset) is transferred from the buyer to the seller of the protection.

**'Credit impairment charges'** Also known as 'credit impairment'. Impairment charges on loans and advances to customers and banks and impairment charges on fair value through other comprehensive income assets and reverse repurchase agreements.

**'Credit market exposures'** Assets and other instruments relating to commercial real estate and leveraged finance businesses that have been significantly impacted by the deterioration in the global credit markets. The exposures include positions subject to fair value movements in the Income Statement, positions that are classified as loans and advances, and available for sale and other assets.

**'Credit quality step'** In the context of the Standardised Approach to calculating credit risk RWAs, a "credit quality assessment scale" maps the credit assessments of a recognised credit rating agency or export credit agency to credit quality steps that determine the risk weight to be applied to an exposure.

**'Credit rating'** An evaluation of the creditworthiness of an entity seeking to enter into a credit agreement.

**'Credit risk'** The risk of loss to Barclays from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to Barclays, including the whole and timely payment of principal, interest, collateral and other receivables. In the context of RWAs, it is the component of RWAs that represents the risk of loss in loans and advances and similar transactions resulting from the default of the counterparty.

**'Credit risk mitigation'** A range of techniques and strategies to actively mitigate credit risks to which the bank is exposed. These can be broadly divided into three types: collateral, netting and set-off, and risk transfer.

## Glossary of terms

**'Credit spread'** The premium over the benchmark or risk-free rate required by the market to accept a lower credit quality.

**'Credit Valuation Adjustment (CVA)'** The difference between the risk-free value of a portfolio of trades and the market value which takes into account the counterparty's risk of default. The CVA therefore represents an estimate of the adjustment to fair value that a market participant would make to incorporate the credit risk of the counterparty due to any failure to perform on contractual agreements.

**'CRR leverage exposure'** Calculated in accordance with Article 429 of the CRR.

**'CRR leverage ratio'** Calculated using the CRR definition of "Tier 1 capital" for the numerator and the CRR definition of "leverage exposure" as the denominator.

**'Customer assets'** Represents loans and advances to customers. Average balances are calculated as the sum of all daily balances for the year to date divided by number of days in the year to date.

**'Customer deposits'** In the context of the Liquidity Risk section, money deposited by all individuals and companies that are not credit institutions. Such funds are recorded as liabilities in the Barclays Bank Group's balance sheet under "deposits at amortised cost".

**'Customer liabilities'** See 'Customer deposits'.

**'Daily Value at Risk (DVaR)'** An estimate of the potential loss which might arise from market movements under normal market conditions, if the current positions were to be held unchanged for one business day, measured to a specified confidence level.

**'DBRS'** A credit rating agency.

**'Debit Valuation Adjustment (DVA)'** The opposite of Credit Valuation Adjustment (CVA). It is the difference between the risk-free value of a portfolio of trades and the market value which takes into account the Barclays Bank Group's risk of default. The DVA, therefore, represents an estimate of the adjustment to fair value that a market participant would make to incorporate the credit risk of the Barclays Bank Group due to any failure to perform on contractual obligations. The DVA decreases the value of a liability to take into account a reduction in the remaining balance that would be settled should the Barclays Bank Group default or not perform any contractual obligations.

**'Debt buybacks'** Purchases of the Barclays Bank Group's issued debt securities, including equity accounted instruments, leading to their de-recognition from the balance sheet.

**'Debt securities in issue'** Transferable securities evidencing indebtedness of the Barclays Bank Group. These are liabilities of the Barclays Bank Group and include certificates of deposit and commercial paper.

**'Default grades'** The Barclays Bank Group classifies ranges of default probabilities into a set of 21 intervals called default grades, in order to distinguish differences in the probability of default risk.

**'Default fund contributions'** The amount of contribution made by members of a central counterparty (CCP). All members are required to contribute to this fund in advance of using a CCP. The default fund can be used by the CCP to cover losses incurred by the CCP where losses are greater than the margins provided by a defaulting member.

**'Derivatives netting'** Adjustments applied across asset and liability mark-to-market derivative positions pursuant to legally enforceable bilateral netting agreements and eligible cash collateral received in derivative transactions that meet the requirements of BCBS 270 (Basel III leverage ratio framework and disclosure requirements).

**'Diversification effect'** Reflects the fact the risk of a diversified portfolio is smaller than the sum of the risks of its constituent parts. It is measured as the sum of the individual asset class DVaR estimates less the total DVaR.

**'Dodd-Frank Act (DFA)'** The US Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

**'Economic Value of Equity (EVE)'** A measure of the potential change in value of expected future cash flows due to an adverse interest rate movement, based on existing balance sheet run-off profile.



## Glossary of terms

**'Effective Expected Positive Exposure (EEPE)**' The weighted average over time of effective expected exposure. The weights are the proportion that an individual exposure represents of the entire exposure horizon time interval.

**'Eligible liabilities'** Liabilities and capital instruments that are eligible to meet MREL that do not already qualify as own funds.

**'Encumbrance'** The use of assets to secure liabilities, such as by way of a lien or charge.

**'Enterprise Risk Management Framework (ERMF)**' The Barclays Bank Group's risk management responsibilities are laid out in the Enterprise Risk Management Framework, which describes how Barclays identifies and manages risk. The framework identifies the principal risks faced by the Barclays Bank Group; sets out risk appetite requirements; sets out roles and responsibilities for risk management; and sets out risk committee structure.

**'Equities'** Trading businesses encompassing Cash Equities, Equity Derivatives & Equity Financing

**'Equity and stock index derivatives'** Derivatives whose value is derived from equity securities. This category includes equity and stock index swaps and options (including warrants, which are equity options listed on an exchange). The Barclays Bank Group also enters into fund-linked derivatives, being swaps and options whose underlyings include mutual funds, hedge funds, indices and multi-asset portfolios. An equity swap is an agreement between two parties to exchange periodic payments, based upon a notional principal amount, with one side paying fixed or floating interest and the other side paying based on the actual return of the stock or stock index. An equity option provides the buyer with the right, but not the obligation, either to purchase or sell a specified stock, basket of stocks or stock index at a specified price or level on or before a specified date.

**'Equity risk'** In the context of trading book capital requirements, the risk of change in market value of an equity investment.

**'Equity structural hedge'** An interest rate hedge in place to reduce earnings volatility of the overnight / short term equity investment and to smoothen the income over a medium/long term.

**'EU Risk Reduction Measure package'** A collection of amending Regulations and Directives that update core EU regulatory texts and which came into force on 27 June 2019.

**'Euro Interbank Offered Rate (EURIBOR)'** A benchmark interest rate at which banks can borrow funds from other banks in the European interbank market.

**'Europe'** Geographic segment comprising countries in which Barclays operates within the EU (excluding the UK), Northern Continental and Eastern Europe.

**'European Banking Authority (EBA)'** The European Banking Authority (EBA) is an independent EU Authority which works to ensure effective and consistent prudential regulation and supervision across the European banking sector. Its overall objectives are to maintain financial stability in the EU and to safeguard the integrity, efficiency and orderly functioning of the banking sector.

**'European Securities and Markets Authority (ESMA)'** An independent European Supervisory Authority with the remit of enhancing the protection of investors and reinforcing stable and well-functioning financial markets in the European Union.

**'Eurozone'** Represents the 19 European Union countries that have adopted the Euro as their common currency. The 19 countries are Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovakia, Slovenia and Spain.

**'Expected Credit Losses (ECL)'** A present value measure of the credit losses expected to result from default events that may occur during a specified period of time. ECLs must reflect the present value of cash shortfalls, and the unbiased and probability weighted assessment of a range of outcomes.

**'Expected Losses'** A regulatory measure of anticipated losses for exposures captured under an internal ratings based credit risk approach for capital adequacy calculations. It is measured as the Barclays Bank Group's modelled view of anticipated losses based on Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD), with a one-year time horizon.

**'Expert lender models'** Models of risk measures that are used for parts of the portfolio where the risk drivers are specific to a particular counterparty, but where there is insufficient data to support the construction of a statistical model. These models utilise the knowledge of credit experts that have in depth experience of the specific customer type being modelled.

## Glossary of terms

**'Exposure'** Generally refers to positions or actions taken by a bank, or consequences thereof, that may put a certain amount of a bank's resources at risk.

**'Exposure at Default (EAD)'** The estimation of the extent to which the Barclays Bank Group may be exposed to a customer or counterparty in the event of, and at the time of, that counterparty's default. At default, the customer may not have drawn the loan fully or may already have repaid some of the principal, so that exposure may be less than the approved loan limit.

**'External Credit Assessment Institutions (ECAI)'** Institutions whose credit assessments may be used by credit institutions for the determination of risk weight exposures according to CRR.

**'External ratings based approach / internal assessment approach (Sec ERBA / IAA)'** Under the SEC-ERBA approach, regulatory capital is assigned to securitisation tranches on the basis of their external credit rating. SEC-ERBA approach can also be used for unrated ABCP exposures where the institution has the regulatory permission to use the Internal Assessment approach (IAA) to assign a credit rating to the unrated ABCP exposure.

**'Federal Reserve Board (FRB)'** The Board of Governors of the Federal Reserve System, commonly known as the Federal Reserve Board, is responsible for- amongst other things – setting monetary policy in the US.

**'FICC'** Represents Macro (including rates and currency), Credit and Securitised products.

**'Financial Policy Committee (FPC)'** The Bank of England's Financial Policy Committee identifies, monitors and takes action to remove or reduce systemic risks with a view to protecting and enhancing the resilience of the UK financial system. The FPC also has a secondary objective to support the economic policy of the UK Government.

**'Foundation Internal Ratings Based (F-IRB)'** See 'Internal Ratings Based (IRB)'.

**'Financial Conduct Authority (FCA)'** The statutory body responsible for conduct of business regulation and supervision of UK authorised firms. The FCA also has responsibility for the prudential regulation of firms that do not fall within the PRA's scope.

**'Financial Services Compensation Scheme (FSCS)'** The UK's fund for compensation of authorised financial services firms that are unable to pay claims.

**'Financial collateral comprehensive method (FCCM)'** A counterparty credit risk exposure calculation approach which applies volatility adjustments to the market value of exposure and collateral when calculating RWA values.

**'Financial Stability Board (FSB)'** An international body that monitors and makes recommendations about the global financial system. It promotes international financial stability by coordinating national financial authorities and international standard-setting bodies as they work toward developing strong regulatory, supervisory and other financial sector policies. It fosters a level playing field by encouraging coherent implementation of these policies across sectors and jurisdictions.

**'Fitch'** A credit rating agency.

**'Forbearance Programmes'** Forbearance programmes to assist customers in financial difficulty through agreements to accept less than contractual amounts due where financial distress would otherwise prevent satisfactory repayment within the original terms and conditions of the contract. These agreements may be initiated by the customer, Barclays or a third party and include approved debt counselling plans, minimum due reductions, interest rate concessions and switches from capital and interest repayments to interest-only payments.

**'Foreclosures in Progress'** The process by which the bank initiates legal action against a customer with the intention of terminating a loan agreement whereby the bank may repossess the property subject to local law and recover amounts it is owed.

**'Foreign exchange derivatives'** The Barclays Bank Group's principal exchange rate-related contracts are forward foreign exchange contracts, currency swaps and currency options. Forward foreign exchange contracts are agreements to buy or sell a specified quantity of foreign currency, usually on a specified future date at an agreed rate. Currency swaps generally involve the exchange, or notional exchange, of equivalent amounts of two currencies and a commitment to exchange interest periodically until the principal amounts are re-exchanged on a future date. Currency options provide the buyer with the right, but not the obligation, either to purchase or sell a fixed amount of a currency at a specified exchange rate on or before a future date. As compensation for assuming the option risk, the option writer generally receives a premium at the start of the option period.

**'Foreign exchange risk'** In the context of DVaR, the impact of changes in foreign exchange rates and volatilities.



## Glossary of terms

**'Full time equivalent'** Full time equivalent units are the on-job hours paid for employee services divided by the number of ordinary-time hours normally paid for a full-time staff member when on the job (or contract employees where applicable).

**'Fully loaded'** When a measure is presented or described as being on a fully loaded basis, it is calculated without applying the transitional provisions set out in Part Ten of CRR.

**'Funded credit protection'** A technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution derives from the right of that institution, in the event of the default of the counterparty or on the occurrence of other specified credit events relating to the counterparty, to liquidate, or to obtain transfer or appropriation of, or to retain certain assets or amounts, or to reduce the amount of the exposure to, or to replace it with, the amount of the difference between the amount of the exposure and the amount of a claim on the institution.

**'Gains on acquisitions'** The amount by which the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, recognised in a business combination, exceeds the cost of the combination.

**'General Data Protection Regulation (GDPR)'** GDPR (Regulation (EU) 2016/679) is a regulation by which the European Parliament, the Council of the European Union and the European Commission intend to strengthen and unify data protection for all individuals within the European Union.

**'General market risk'** The risk of a price change in a financial instrument due to a change in the level of interest rates or owing to a broad equity market movement unrelated to any specific attributes of individual securities.

**'Global-Systemically Important Banks (G-SIBs or G-SIIs)'** Global financial institutions whose size, complexity and systemic interconnectedness, mean that their distress or failure would cause significant disruption to the wider financial system and economic activity. The Financial Stability Board and the Basel Committee on Banking Supervision publish a list of global systemically important banks.

**'G-SII additional leverage ratio buffer (G-SII ALRB)'** A macroprudential buffer that applies to G-SIBs and other major domestic UK banks and building societies, including banks that are subject to ring-fencing requirements. The G-SII ALRB will be calibrated as 35% (on a phased basis) of the combined Systemic Risk Buffers that apply to the bank.

**'GSII Buffer'** Common Equity Tier 1 capital required to be held under CRD to ensure that G-SIBs build up surplus capital to compensate for the systemic risk that such institutions represent to the financial system.

**'Grandfathering'** In the context of capital resources, the phasing in of the application of instrument eligibility rules which allows CRR and CRR II non-compliant capital instruments to be included in regulatory capital subject to certain thresholds which decrease over the transitional period.

**'Gross charge-off rates'** Represents the balances charged-off to recoveries in the reporting period, expressed as a percentage of average outstanding balances excluding balances in recoveries. Charge-off to recoveries generally occurs when the collections focus switches from the collection of arrears to the recovery of the entire outstanding balance, and represents a fundamental change in the relationship between the bank and the customer. This is a measure of the proportion of customers that have gone into default during the period.

**'Gross write-off rates'** Expressed as a percentage and represent balances written off in the reporting period divided by gross loans and advances held at amortised cost at the balance sheet date.

**'Gross new lending'** New lending advanced to customers during the period.

**'Guarantee'** Unless otherwise described, an undertaking by a third party to pay a creditor should a debtor fail to do so. It is a form of credit substitution.

**'Head Office'** Comprises head office, Barclays Services FTE and legacy businesses.

**'High-Net-Worth'** Businesses within Barclays UK and Barclays International that provide banking and other services to high net worth customers.

## Glossary of terms

**'High quality liquidity assets (HQLA)'** It comprises eligible and unencumbered cash or assets that can be converted into cash at little or no loss of value in private markets, to meet liquidity needs arising from a liquidity stress scenario or event. Please refer to 'Level 1 assets' and 'Level 2 assets'.

**'High Risk'** In retail banking, 'High Risk' is defined as the subset of up-to-date customers who, either through an event or observed behaviour exhibit potential financial difficulty. Where appropriate, these customers are proactively contacted to assess whether assistance is required.

**'Home loan'** A loan to purchase a residential property. The property is then used as collateral to guarantee repayment of the loan. The borrower gives the lender a lien against the property and the lender can foreclose on the property if the borrower does not repay the loan per the agreed terms. Also known as a residential mortgage.

**'IHC' or 'US IHC'** Barclays US LLC, the intermediate holding company established by Barclays in July 2016, which holds most of Barclays' subsidiaries and assets in the US.

**'Internal Model Approach (IMA)'** In the context of RWAs, RWAs for which the exposure amount has been derived via the use of a PRA approved internal market risk model.

**'Internal Model Method (IMM)'** In the context of RWAs, RWAs for which the exposure amount has been derived via the use of a PRA approved internal counterparty credit risk model.

**'Identified Impairment (II)'** Specific impairment allowances for financial assets, individually estimated.

**'IFRS 9 transitional arrangements'** Following the application of IFRS 9 as of 1 January 2018, Article 473a of CRR permits institutions to phase-in the impact on capital and leverage ratios of the impairment requirements under the new accounting standard.

**'Impairment Allowances'** A provision held on the balance sheet as a result of the raising of a charge against profit for expected losses in the lending book. An impairment allowance may either be identified or unidentified and individual or collective.

**'Income'** Total income, unless otherwise specified.

**'Incremental Risk Charge (IRC)'** An estimate of the incremental risk arising from rating migrations and defaults for traded debt instruments beyond what is already captured in specific market risk VaR for the non-correlation trading portfolio.

**'Independent Validation Unit (IVU)'** The function within the bank responsible for independent review, challenge and approval of all models.

**'Individual liquidity guidance (ILG)'** Guidance given to a bank about the amount, quality and funding profile of liquidity resources that the PRA has asked the bank to maintain.

**'Inflation risk'** In the context of DVaR, the impact of changes in inflation rates and volatilities on cash instruments and derivatives.

**'Insurance Risk'** The risk of the Barclays Bank Group's aggregate insurance premiums received from policyholders under a portfolio of insurance contracts being inadequate to cover the claims arising from those policies.

**'Interchange'** Income paid to a credit card issuer for the clearing and settlement of a sale or cash advance transaction.

**'Interest-only home loans'** Under the terms of these loans, the customer makes payments of interest only for the entire term of the mortgage, although customers may make early repayments of the principal within the terms of their agreement. The customer is responsible for repaying the entire outstanding principal on maturity, which may require the sale of the mortgaged property.

**'Interest rate derivatives'** Derivatives linked to interest rates. This category includes interest rate swaps, collars, floors options and swaptions. An interest rate swap is an agreement between two parties to exchange fixed rate and floating rate interest by means of periodic payments based upon a notional principal amount and the interest rates defined in the contract. Certain agreements combine interest rate and foreign currency swap transactions, which may or may not include the exchange of principal amounts. A basis swap is a form of interest rate swap, in which both parties exchange interest payments based on floating rates, where the floating rates are based upon different underlying reference indices. In a forward rate agreement, two

## Glossary of terms

parties agree a future settlement of the difference between an agreed rate and a future interest rate, applied to a notional principal amount. The settlement, which generally occurs at the start of the contract period, is the discounted present value of the payment that would otherwise be made at the end of that period.

**'Interest rate risk'** The risk of interest rate volatility adversely impacting the Barclays Bank Group's Net Interest Margin. In the context of the calculation of market risk DVaR, measures the impact of changes in interest (swap) rates and volatilities on cash instruments and derivatives.

**'Interest rate risk in the banking book (IRRBB)'** The risk that the Barclays Bank Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.

**'Internal Assessment Approach (IAA)'** One of three types of calculation that a bank with permission to use the Internal Ratings Based (IRB) approach may apply to securitisation exposures. It consists of mapping a bank's internal rating methodology for credit exposures to those of an External Credit Assessment Institution (ECAI) to determine the appropriate risk weight based on the ratings based approach. Its applicability is limited to ABCP programmes related to liquidity facilities and credit enhancement.

**'Internal Capital Adequacy Assessment Process (ICAAP)'** It describes how the firm identifies, manages and qualifies the risks it is exposed to, in pursuit of its business strategy. It assesses whether the quality and quantity of capital is available to absorb capital losses for the risks the firm undertakes. The capital adequacy is assessed on a point of time basis and on a forward looking basis taking into account baseline and stressed economic capital conditions.

**'Internal Ratings Based (IRB)'** An approach under the CRR framework that relies on the bank's internal models to derive the risk weights. The IRB approach is divided into two alternative applications, Advanced and Foundation:

- Advanced IRB (A-IRB): the bank uses its own estimates of Probability of Default (PD), Loss Given Default (LGD) and credit conversion factor to model a given risk exposure.
- Foundation IRB (F-IRB): the bank applies its own PD as for Advanced, but it uses standard parameters for the LGD and the credit conversion factor. The Foundation IRB approach is specifically designed for wholesale credit exposures. Hence retail, equity, securitisation positions and non-credit obligations asset exposures are treated under standardised or A-IRB.

**'Internal Ratings Based approach (SEC-IRBA)'** This is a method to calculate risk-weighted exposure amounts for securitisation positions. Under this method, an institution must be able to model regulatory capital requirements for underlying exposures in the securitisation as if these had not been securitised ('K<sub>IRB</sub>'), subject to certain other inputs and criteria.

**'Investment Bank'** The Barclays Bank Group's investment bank which consists of origination led and returns focused markets and banking business, and which forms part of the Corporate and Investment Bank segment of Barclays International.

**'Investment Banking Fees'** In the context of Investment Bank analysis of Total Income, fees generated from origination activity businesses – including financial advisory, debt and equity underwriting.

**'Investment grade'** A debt security, treasury bill or similar instrument with a credit rating of AAA to BBB as measured by external credit rating agencies.

**'ISDA Master Agreement'** The most commonly used master contract for OTC derivative transactions internationally. It is part of a framework of documents, designed to enable OTC derivatives to be documented fully and flexibly. The framework consists of a master agreement, a schedule, confirmations, definitions booklets, and a credit support annex. The ISDA Master Agreement is published by the International Swaps and Derivatives Association, commonly known as "ISDA".

**'Key Risk Scenarios (KRS)'** Key Risk Scenarios are a summary of the extreme potential risk exposure for each Key Risk in each business and function, including an assessment of the potential frequency of risk events, the average size of losses and three extreme scenarios. The Key Risk Scenario assessments are a key input to the Advanced Measurement Approach calculation of regulatory and economic capital requirements.

**'Large exposure'** A large exposure is defined as the total exposure of a bank to a counterparty or group of connected clients, whether in the banking book or trading book or both, which in aggregate equals or exceeds 10% of the bank's eligible capital.

**'Legal risk'** The risk of loss or imposition of penalties, damages or fines from the failure of the Barclays Bank Group to meet its legal obligations including regulatory or contractual requirements.

## Glossary of terms

**'Lending'** In the context of Investment Bank analysis of Total Income, lending income includes Net Interest Income (NII), gains or losses on loan sale activity, and risk management activity relating to the loan portfolio.

**'Letters of credit'** A letter typically used for the purposes of international trade guaranteeing that a debtor's payment to a creditor will be made on time and in full. In the event that the debtor is unable to make payment, the bank will be required to cover the full or remaining amount of the purchase.

**'Level 1 assets'** High quality liquid assets under the Basel Committee's Liquidity Coverage Ratio (LCR), including cash, central bank reserves and higher quality government securities.

**'Level 2 assets'** High quality liquid assets under the Basel Committee's Liquidity Coverage Ratio (LCR), Level 2A assets, including, e.g. lower quality government securities, covered bonds and corporate debt securities, and Level 2B assets, including, e.g. lower rated corporate bonds, residential mortgage backed securities and equities that meet certain conditions.

**'Lifetime expected credit losses'** An assessment of expected losses associated with default events that may occur during the life of an exposure, reflecting the present value of cash shortfalls over the remaining expected life of the asset.

**'Lifetime Probability'** The likelihood of accounts entering default during the expected remaining life of the asset.

**'Liquidity Coverage Ratio (LCR)'** The ratio of the stock of high quality liquid assets to expected net cash outflows over the next 30 days. High-quality liquid assets should be unencumbered, liquid in markets during a time of stress and, ideally, be central bank eligible. These include, e.g. cash and claims on central governments and central banks.

**'Liquidity Pool'** The Barclays Bank Group liquidity pool comprises cash at central banks and highly liquid collateral specifically held by the Barclays Bank Group as a contingency to enable the bank to meet cash outflows in the event of stressed market conditions.

**'Liquidity Risk'** The risk that the Barclays Bank Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.

**'Liquidity risk appetite (LRA)'** The level of liquidity risk that the Barclays Bank Group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations.

**'Liquidity Risk Management Framework (the Liquidity Framework)'** The Liquidity Risk Management Framework, which is sanctioned by the Board Risk Committee, incorporates liquidity policies, systems and controls that the Barclays Bank Group has implemented to manage liquidity risk within tolerances approved by the Board and regulatory agencies.

**'Litigation and conduct charges' or 'Litigation and conduct'** Litigation and conduct charges include regulatory fines, litigation settlements and conduct-related customer redress.

**'Loan loss rate'** Quoted in basis points and represents total impairment charges divided by gross loans and advances held at amortised cost at the balance sheet date.

**'Loan to deposit ratio' or 'Loan: deposit ratio'** Loans and advances at amortised costs divided by deposits at amortised cost.

**'Loan to value (LTV) ratio'** Expresses the amount borrowed against an asset (i.e. a mortgage) as a percentage of the appraised value of the asset. The ratios are used in determining the appropriate level of risk for the loan and are generally reported as an average for new mortgages or an entire portfolio. Also see 'Marked to market (MTM) LTV ratio'.

**'London Interbank Offered Rate (LIBOR)'** A benchmark interest rate at which banks can borrow funds from other banks in the London interbank market.

**'Loss Given Default (LGD)'** The percentage of Exposure at Default (EAD) that will not be recovered following default. LGD comprises the actual loss (the part that is not expected to be recovered), together with the economic costs associated with the recovery process.

**'Management VaR'** A measure of the potential loss of value arising from unfavourable market movements at a specific confidence level, if current positions were to be held unchanged for predefined period. Corporate and Investment Bank uses Management VaR with a two-year equally weighted historical period, at a 95% confidence level, with a one day holding period.

## Glossary of terms

**'Mandatory break clause'** In the context of counterparty credit risk, a contract clause that means a trade will be ended on a particular date.

**'Marked to market approach'** A counterparty credit risk exposure calculation approach which uses the current marked to market value of derivative positions as well as a potential future exposure add-on to calculate an exposure to which a risk weight can be applied. This is also known as the Current Exposure Method.

**'Marked to market (MTM) LTV ratio'** The loan amount as a percentage of the current value of the asset used to secure the loan. Also see 'Balance weighted Loan to Value (LTV) ratio' and 'Valuation weighted Loan to Value (LTV) ratio.'

**'Market risk'** The risk of loss arising from potential adverse changes in the value of the Barclays Bank Group's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.

**'Master netting agreement'** An agreement that provides for a single net settlement of all financial instruments and collateral covered by the agreement in the event of the counterparty's default or bankruptcy or insolvency, resulting in a reduced exposure.

**'Master trust securitisation programme'** A securitisation structure where a trust is set up for the purpose of acquiring a pool of receivables. The trust issues multiple series of securities backed by these receivables.

**'Material Risk Takers (MRTs)'** Categories of staff whose professional activities have or are deemed to have a material impact on Barclays' risk profile, as determined in accordance with the European Banking Authority regulatory technical standard on the identification of such staff.

**'Maximum Distributable Amount (MDA)'** The MDA is a factor representing the available distributable profit whilst remaining in excess of its combined buffer requirement. CRD IV places restrictions on a bank's dividend decisions depending on its proximity to meeting the buffer.

**'Medium-Term Notes'** Corporate notes (or debt securities) continuously offered by a company to investors through a dealer. Investors can choose from differing maturities, ranging from nine months to 30 years. They can be issued on a fixed or floating coupon basis or with an exotic coupon; with a fixed maturity date (non-callable) or with embedded call or put options or early repayment triggers. MTNs are most generally issued as senior, unsecured debt.

**'Methodology and policy'** In the context of the Capital Risk section of the Barclays PLC Annual Report, the effect on RWAs of methodology changes driven by regulatory policy changes.

**'MiFID II'** The Markets in Financial Instruments Directive 2004/39/EC (known as "MiFID I") as subsequently amended to MiFID II is a European Union law that provides harmonised regulation for investment services across the member states of the European Economic Area.

**'Minimum requirement for own funds and eligible liabilities (MREL)'** A European Union wide requirement under the Bank Recovery and Resolution Directive for all European banks and investment banks to hold a minimum level of equity and/or loss absorbing eligible liabilities to ensure the operation of the bail-in tool to absorb losses and recapitalise an institution in resolution. An institution's MREL requirement is set by its resolution authority. Amendments in the EU Risk Reduction Measure package are designed to align MREL and TLAC for EU G-SIBs.

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

**'Model updates'** In the context of the Capital Risk section of the Barclays PLC Annual Report, changes in RWAs caused by model implementation, changes in model scope or any changes required to address model malfunctions.

**'Model validation'** Process through which models are independently challenged, tested and verified to prove that they have been built, implemented and used correctly, and that they continue to be fit-for-purpose.

**'ModelledVaR'** In the context of RWAs, market risk calculated using Value at Risk models laid down by the CRR and supervised by the PRA.

**'Money market funds'** Investment funds typically invested in short-term debt securities.

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**'Monoline derivatives'** Derivatives with a monoline insurer such as credit default swaps referencing the underlying exposures held.

**'Moody's'** A credit rating agency.

**'Mortgage Servicing Rights (MSR)'** A contractual agreement in which the right to service an existing mortgage is sold by the original lender to another party that specialises in the various functions involved with servicing mortgages.

**'Multilateral development banks'** Financial institutions created for the purposes of development, where membership transcends national boundaries.

**'National discretion'** Discretions in CRD given to member states to allow the local regulator additional powers in the application of certain CRD rules in its jurisdiction.

**'Net asset value per share'** Calculated by dividing shareholders' equity, excluding non-controlling interests and other equity instruments, by the number of issued ordinary shares.

**'Net Interest Income (NII)'** The difference between interest income on assets and interest expense on liabilities.

**'Net Interest Margin (NIM)'** Net interest Income (NII) divided by the sum of average customer assets.

**'Net investment income'** Changes in the fair value of financial instruments designated at fair value, dividend income and the net result on disposal of available for sale assets.

**'Net Stable Funding Ratio (NSFR)'** The ratio of available stable funding to required stable funding over a one-year time horizon, assuming a stressed scenario. The ratio is required to be over 100%. Available stable funding would include such items as equity capital, preferred stock with a maturity of over one year, or liabilities with a maturity of over one year. The required amount of stable funding is calculated as the sum of the value of the assets held and funded by the institution, multiplied by a specific required stable funding factor assigned to each particular asset type, added to the amount of potential liquidity exposure multiplied by its associated required stable funding factor.

**'Net trading income'** Gains and losses arising from trading positions which are held at fair value, in respect of both market-making and customer business, together with interest, dividends and funding costs relating to trading activities.

**'Net write-off rate'** Expressed as a percentage and represents balances written off in the reporting period less any post write-off recoveries divided by gross loans and advances held at amortised cost at the balance sheet date.

**'Net written credit protection'** In the context of leverage exposure, the net notional value of credit derivatives protection sold and credit derivatives protection bought.

**'New bookings'** The total of the original balance on accounts opened in the reporting period, including any applicable fees and charges included in the loan amount.

**'Non-asset backed debt instruments'** Debt instruments not backed by collateral, including government bonds; US agency bonds; corporate bonds; commercial paper; certificates of deposit; convertible bonds; corporate bonds and issued notes.

**'Non-Model Method (NMM)'** In the context of RWAs, counterparty credit risk, RWAs where the exposure amount has been derived through the use of CRR norms, as opposed to an internal model.

**'Non-Traded Market Risk'** The risk that the current or future exposure in the banking book (i.e. non-traded book) will impact the bank's capital and/or earnings due to adverse movements in Interest or foreign exchange rates.

**'Non-Traded VaR'** Reflects the volatility in the value of the fair value through other comprehensive income (FVOCI) investments in the liquidity pool which flow directly through capital via the FVOCI reserve. The underlying methodology to calculate non-traded VaR is similar to Traded Management VaR, but the two measures are not directly comparable. The Non-Traded VaR represents the volatility to capital driven by the FVOCI exposures. These exposures are in the banking book and do not meet the criteria for trading book treatment.

**'Notch'** A single unit of measurement in a credit rating scale.

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## Glossary of terms

**'Notional amount'** The nominal or face amount of a financial instrument, such as a loan or a derivative, that is used to calculate payments made on that instrument.

**'Open Banking'** The Payment Services Directive (PSD2) and the Open API standards and data sharing remedy imposed by the UK Competition and Markets Authority following its Retail Banking Market Investigation Order.

**'Operating leverage'** Operating expenses compared to total income less credit impairment charges and other provisions.

**'Operational risk'** The risk of loss to the bank from inadequate or failed processes or systems, human factors or due to external events (e.g. fraud) where the root cause is not due to credit or market risks.

**'Operational Riskdata eXchange Association (ORX)'** The Operational Riskdata eXchange Association (ORX) is a not-for-profit industry association dedicated to advancing the measurement and management of operational risk in the global financial services industry. Barclays is a member of ORX.

**'Origination led'** Focus on high margin, low capital fee based activities and related hedging opportunities.

**'Other systemically important institutions (OSII)'** Other systemically important institutions are institutions that are deemed to create risk to financial stability due to their systemic importance.

**'Over-the-counter (OTC) derivatives'** Derivative contracts that are traded (and privately negotiated) directly between two parties. They offer flexibility because, unlike standardised exchange-traded products, they can be tailored to fit specific needs.

**'Overall capital requirement'** The overall capital requirement is the sum of capital required to meet the total of a Pillar 1 requirement, a Pillar 2A requirement, a Global Systemically Important Institution (G-SII) buffer, a Capital Conservation Buffer (CCB) and a Countercyclical Capital Buffer (CCyB).

**'Own credit'** The effect of changes in the Barclays Bank Group's own credit standing on the fair value of financial liabilities.

**'Owner occupied mortgage'** A mortgage where the intention of the customer was to occupy the property at origination.

**'Own funds'** The sum of Tier 1 and Tier 2 capital.

**'Own funds and eligible liabilities ratio'** A risk-based ratio representing the own funds and eligible liabilities of the institution expressed as a percentage of total RWAs.

**'Past due items'** Refers to loans where the borrower has failed to make a payment when due under the terms of the loan contract.

**'Payment Protection Insurance (PPI) redress'** Provision for the settlement of PPI mis-selling claims and related claims management costs.

**'Pension Risk'** The risk of the Barclays Bank Group's earnings and capital being adversely impacted by the Barclays Bank Group's defined benefit obligations increasing or the value of the assets backing these defined benefit obligations decreasing due to changes in both the level and volatility of prices.

**'Performance costs'** The accounting charge recognised in the period for performance awards. For deferred incentives and long-term incentives, the accounting charge is spread over the relevant periods in which the employee delivers service.

**'Personal Banking'** Offers retail advice, products and services to Community and Premier customers in the UK.

**'Period end allocated tangible equity'** Allocated tangible equity is calculated as 13.0% (2019: 13.0%) of RWAs for each business, adjusted for capital deductions, excluding goodwill and intangible assets, reflecting assumptions the Barclays Bank Group uses for capital planning purposes. Head Office allocated tangible equity represents the difference between the Barclays Bank Group's tangible shareholders' equity and the amounts allocated to businesses.

**'Pillar 1 requirements'** The minimum regulatory capital requirements to meet the sum of credit (including counterparty credit), market risk and operational risk.



## Glossary of terms

**'Pillar 2A requirements'** The additional regulatory capital requirement to meet risks not captured under Pillar 1 requirements. These requirements are the outcome of the bank's Internal Capital Adequacy Assessment Process (ICAAP) and the complementary supervisory review and evaluation carried out by the PRA.

**'Post-Model Adjustment (PMA)'** In the context of Basel models, a PMA is a short term increase in regulatory capital applied at portfolio level to account for model input data deficiencies, inadequate model performance or changes to regulatory definitions (e.g. definition of default) to ensure the model output is accurate, complete and appropriate.

**'Potential Future Exposure (PFE) on derivatives'** A regulatory calculation in respect of the Barclays Bank Group's potential future credit exposure on both exchange traded and OTC derivative contracts, calculated by assigning a standardised percentage (based on the underlying risk category and residual trade maturity) to the gross notional value of each contract.

**'PRA waivers'** PRA approvals that specifically give permission to the bank to either modify or waive existing rules. Waivers are specific to an organisation and require applications being submitted to and approved by the PRA.

**'Primary securitisations'** The issuance of securities (bonds and commercial papers) for fund-raising.

**'Primary Stress Tests'** In the context of Traded Market Risk, Stress Testing provides an estimate of potentially significant future losses that might arise from extreme market moves or scenarios. Primary Stress Tests apply stress moves to key liquid risk factors for each of the major trading asset classes.

**'Prime Services'** Involves financing of fixed income and equity positions using Repo and stock lending facilities. The Prime Services business also provides brokerage facilitation services for hedge fund clients offering execution and clearance facilities for a variety of asset classes.

**'Principal'** In the context of a loan, the amount borrowed, or the part of the amount borrowed which remains unpaid (excluding interest).

**'Private equity investments'** Investments in equity securities in operating companies not quoted on a public exchange. Investment in private equity often involves the investment of capital in private companies or the acquisition of a public company that results in the delisting of public equity. Capital for private equity investment is raised by retail or institutional investors and used to fund investment strategies such as leveraged buyouts, venture capital, growth capital, distressed investments and mezzanine capital.

**'Principal Risks'** The principal risks affecting the Barclays Bank Group, as described in the Risk Review section of the Barclays Bank PLC Annual Report.

**'Pro-cyclicality'** Movements in financial variables (including capital requirements) following natural fluctuations in the economic cycle, where the subsequent impact on lending or other market behaviours acts as an amplification of the economic cycle by the financial sector.

**'Probability of Default (PD)'** The likelihood that a loan will not be repaid and will fall into default. PD may be calculated for each client who has a loan (normally applicable to wholesale customers/clients) or for a portfolio of clients with similar attributes (normally applicable to retail customers). To calculate PD, Barclays assesses the credit quality of borrowers and other counterparties and assigns them an internal risk rating. Multiple rating methodologies may be used to inform the rating decision on individual large credits, such as internal and external models, rating agency ratings, and for wholesale assets market information such as credit spreads. For smaller credits, a single source may suffice such as the result from an internal rating model.

**'Product structural hedge'** An interest rate hedge put in place to reduce earnings volatility on product balances with instant access (such as non-interest bearing current accounts and managed rate deposits) and to smoothen the income over a medium/long term.

**'Properties in Possession held as 'Loans and Advances to Customers''** Properties in the UK and Italy where the customer continues to retain legal title but where the bank has enforced the possession order as part of the foreclosure process to allow for the disposal of the asset or the court has ordered the auction of the property.

## Glossary of terms

**'Properties in Possession held as 'Other Real Estate Owned''** Properties in South Africa where the bank has taken legal ownership of the title as a result of purchase at an auction or similar and treated as 'Other Real Estate Owned' within other assets on the bank's balance sheet.

**'Proprietary trading'** When a bank, brokerage or other financial institution trades on its own account, at its own risk, rather than on behalf of customers, so as to make a profit for itself.

**'Prudential Regulation Authority (PRA)'** The statutory body responsible for the prudential supervision of banks, building societies, insurers and a small number of significant investment banks in the UK. The PRA is a subsidiary of the Bank of England.

**'Prudential Valuation Adjustment (PVA)'** A calculation which adjusts the accounting values of positions held on balance sheet at fair value to comply with regulatory valuation standards, which place greater emphasis on the inherent uncertainty around the value at which a trading book position could be exited.

**'Public benchmark'** Unsecured medium term notes issued in public syndicated transactions.

**'Qualifying central bank claims'** An amount calculated in line with the PRA policy statement allowing banks to exclude claims on the central bank from the calculation of the leverage exposure measure, as long as these are matched by deposits denominated in the same currency and of identical or longer maturity.

**'Qualifying Revolving Retail Exposure (QRRE)'** In the context of the IRB approach to credit risk RWA calculations, an exposure meeting the criteria set out in Capital Requirements Regulation (CRR Article 154.4). It includes most types of credit card exposure.

**'Rates'** In the context of Investment Bank income analysis, trading revenue relating to government bonds and linear interest rate derivatives.

**'Re-aging'** The returning of a delinquent account to up-to-date status without collecting the full arrears (principal, interest and fees).

**'Real Estate Mortgage Investment Conduits (REMICs)'** An entity that holds a fixed pool of mortgages and that is separated into multiple classes of interests for issuance to investors.

**'Recovery book'** Represents the total amount of exposure which has been transferred to recovery units who set and implement strategies to recover the Group's exposure.

**'Recovery book Impairment Coverage Ratio'** Impairment allowance held against recoveries balances expressed as a percentage of balance in recoveries.

**'Recovery book proportion of outstanding balances'** Represents the amount of recoveries (gross month-end customer balances of all accounts that have charged-off) as at the period end compared to total outstanding balances. The size of the recoveries book would ultimately have an impact on the overall impairment requirement on the portfolio. Balances in recovery will decrease if: assets are written-off; amounts are collected; or assets are sold to a third party (i.e. debt sale).

**'Regulatory capital'** The amount of capital that a bank holds to satisfy regulatory requirements.

**'Renegotiated loans'** Loans are generally renegotiated either as part of an ongoing customer relationship or in response to an adverse change in the circumstances of the borrower. In the latter case, renegotiation can result in an extension of the due date of payment or repayment plans under which the Barclays Bank Group offers a concessionary rate of interest to genuinely distressed borrowers. This will result in the asset continuing to be overdue, and individually impaired if the renegotiated payments of interest and principal will not recover the original carrying amount of the asset. In other cases, renegotiation will lead to a new agreement, which is treated as a new loan.

**'Repurchase agreement (Repo)' or 'Reverse repurchase agreement (Reverse repo)'** Arrangements that allow counterparties to use financial securities as collateral for an interest bearing cash loan. The borrower agrees to sell a security to the lender subject to a commitment to repurchase the asset at a specified price on a given date. For the party selling the security (and agreeing to repurchase it in the future), it is a Repurchase agreement or Repo; for the counterparty to the transaction (buying the security and agreeing to sell in the future), it is a Reverse repurchase agreement or Reverse repo.

## Glossary of terms

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

**'Re-securitisations'** The repackaging of securitised products into securities. The resulting securities are therefore securitisation positions where the underlying assets are also predominantly securitisation positions.

**'Reserve Capital Instruments (RCIs)'** Hybrid issued capital securities which may be debt or equity accounted, depending on the terms.

**'Residential Mortgage-Backed Securities (RMBS)'** Securities that represent interests in a group of residential mortgages. Investors in these securities have the right to cash received from future mortgage payments (interest and/or principal).

**'Residual maturity'** The remaining contractual term of a credit obligation associated with a credit exposure.

**'Restructured loans'** Comprises loans where, for economic or legal reasons related to the debtor's financial difficulties, a concession has been granted to the debtor that would not otherwise be considered. Where the concession results in the expected cash flows discounted at the original effective interest rate being less than the loan's carrying value, an impairment allowance will be raised.

**'Retail Loans'** Loans to individuals or small and medium sized enterprises rather than to financial institutions and larger businesses. It includes both secured and unsecured loans such as mortgages and credit card balances, as well as loans to certain smaller business customers, typically with exposures up to £3m or with a turnover of up to £5m.

**'Return on average Risk Weighted Assets'** Statutory profit after tax as a proportion of average RWAs.

**'Return on average tangible shareholders' equity (RoTE)'** Profit after tax attributable to ordinary equity holders of the parent, as a proportion of average shareholders' equity excluding non-controlling interests and other equity instruments adjusted for the deduction of intangible assets and goodwill.

**'Return on average allocated tangible equity'** Profit after tax attributable to ordinary equity holders of the parent, as a proportion of average allocated tangible equity.

**'Risk appetite'** The level of risk that Barclays is prepared to accept whilst pursuing its business strategy, recognising a range of possible outcomes as business plans are implemented.

**'Risk weighted assets (RWAs)'** A measure of a bank's assets adjusted for their associated risks. Risk weightings are established in accordance with the Basel rules as implemented by CRR and local regulators.

**'Risks not in VaR (RNIVS)'** Refers to all the key market risks which are not captured or not well captured within the VaR model framework.

**'Sarbanes-Oxley requirements'** The Sarbanes-Oxley Act 2002 (SOX), which was introduced by the US Government to safeguard against corporate governance scandals such as Enron, WorldCom and Tyco. All US-listed companies must comply with SOX.

**'Second Lien'** Debt that is issued against the same collateral as higher lien debt but that is subordinate to it. In the case of default, compensation for this debt will only be received after the first lien has been repaid and thus represents a riskier investment than the first lien.

**'Secondary Stress Tests'** Secondary stress tests are used in measuring potential losses arising from illiquid market risks that cannot be hedged or reduced within the time period covered in Primary Stress Tests.

**'Secured Overnight Financing Rate (SOFR)'** A broad measure of the cost of borrowing cash overnight collateralized by U.S. Treasury securities in the repurchase agreement (repo) market.

**'Securities Financing Transactions (SFT)'** In the context of RWAs, any of the following transactions: a repurchase transaction, a securities or commodities lending or borrowing transaction, or a margin lending transaction whereby cash collateral is received or paid in respect of the transfer of a related asset.

## Glossary of terms

**'Securities Financing Transactions adjustments'** In the context of leverage ratio, a regulatory add-on calculated as exposure less collateral, taking into account master netting agreements.

**'Securities lending arrangements'** Arrangements whereby securities are legally transferred to a third party subject to an agreement to return them at a future date. The counterparty generally provides collateral against non-performance in the form of cash or other assets.

**'Securitisation'** Typically, a process by which debt instruments such as mortgage loans or credit card balances are aggregated into a pool, which is used to back new securities. A company sells assets to a special purpose vehicle (SPV) which then issues securities backed by the assets. This allows the credit quality of the assets to be separated from the credit rating of the original borrower and transfers risk to external investors.

**'Set-off clauses'** In the context of counterparty credit risk, contract clauses that allow Barclays to set off amounts owed to us by a counterparty against amounts owed by us to the counterparty.

**'Settlement balances'** Receivables or payables recorded between the date (the trade date) a financial instrument (such as a bond) is sold, purchased or otherwise closed out, and the date the asset is delivered by or to the entity (the settlement date) and cash is received or paid.

**'Settlement Netting'** Netting approach used in the calculation of the leverage exposure measure whereby firms may calculate their exposure value of regular way purchases and sales awaiting settlement in accordance with Article 429g of CRR, as amended by Regulation (EU) 2019/876 (CRR 2).

**'Settlement risk'** The risk that settlement in a transfer system will not take place as expected, usually owing to a party defaulting on one or more settlement obligations.

**'Significant Increase in Credit Risk (SICR)'** Barclays assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments.

**'Small and Medium-Sized Enterprises (SME)'** An enterprise which employs fewer than 250 persons and which has an annual turnover which does not exceed EUR 50 million, and / or an annual balance sheet total not exceeding EUR 43 million. Within the SME category, a small enterprise is defined as an enterprise which employs fewer than 50 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 10 million. This is defined in accordance with Commission Recommendation 2003/361/EC of 6 May 2003 concerning the definition of micro, small and medium sized enterprises.

**'Slotting'** Slotting is an internal Barclays terminology for what is known as "Specialised Lending" in the IRB approach as described in Capital Requirements Regulation (CRR Article 147.8). A standard set of rules are required to be used in credit risk RWA calculations, based upon an assessment of factors such as the financial strength of the counterparty. The requirements for the application of the Specialised Lending approach are detailed in CRR Article 153.5.

**'Sovereign exposure(s)'** Exposures to central governments, including holdings in government bonds and local government bonds.

**'Specific market risk'** A risk that is due to the individual nature of an asset and can potentially be diversified or the risk of a price change in an investment due to factors related to the issuer or, in the case of a derivative, the issuer of the underlying investment.

**'Spread risk'** Measures the impact of changes to the swap spread, i.e. the difference between swap rates and government bond yields.

**'SRB ALRB'** The Systemic Risk Buffer (SRB) Additional Leverage Ratio Buffer is firm specific requirement set by the PRA using its powers under section 55M of the Financial Services and Markets Act 2000. Barclays is required to hold an amount of CET1 capital that is equal to or greater than its Additional Leverage Ratio Buffer.

**'Stage 1'** This represents financial instruments where the credit risk of the financial instrument has not increased significantly since initial recognition. Stage 1 financial instruments are required to recognise a 12 month expected credit loss allowance.

**'Stage 2'** This represents financial instruments where the credit risk of the financial instrument has increased significantly since initial recognition. Stage 2 financial instruments are required to recognise a lifetime expected credit loss allowance.

## Glossary of terms

**'Stage 3'** This represents financial instruments where the financial instrument is considered impaired. Stage 3 financial instruments are required to recognise a lifetime expected credit loss allowance.

**'Standard & Poor's'** A credit rating agency.

**'Standardised approach (SEC-SA)'** This is a method to calculate risk-weighted exposure amounts for securitisation positions. Under this method, an institution must be able calculate regulatory capital requirements per standardized approach for underlying exposures in the securitisation as if these had not been securitised ('K<sub>SA</sub>'), subject to certain other inputs and criteria.

**'Standby facilities, credit lines and other commitments'** Agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period, or have no specific maturity but are cancellable by the lender subject to notice requirements.

**'Statutory'** Line items of income, expense, profit or loss, assets, liabilities or equity stated in accordance with the requirements of the UK Companies Act 2006 and the requirements of International Financial Reporting Standards (IFRS).

**'Statutory return on average shareholders' equity'** Statutory profit after tax attributable to ordinary shareholders as a proportion of average shareholders' equity.

**'STD' / 'Standardised Approach'** A method of calculating RWAs that relies on a mandatory framework set by the regulator to derive risk weights based on counterparty type and a credit rating provided by an External Credit Assessment Institute.

**'Sterling Over Night Index Average (SONIA)'** Reflects bank and building societies' wholesale overnight funding rates in the sterling unsecured market administered and calculated by the Bank of England.

**'Stress Testing'** A process which involves identifying possible future adverse events or changes in economic conditions that could have unfavourable effects on the Barclays Bank Group (either financial or non-financial), assessing the Barclays Bank Group's ability to withstand such changes, and identifying management actions to mitigate the impact.

**'Stressed Value at Risk (SVaR)'** An estimate of the potential loss arising from a 12-month period of significant financial stress calibrated to 99% confidence level over a 10-day holding period.

**'Structured entity'** An entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well defined objective with restrictions around their ongoing activities.

**'Structural hedge' or 'hedging'** An interest rate hedge in place to reduce earnings volatility and to smoothen the income over a medium/long term on positions that exist within the balance sheet and do not re-price in line with market rates. See also 'Equity structural hedge' and 'Product structural hedge'.

**'Structural model of default'** A model based on the assumption that an obligor will default when its assets are insufficient to cover its liabilities.

**'Structured credit'** Includes the legacy structured credit portfolio primarily comprising derivative exposures and financing exposures to structured credit vehicles.

**'Structured finance or structured notes'** A structured note is an investment tool that pays a return linked to the value or level of a specified asset or index and sometimes offers capital protection if the value declines. Structured notes can be linked to equities, interest rates, funds, commodities and foreign currency.

**'Sub-prime'** Sub-prime is defined as loans to borrowers typically having weakened credit histories that include payment delinquencies and potentially more severe problems such as court judgments and bankruptcies. They may also display reduced repayment capacity as measured by credit scores, high debt-to-income ratios, or other criteria indicating heightened risk of default.

**'Subordinated liabilities'** Liabilities which, in the event of insolvency or liquidation of the issuer, are subordinated to the claims of depositors and other creditors of the issuer.

**'Supranational bonds'** Bonds issued by an international organisation, where membership transcends national boundaries (e.g. the European Union or World Trade Organisation).

## Glossary of terms

**'Synthetic Securitisation Transactions'** Securitisation transactions effected through the use of derivatives.

**'Systemic Risk Buffer'** CET1 capital that may be required to be held as part of the Combined Buffer Requirement increasing the capacity of UK banks to absorb stress and limiting the damage to the economy as a result of restricted lending.

**'Tangible Net Asset Value (TNAV)'** Shareholders' equity excluding non-controlling interests adjusted for the deduction of intangible assets and goodwill.

**'Tangible Net Asset Value per share'** Calculated by dividing shareholders' equity, excluding non-controlling interests and other equity instruments, less goodwill and intangible assets, by the number of issued ordinary shares.

**'Tangible shareholders' equity'** Shareholders' equity excluding non-controlling interests and other equity instruments adjusted for the deduction of intangible assets and goodwill.

**'Term premium'** Additional interest required by investors to hold assets with a longer period to maturity.

**'The Fundamental Review of the Trading Book (FRTB)'** A comprehensive suite of capital rules developed by the Basel Committee on Banking Supervision as part of Basel III and applicable to banks' wholesale trading activities.

**'The Standardised Approach (TSA)'** Under TSA, banks are required to hold regulatory capital for operational risk equal to the annual average, calculated over a rolling three-year period, of the relevant income indicator (across all business lines), multiplied by a supervisory defined percentage factor by business lines.

**'The three lines of defence'** The three lines of defence operating model enables Barclays to separate risk management activities between those client facing areas of the Barclays Bank Group and associated support functions responsible for identifying risk, operating within applicable limits and escalating risk events (first line); colleagues in Risk and Compliance who establish the limits, rules and constraints under which the first line operates and monitor their performance against those limits and constraints (second line); and, colleagues in Internal Audit who provide assurance to the Board and Executive Management over the effectiveness of governance, risk management and control over risks (third line). The Legal function does not sit in any of the three lines, but supports them all. The Legal function is, however, subject to oversight from Risk and Compliance with respect to operational and conduct risks.

**'Tier 1 capital'** The sum of the Common Equity Tier 1 capital and Additional Tier 1 capital.

**'Tier 1 capital ratio'** The ratio which expresses Tier 1 capital as a percentage of RWAs under CRR.

**'Tier 2 (T2) capital'** A type of capital as defined in the CRR principally composed of capital instruments, subordinated loans and share premium accounts where qualifying conditions have been met.

**'Tier 2 (T2) securities'** Securities that are treated as Tier 2 (T2) capital in the context of CRR.

**'Total balances on forbearance programmes coverage ratio'** Impairment allowance held against Forbearance balances expressed as a percentage of balance in forbearance.

**'Total capital ratio'** Total regulatory capital as a percentage of RWAs.

**'Total Loss Absorbing Capacity (TLAC)'** A standard published by the FSB which is applicable to G-SIBs and requires a G-SIB to hold a prescriptive minimum level of instruments and liabilities that should be readily available for bail-in within resolution to absorb losses and recapitalise the institution.

**'Total outstanding balance'** In retail banking, total outstanding balance is defined as the gross month-end customer balances on all accounts including accounts charged off to recoveries.

**'Total return swap'** An instrument whereby the seller of protection receives the full return of the asset, including both the income and change in the capital value of the asset. The buyer of the protection in return receives a predetermined amount.

**'Traded Market Risk'** The risk of a reduction to earnings or capital due to volatility of trading book positions.



## Glossary of terms

**'Trading book'** All positions in financial instruments and commodities held by an institution either with trading intent, or in order to hedge positions held with trading intent.

**'Traditional Securitisation Transactions'** Securitisation transactions in which an underlying pool of assets generates cash flows to service payments to investors.

**'Transitional'** When a measure is presented or described as being on a transitional basis, it is calculated in accordance with the transitional provisions set out in Part Ten of CRR.

**'Treasury and Capital Risk'** This comprises of Liquidity Risk, Capital Risk and Interest Rate Risk in the banking book.

**'Twelve month expected credit losses'** The portion of the lifetime ECL arising if default occurs within 12 months of the reporting date (or shorter period if the expected life is less than 12 months), weighted by the probability of said default occurring.

**'Twelve month PD'** The likelihood of accounts entering default within 12 months of the reporting date.

**'Unencumbered'** Assets not used to secure liabilities or otherwise pledged.

**'United Kingdom (UK)'** Geographic segment where Barclays operates comprising the UK. Also see 'Europe'.

**'UK Bank Levy'** A levy that applies to UK banks, building societies and the UK operations of foreign banks. The levy is payable based on a percentage of the chargeable equity and liabilities of the bank on its balance sheet date.

**'UK leverage exposure'** Calculated as per the PRA rulebook, where the exposure calculation also includes the FPC's recommendation to allow banks to exclude claims on the central bank from the calculation of the leverage exposure measure, as long as these are matched by deposits denominated in the same currency and of identical or longer maturity.

**'UK leverage ratio'** As per the PRA rulebook, means a bank's Tier 1 capital divided by its total exposure measure, with this ratio expressed as a percentage.

**'Unfunded credit protection'** A technique of credit risk mitigation where the reduction of the credit risk on the exposure of an institution derives from the obligation of a third party to pay an amount in the event of the default of the borrower or the occurrence of other specified credit events.

**'US Partner Portfolio'** Co-branded credit card programs with companies across various sectors including travel, entertainment, retail and financial sectors.

**'US Residential Mortgages'** Securities that represent interests in a group of US residential mortgages.

**'Valuation weighted Loan to Value (LTV) ratio'** In the context of credit risk disclosures on secured home loans, a means of calculating marked to market LTVs derived by comparing total outstanding balance and the value of total collateral we hold against these balances. Valuation weighted Loan to Value ratio is calculated using the following formula:  $LTV = \frac{\text{total outstandings in portfolio}}{\text{total property values of total outstandings in portfolio}}$ .

**'Value at Risk (VaR)'** A measure of the potential loss of value arising from unfavourable market movements at a specific confidence level and within a specific timeframe.

**'Weighted off balance sheet commitments'** Regulatory add-ons to the leverage exposure measure based on credit conversion factors used in the Standardised Approach to credit risk.

**'Wholesale loans' or 'wholesale lending'** Lending to larger businesses, financial institutions and sovereign entities.

**'Write-off (gross)'** The point where it is determined that an asset is irrecoverable, or it is no longer considered economically viable to try to recover the asset or it is deemed immaterial or full and final settlement is reached and the shortfall written off. In the event of write-off, the customer balance is removed from the balance sheet and the impairment allowance held against the asset is released. Net write-offs represent gross write-offs less post write-off recoveries.

**'Wrong-way risk'** Arises in a trading exposure when there is significant correlation between the underlying asset and the counterparty, which in the event of default would lead to a significant mark to market loss. When assessing the credit exposure



## Glossary of terms

of a wrong-way trade, analysts take into account the correlation between the counterparty and the underlying asset as part of the sanctioning process.

## EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
1.1	<a href="#">Articles of Association of Barclays Bank PLC (incorporated by reference to the Form 6-K filed on May 13<sup>th</sup>, 2010)</a>
2.1	Long Term Debt Instruments: Barclays Bank PLC is not party to any single instrument relating to long-term debt pursuant to which a total amount of securities exceeding 10% of its total assets (on a consolidated basis) is authorised to be issued. Barclays PLC hereby agrees to furnish to the Securities and Exchange Commission (the "Commission"), upon its request, a copy of any instrument defining the rights of holders of its long-term debt or the rights of holders of the long-term debt of any of its subsidiaries for which consolidated or unconsolidated financial statements are required to be filed with the Commission.
2.2	<a href="#">Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934</a>
4.1	<a href="#">Barclays Bank PLC Directors Deferred Compensation Plan (incorporated by reference to the Barclays Bank PLC Registration Statement on Form S-8 (File no. 333-149301) filed on February 19, 2008).</a>
4.2	<a href="#">Barclays Bank PLC Senior Management Deferred Compensation Plan (incorporated by reference to the Barclays Bank PLC Registration Statement on Form S-8 (File no. 333-149302) filed on February 19, 2008).</a>
4.3	<a href="#">Barclays Bank PLC 1999 Barclays Bank PLC Deferred Compensation Plan (incorporated by reference to the Barclays Bank PLC Registration Statement on Form S-8 (File no. 333-112796) filed on February 13, 2004).</a>
4.4	<a href="#">Barclays Bank PLC U.S. Senior Management Deferred Compensation Plan (incorporated by reference to the Barclays Bank PLC Registration Statement on Form S-8 (File no. 333-112797) filed on February 13, 2004).</a>
12.1	<a href="#">Certifications filed pursuant to 17 CFR 240.13(a)-14(a)</a>
13.1	<a href="#">Certifications filed pursuant to 17 CFR 240.13(a) and 18 U.S.C 1350(a) and 1350(b)</a>
15.1	<a href="#">Consent of KPMG LLP for incorporation by reference of reports in certain securities registration statements of Barclays Bank PLC.</a>
99.1	<a href="#">A table setting forth the issued share capital of Barclays Bank Group's total shareholders' equity, indebtedness and contingent liabilities as at 31 December 2020.</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Schema Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Schema Definition Linkbase
101.LAB	XBRL Taxonomy Extension Schema Label Linkbase
101.PRE	XBRL Taxonomy Extension Schema Presentation Linkbase

## Signatures

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorised the undersigned to sign this annual report on its behalf.

Date February 18, 2021

**Barclays Bank PLC**  
(Registrant)

By /s/ Steven Ewart  
**Steven Ewart, Chief Financial Officer**