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 PLC 1-09246

BARCLAYS 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)

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
25p ordinary shares*	Not applicable*	New York Stock Exchange*
American Depositary Shares, each representing four 25p ordinary shares	BCS	New York Stock Exchange
4.338% Fixed-to-Floating Rate Senior Notes due 2024	BCS24A	New York Stock Exchange
Floating Rate Senior Notes due 2024	BCS24B	New York Stock Exchange
4.972% Fixed-to-Floating Rate Senior Notes due 2029	BCS29	New York Stock Exchange
4.610% Fixed-to-Floating Rate Senior Notes due 2023	BCS23B	New York Stock Exchange
Floating Rate Senior Notes due 2023	BCS23C	New York Stock Exchange
4.375% Fixed Rate Subordinated Notes due 2024	BCS24	New York Stock Exchange
3.65% Fixed Rate Senior Notes due 2025	BCS25	New York Stock Exchange
5.25% Fixed Rate Senior Notes due 2045	BCS45	New York Stock Exchange
3.25% Fixed Rate Senior Notes due 2021	BCS21B	New York Stock Exchange
4.375% Fixed Rate Senior Notes due 2026	BCS26	New York Stock Exchange
5.20% Fixed Rate Subordinated Notes due 2026	BCS26A	New York Stock Exchange
3.20% Fixed Rate Senior Notes due 2021	BCS21	New York Stock Exchange
Floating Rate Senior Notes due 2021	BCS21A	New York Stock Exchange
Floating Rate Senior Notes due 2023	BCS23	New York Stock Exchange
3.684% Fixed Rate Senior Notes due 2023	BCS23A	New York Stock Exchange
4.337% Fixed Rate Senior Notes due 2028	BCS28	New York Stock Exchange
4.950% Fixed Rate Senior Notes due 2047	BCS47	New York Stock Exchange
4.836% Fixed Rate Subordinated Callable Notes due 2028	BCS28A	New York Stock Exchange
3.250% Fixed Rate Senior Notes due 2033	BCS33	New York Stock Exchange
3.932% Fixed-to-Floating Rate Senior Notes due 2025	BCS25A	New York Stock Exchange
5.088% Fixed-to-Floating Rate Subordinated Notes due 2030	BCS30	New York Stock Exchange
2.852% Fixed-to-Floating Rate Senior Notes due 2026	BCS26B	New York Stock Exchange
2.645% Fixed Rate Resetting Senior Callable Notes due 2031	BCS31	New York Stock Exchange
3.564% Fixed Rate Resetting Subordinated Callable Notes due 2035	BCS35	New York Stock Exchange
1.007% Fixed Rate Resetting Senior Callable Notes due 2024	BCS24C	New York Stock Exchange

* Not for trading, but in connection with the registration of American Depository Shares, pursuant to the requirements to the Securities and Exchange Commission.

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.

25p ordinary shares	17,359,296,032

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 and 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 ☐

Item 18 ☐

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

* Captions have been included only in respect of pages with multiple sections on the same page in order to identify the relevant caption on that page covered by the corresponding Form 20-F item number.

Making a difference

Barclays PLC
2020 Annual Report on Form 20-F

Notes
The terms Barclays or Group refer to Barclays 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.

There are a number of key judgement areas, for example impairment calculations, which are based on models and which are subject to ongoing adjustment and modifications. Reported numbers reflect best estimates and judgements at the given point in time.

Relevant terms that are used in this document but are not defined under applicable regulatory guidance or International Financial Reporting Standards (IFRS) are explained in the results glossary that can be accessed at home.barclays/investor-relations/reports-and-events/latest-financial-results.

The information in this announcement, which was approved by the Board of Directors on 17 February 2021, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020, which contain an unmodified audit report under Section 495 of the Companies Act 2006 (which does not make any statements under Section 498 of the Companies Act 2006), will be delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

Barclays is a frequent issuer in the debt capital markets and regularly meets with investors via formal road-shows and other ad hoc meetings. Consistent with its usual practice, Barclays expects that from time to time over the coming quarter it will meet with investors globally to discuss these results and other matters relating to the Group.

Non-IFRS performance measures
Barclays management believes that the non-IFRS performance measures included in this document provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing the businesses' performance between financial periods and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by Barclays management. However, any non-IFRS performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. Refer to the appendix on pages 198 to 205 for further information and calculations of non-IFRS performance measures included throughout this document, and the most directly comparable IFRS measures.

Key non-IFRS measures included in this document, and the most directly comparable IFRS measures, are:

– Attributable profit/(loss) excluding litigation and conduct represents attributable profit/(loss) excluding litigation and conduct charges. The comparable IFRS measure is attributable profit/(loss). A reconciliation is provided on pages 202 to 205;

– Average allocated equity represents the average shareholders' equity that is allocated to the businesses. The comparable IFRS measure is average equity. A reconciliation is provided on pages 202 to 205;

– Average allocated tangible equity is 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. Period end 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 the assumptions the Group uses for capital planning purposes. Head Office allocated tangible equity represents the difference between the Group's tangible shareholders' equity and the amounts allocated to businesses. The comparable IFRS measure is average equity. A reconciliation is provided on pages 202 to 205;

– Average tangible shareholders' equity is 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. The comparable IFRS measure is average equity. A reconciliation is provided on pages 202 to 205;

– Basic earnings per share excluding litigation and conduct is calculated by dividing statutory profit after tax attributable to ordinary shareholders excluding litigation and conduct charges, by the basic weighted average number of shares. The comparable IFRS measure is basic earnings per share. A reconciliation is provided on pages 202 to 205;

– Cost: income ratio excluding litigation and conduct represents operating expenses excluding litigation and conduct charges, divided by total income. The comparable IFRS measure is cost: income ratio. A reconciliation is provided on pages 202 to 205;

– Operating expenses excluding litigation and conduct represents operating expenses excluding litigation and conduct charges. The comparable IFRS measure is operating expenses. A reconciliation is provided on pages 202 to 205;

– Operating expenses excluding litigation and conduct, and a Guaranteed Minimum Payments (GMP) charge of £140m for 2018 represents operating expenses excluding litigation and conduct charges, and a GMP charge of £140m for 2018. The comparable IFRS measure is operating expenses. A reconciliation is provided on page 187;

– Pre-provision profits is calculated by excluding credit impairment charges from profit before tax. The comparable IFRS measure is profit before tax. A reconciliation is provided on pages 202 to 205;

– Pre-provision profits excluding litigation and conduct is calculated by excluding litigation and conduct, and credit impairment charges from profit before tax. The comparable IFRS measure is profit before tax. A reconciliation is provided on pages 202 to 205;

– Profit/(loss) before tax excluding litigation and conduct represents profit/(loss) before tax excluding litigation and conduct charges. The comparable IFRS measure is profit/(loss) before tax. A reconciliation is provided on pages 202 to 205;

– Return on average allocated equity represents the return on shareholders' equity that is allocated to the businesses. The comparable IFRS measure is return on equity. A reconciliation is provided on page 200;

– Return on average allocated tangible equity is calculated as the annualised profit after tax attributable to ordinary equity holders of the parent, as a proportion of average allocated tangible equity. The comparable IFRS measure is return on equity. A reconciliation is provided on page 201;

– Return on average allocated tangible equity excluding litigation and conduct is calculated as the annualised profit after tax attributable to ordinary equity holders of the parent excluding litigation and conduct charges, as a proportion of average allocated tangible equity. The comparable IFRS measure is return on equity. A reconciliation is provided on page 202;

– Return on average tangible shareholders' equity is calculated as the annualised 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. The comparable IFRS measure is return on equity. A reconciliation is provided on page 204; and

– Tangible net asset value per share is 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. A reconciliation is provided on page 205.

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 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 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 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 Group or any securities issued by such entities; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the UK's exit from the European Union (EU), the effects of the EU-UK Trade and Cooperation Agreement and 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 Group's control. As a result, the 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 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.

References to Strategic Report, Pillar 3 Report and TCFD Report
This document contains references throughout to the Barclays PLC Strategic Report, Pillar 3 Report and TCFD Report. References to the aforementioned reports are made for information purposes only, and information found in said reports is not incorporated by reference into this document.

Contents
What's inside this report

Our Governance

Welcome to our Governance report. This report explains the composition of our Board and Executive Committee, how our governance framework operates and our key areas of focus in 2020.

Aim of our governance

The primary aim of our governance is that it:

- seeks to ensure that our decision-making is aligned to our purpose and values
- creates long-term sustainable value for our shareholders, having regard to the interests of all our stakeholders
- is effective in providing constructive challenge, advice and support to management
- provides checks and balances and drives informed, collaborative and accountable decision-making.

Compliance with the Code and Regulations

Our Governance report reflects the requirements of the 2018 UK Corporate Governance Code (the 'Code') and the Companies (Miscellaneous Reporting) Regulations 2018 (the 'Regulations').

To view our specific compliance as against the Code, please see pages 35 to 40.

Certain additional information, signposted throughout this report, is available at **home.barclays/corporategovernance.**

Directors' report: Board of Directors

Overview of key developments in 2020

The challenges presented by the COVID-19 pandemic reinforced the importance for the Board of our purpose in everything we do and, 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 approved the introduction of a new, extended narrative of the Group's purpose and the refreshed descriptions of our values to make sure they are still relevant for the challenges ahead. You can read more about how the Board oversaw the evolution of our purpose and values on page 12.

Throughout the COVID-19 pandemic, the Board has been keenly focussed on protecting the health and well-being of our colleagues and supporting our customers, clients and other stakeholders, whilst at the same time maintaining the financial and operational integrity of the Barclays Group.

Nigel Higgins **Group Chairman** **Appointed: 2 May 2019**	
Relevant skills and experience	Nigel is the Group Chairman. He is also Chairman of Barclays Bank PLC. Nigel has extensive experience in, and understanding of, banking and financial services, gained through a 36-year career at Rothschild & Co. where he was most recently Deputy Chairman. Prior to that he was Chairman of the Group Executive Committee and Managing Partner of Rothschild & Co. He is a seasoned business leader with a strong track record in leading and chairing a range of organisations and in acting as a strategic adviser to multiple major international corporations and governments. The breadth of Nigel's knowledge and operational experience with international banking groups, building teams and culture and growing businesses are all hugely beneficial to Barclays, and enables Nigel to contribute to the strategic direction and long-term sustainable success of Barclays.
Key current appointments	Chairman, Sadler's Wells; Non-Executive Director, Tetra Laval Group
Board Committee membership	Board Nominations Committee (Chair)

Jes Staley **Group Chief Executive** **Appointed: 1 December 2015**	
Relevant skills and experience	Jes has nearly four decades of extensive experience in banking and financial services. He brings a wealth of investment banking knowledge to the Board as well as strong executive leadership, and this contribution is reflected in Barclays' strategy and long-term sustainable success of the business. He previously worked for more than 30 years at JP Morgan where he initially trained as a commercial banker, later advancing to the leadership of major businesses involving equities, private banking and asset management, and ultimately heading JP Morgan's Global Investment Bank.
Key current appointments	Board Member, Bank Policy Institute; Board Member, Institute of International Finance
Board Committee membership	None

Brian Gilvary **Senior Independent Director** **Appointed: 1 February 2020**	
Relevant skills and experience	Brian was appointed to the Board with effect from 1 February 2020 and took on the role of Senior Independent Director on 1 January 2021. He is an experienced executive having served on the Board of BP p.l.c. as Chief Financial Officer from 2012 to 2020. Brian's BP career spanned Upstream, Downstream and Trading based in the UK, USA and Europe. Previously, he held several senior financial and commercial roles, including member of the Board of TNK-BP (a BP Russian JV), Chief Executive of BP's commodity trading division and Commercial Director of the downstream division. His other senior level experience includes serving on the Boards of various commercial and charitable organisations. Brian was also Chairman of the FTSE 100 Group of Finance Directors from 2018 to 2020, a member of the UK Treasury Financial Management Review Board from 2014-2017 and has served on various HRH Prince of Wales' Business in the Community Leadership Teams from 2007-2009. Brian brings to the Board his extensive experience of management, finance and strategy gained at BP and other public and private Boards, along with deep experience of US and UK shareholder engagement. His experience with, and understanding of, the challenges and opportunities inherent in advancing a sustainable energy future will be invaluable as Barclays considers how it can help to accelerate the transition to a low-carbon world.
Key current appointments	Non-Executive Director, Air Liquide S.A.; Executive Chairman, INEOS Energy, an INEOS group company
Board Committee membership	Board Remuneration Committee, Board Nominations Committee (from 1 January 2021), Board Risk Committee (from 1 January 2021)

Directors’ report: Board of Directors

Crawford Gillies **Non-Executive (prior to 1 January 2021 Senior Independent Director)** **Appointed: 1 May 2014**	
Relevant skills and experience	Crawford is a senior member of the Board having held the role of Senior Independent Director prior to 1 January 2021. He is also Chair of Barclays Bank UK PLC (subject to regulatory approval). He has extensive business transformation and management experience at executive and board level spanning over 30 years. Beneficial to the Board and to Barclays’ strategy and long-term sustainable success is his key understanding of stakeholder needs and his experience in international and cross-sector organisations, strong leadership and strategic decision-making.
Key current appointments	Chairman, Edrington Group
Board Committee membership	Board Audit Committee, (until 31 December 2020), Board Nominations Committee Board, Remuneration Committee (Chair)

Mike Ashley **Non-Executive** **Appointed: 18 September 2013**	
Relevant skills and experience	Mike has deep knowledge of accounting, auditing and associated regulatory issues, having previously worked at KPMG for over 20 years. Mike’s former roles include acting as the lead engagement partner on the audits of large financial services groups including HSBC, Standard Chartered and the Bank of England, as Head of Quality and Risk Management for KPMG Europe LLP and as KPMG UK’s Ethics Partner. The Board benefits from his extensive experience in accounting, auditing and financial reporting and therefore Mike continues to contribute to the long-term sustainable success of the business.
Key current appointments	Member, Cabinet Office Board; Member, International Ethics Standards Board for Accountants; Member, ICAEW Ethics Standards Committee; Treasurer, The Scout Association
Board Committee membership	Board Audit Committee (Chair), Board Nominations Committee, Board Risk Committee

Tim Breedon CBE **Non-Executive** **Appointed: 1 November 2012**	
Relevant skills and experience	Tim’s continued contribution to Barclays’ strategy and long-term sustainable success comes from his extensive financial services experience, knowledge of risk management and UK and EU regulation, as well as an understanding of key investor issues. He had a distinguished career with Legal & General, where, among other roles, he was the Group CEO until June 2012; this experience enables Tim to provide challenge, advice and support to management on business performance and decision-making.
Key current appointments	Chairman, Apax Global Alpha Limited; Non-Executive Director, Quilter PLC
Board Committee membership	Board Audit Committee, Board Nominations Committee, Board Remuneration Committee, Board Risk Committee (Chair)

Sir Ian Cheshire **Non-Executive** **Appointed: 3 April 2017**	
Relevant skills and experience	Sir Ian is a member of the Board and until 31 December 2020 was Chair of Barclays Bank UK PLC. He contributes to the Board substantial business experience, particularly in the international retail sector from his lengthy executive career at the Kingfisher Group, as well as experience in sustainability and environmental matters which are important to the Group’s strategy and long-term sustainable success. Sir Ian holds strong credentials in leadership, is involved with many charitable organisations, such as The Prince of Wales’s Charitable Foundation, and is highly regarded by the Government for his work with various Government departments.
Key current appointments	Chairman, Menhaden plc; Trustee, Institute for Government; Non-Executive Director, British Telecommunications plc
Board Committee membership	Board Nominations Committee (until 31 December 2020)

Directors' report: Board of Directors

Mohamed A. El-Erian **Non-Executive** **Appointed: 1 January 2020**	
Relevant skills and experience	Mohamed is a highly respected economist and investor, with considerable experience in the asset management industry and multilateral institutions. He is the President of Queens' College Cambridge and a part-time advisor to Allianz, the corporate parent of Pacific Investment Management Company (PIMCO LLC), where he formerly served as Chief Executive and Co-Chief Investment Officer. As well as serving on several advisory committees and boards, Mohamed is a regular columnist for Bloomberg Opinion and a contributing editor at the Financial Times. He has also published widely on international economic and financial topics. He spent 15 years at the IMF, where he served as Deputy Director before moving to the private sector and financial services. Mohamed's acute knowledge and understanding of international economics and the financial services sector strengthens the Board's capacity for overseeing the strategic direction and development of the Group. Mohamed's knowledge and experience enable him to contribute to the long-term sustainable success and strategy of the business.
Key current appointments	Lead Independent Director, Under Armour Inc.; Chief Economic Advisor, Allianz SE; Chairman, Gramercy Funds Management; Senior Advisor, Investcorp Bank BSC; President, Queens' College, Cambridge University
Board Committee membership	Board Risk Committee

Dawn Fitzpatrick **Non-Executive** **Appointed: 25 September 2019**	
Relevant skills and experience	Dawn is a highly experienced financial executive who holds the role of Chief Investment Officer at Soros Fund Management LLC. Her previous experience includes 25 years with UBS and its predecessor organisations, most recently as Head of Investments for UBS Asset Management. Her knowledge of the businesses and markets in which the Group operates further strengthens the depth and range of relevant sector skills and experience across the Board. This enables Dawn to challenge and contribute effectively to the Group's operations and the long-term sustainable success of the business.
Key current appointments	Chief Investment Officer, Soros Fund Management LLC; Member, The New York Federal Reserve's Investor Advisory Committee on Financial Markets; Member, Advisory Board and Investment Committee of the Open Society Foundations' Economic Justice Programme
Board Committee membership	Board Risk Committee

Mary Francis CBE **Non-Executive** **Appointed:1 October 2016**	
Relevant skills and experience	Mary has extensive and diverse board-level experience across a range of industries, including her previous Non-Executive Directorships of the Bank of England, Alliance & Leicester, Aviva, Centrica and Swiss Re Group. Through her former senior executive positions with HM Treasury, the Prime Minister's Office, and as Director General of the Association of British Insurers, she brings to the Board a strong understanding of the interaction between public and private sectors, skills in strategic decision-making and reputation management and promotes strong board governance values, which enables her to continue to contribute effectively to the long-term sustainable success of the Group.
Key current appointments	Non-Executive Director, Valaris PLC; Senior Independent Director, PensionBee Ltd; Member of Advisory Panel, The Institute of Business Ethics; Member, UK Takeover Appeal Board
Board Committee membership	Board Remuneration Committee

Tushar Morzaria **Group Finance Director** **Appointed: 15 October 2013**	
Relevant skills and experience	Tushar is a chartered accountant and joined the Barclays Board and Executive Committee as Group Finance Director in October 2013. As part of his role he is responsible for Finance, Tax, Treasury, Investor Relations and Strategy. His extensive knowledge of strategic financial management, investment banking and operational and regulatory relations enable him to contribute effectively to Barclays long-term sustainable success. He has worked in investment banking for most of his career and held various roles at SG Warburg, Credit Suisse and JPMorgan. Immediately prior to joining Barclays he was CFO of the Corporate and Investment Bank at JPMorgan Chase. Tushar is currently Chair of the Working Group on Sterling Risk Free Reference Rates and a non-executive director on the BP p.l.c. board and a member of its Audit and Remuneration Committees.
Key current appointments	Non-Executive Director, BP p.l.c.; Member, 100 Group Main Committee; Chair, Sterling Risk Free Reference Rates Working Group
Board Committee membership	None

Directors' report: Board of Directors

Diane Schueneman **Non-Executive** **Appointed: 25 June 2015**	
Relevant skills and experience	Diane is a member of the Board, Chair of Barclays Execution Services Limited and a member of the Board of Barclays US LLC. She brings to Barclays a wealth of experience in managing global, cross-discipline business operations, client services and technology in the financial services industry, which enables her to robustly challenge the Group's strategy and support the long-term sustainable success of Barclays. Diane had an extensive career at Merrill Lynch, holding a variety of senior roles, including responsibility for banking, brokerage services and technology provided to the company's retail and middle market clients.
Key current appointments	None
Board Committee membership	Board Audit Committee, Board Nominations Committee, Board Risk Committee

Stephen Shapiro **Group General Counsel and Group Company Secretary** **Appointed: 1 November 2017**	
Relevant skills and experience	Stephen joined Barclays in November 2017 as Group Company Secretary and was subsequently appointed Group General Counsel in August 2020, in addition to his role as Group Company Secretary. Before joining Barclays Stephen served as the Group Company Secretary and Deputy General Counsel of SABMiller plc, and prior to this, he practised law as a partner in a law firm in South Africa, and subsequently in corporate law and M&A at Hogan Lovells in the UK. Stephen has extensive experience in corporate governance, legal, regulatory and compliance matters. Stephen serves as Vice Chair of the GC100, the association of General Counsel and Company Secretaries working in FTSE 100 companies, and has previously served as Chairman of the ICC UK's Committee on Anti-Corruption.

Directors' report: Executive Committee

In 2020 we further refreshed the composition of the Executive Committee (ExCo) to ensure, as our most senior management forum for the Group, it continues to have the right balance of skills and experience that we need to deliver our strategic ambitions. Through the appointments made during the year, we have sought to strengthen the senior management of the Group, bringing fresh perspectives and talents to bear on important areas of our business.

We have created a new role on the ExCo to ensure that societal engagement and our climate change ambitions are at the heart of our decision-making. We have also created the roles of Co-President of Barclays Bank PLC, so that our Corporate Bank, Banking and Markets businesses work more closely together, driving stronger collaboration across the CIB and delivering the Power of One Barclays for the benefit of our customers and clients:

New roles

Head of Public Policy and Corporate Responsibility
Sasha Wiggins

Global Head of Banking and Co-President of Barclays Bank PLC
Paul Compton

Global Head of Markets and Co-President of Barclays Bank PLC
C.S. Venkatakrishnan

Paul and Venkat were previously members of the ExCo in their respective capacities as President of Barclays Bank PLC and Group Chief Risk Officer. Joe McGrath stepped down from the ExCo on 31 December 2020 and we are immensely grateful for his continued contribution as Chairman of Investment Banking.

New Appointments to the ExCo

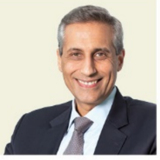
Group Chief Risk Officer
Taalib Shah

Group General Counsel
Stephen Shapiro

Bob Hoyt stepped down as Group General Counsel in July 2020.

Jes Staley
Group Chief Executive

Tushar Morzaria
Group Finance Director



Mark Ashton Rigby
Group Chief Operating Officer

Paul Compton
Global Head of Banking and Co-President of Barclays Bank PLC

Alistair Currie
Head of Corporate Banking

Stephen Dainton
Deputy Head of Markets

Matt Hammerstein
Chief Executive Officer, Barclays UK

Laura Padovani
Group Chief Compliance Officer

Tristram Roberts
Group Human Resources Director

Taalib Shah
Group Chief Risk Officer

Stephen Shapiro
Group General Counsel and Group Company Secretary

Ashok Vaswani
Chief Executive Officer, Consumer Banking & Payments

C.S. Venkatakrishnan
Global Head of Markets and Co-President of Barclays Bank PLC

Sasha Wiggins
Group Head of Public Policy & Corporate Responsibility

Directors' report

The Board remains committed, through our governance framework, to driving purpose-led decision-making and to delivering accountability to our stakeholders

Our governance framework

The Board views governance as how it makes decisions and provides oversight in order to promote Barclays' success for the long-term benefit of its shareholders having regard to the interests of its other key stakeholders – our clients, customers, colleagues and the communities in which we operate. Effective governance facilitates the delivery of Barclays' purpose and strategy, particularly in challenging times.

Barclays is a large, diversified organisation. The Board is committed, through our governance framework, to driving purpose-led decision-making and to delivering accountability to our stakeholders. Our Group-wide governance framework has been designed to facilitate the effective management of the Group across its diverse businesses by our Group CEO and his ExCo, whilst preserving the constructive challenge, support and oversight of the Group's major subsidiary boards in the UK, Ireland and the US, consistent with their respective legal and regulatory responsibilities and in compliance with UK ring-fencing requirements.

The Barclays PLC (BPLC) Board is responsible for setting the strategic direction and risk appetite of the Group and is the ultimate decision-making body for matters of Group-wide strategic, financial, regulatory or reputational significance.

BPLC is the Group parent company and has a premium listing on the London Stock Exchange. Each of its main operating entities, Barclays Bank PLC (BBPLC), Barclays Bank UK PLC (BBUKPLC), Barclays Bank Ireland PLC, Barclays US LLC and Barclays Bank Delaware, has its own board comprising Executive and Non-Executive Directors. Each also has its own board committees. These main operating companies are supported by BX, the Group-wide service company providing technology, operations and functional services to businesses across the Group.

Membership of the BPLC and BBPLC Boards was consolidated and streamlined in 2019, and this has led to significantly improved coordination and efficiency and reduced complexity and duplication. Membership of the BBPLC Board became a subset of the BPLC Board, with all members of the BPLC Board, except the Senior Independent Director (SID), the Chairman of BBUKPLC and one other Non-Executive Director, also serving on the board of BBPLC. In 2020, the Nominations Committee reviewed the effectiveness of the consolidated structure and considered that this partial consolidation had continued to deliver its intended benefits and was operating effectively, giving due regard to matters relevant to each individual entity. You can read more about the Nominations Committee's role in driving and reviewing the effectiveness of our governance framework on pages 23 to 28.

Board composition

In 2020, the Board welcomed the addition of two new Non-Executive Directors:

- Mohamed A. El-Erian, who was appointed on 1 January 2020; and
- Brian Gilvary, who was appointed on 1 February 2020.

Both appointments have brought valuable insight and experience to the Board, relevant to the markets and geographies in which Barclays operates.

In December 2020, the Board was very pleased to announce that Julia Wilson will join the Board as a Non-Executive Director with effect from 1 April 2021. She will also join the Audit Committee. Julia's appointment reflects our commitment to strengthening our Board through the addition of further highly respected individuals with strong financial services expertise. She will bring significant corporate finance, tax and accounting experience to the Board and we look forward to welcoming her ahead of our AGM.

As reported in our 2019 Annual Report, Matthew Lester stepped down from the Board on 1 January 2020. Mary Anne Citrino stepped down from the Board on 30 September 2020 in order to dedicate more time to her other board commitments. We are grateful to them both for their service to Barclays.

In line with the Group's plans for orderly succession, Sir Ian Cheshire stepped down as a Non-Executive Director and Chair of BBUKPLC on 31 December 2020 and was succeeded by Crawford Gillies with effect from 1 January 2021 (subject to regulatory approval). Crawford's track record and deep knowledge of the Group, including BBUKPLC, position him well for this role. He remains on the BPLC Board alongside his role on the BBUKPLC Board and we consider that the ongoing benefits of having the Chair of one of our principal subsidiaries as a member of the BPLC Board to be significant. Upon his appointment to the BBUKPLC Board, Crawford ceased to be the SID of BPLC and was succeeded in that role by Brian Gilvary with effect from 1 January 2021. Sir Ian has agreed to remain on the BPLC Board until the AGM in May 2021 to help ensure a smooth transition. The Board is enormously grateful to Sir Ian for the tremendous work that he has undertaken on behalf of the Group and BBUKPLC in particular. Crawford will continue to chair the Remuneration Committee until 1 March 2021, when he will be succeeded in that role by Brian Gilvary (subject to regulatory approval). At that time, Brian will have served as a member of the Remuneration Committee for 12 months as recommended by the Code. Brian also joined the Risk and Nominations Committees with effect from 1 January 2021. You can read more about the membership of each of our Board Committees on pages 14 to 34 and 79 to 80.

Efforts are ongoing to further complement the current range of skills on the Board through the recruitment of an additional Non-Executive Director with technology experience. The benefits of increased diversity remain at the forefront of this search. We continue to believe that a board with the right balance of skills, experience and diversity – of gender, ethnicity, cognitive and personal strengths and social backgrounds - is critical to the sustainable delivery of value to our shareholders.

Tim Breedon will have been on the Board for nine years in November 2021 and Mike Ashley will have been on the Board for nine years in September 2022 and, therefore, the Board is currently focussed on identifying and developing potential successors for their roles as Risk Committee Chair and Audit Committee Chair respectively.

You can read more about the Board's composition, diversity and succession planning, including recent changes and the appointment of Julia Wilson in the report of the Nominations Committee on pages 23 to 28.

Directors' report

Board Governance Framework

Barclays PLC Responsible for the overall leadership of the Group (with direct oversight of matters relating to reputation, environment and culture)			
Audit Committee Assesses the integrity of the Group's financial statements Evaluates the effectiveness of the Group's internal controls Scrutinises the activities and performance of internal and external auditors Reviews and monitors the Group's whistleblowing policies	**Nominations Committee** Reviews the composition of the Board Recommends the appointment of new Directors Considers succession plans for key Board and ExCo positions Oversees the annual Board effectiveness review	**Risk Committee** Monitors and recommends the Group's financial, operational and legal risk appetite Monitors the Group's financial, operational, conduct and legal risk profile Considers and reports on key financial and non-financial risk issues Oversees conduct and compliance and the leadership of the Risk and Compliance functions	**Remuneration Committee** Sets overarching principles and parameters of remuneration across the Group Considers and approves remuneration for the Chair, Executive Directors, other senior executives and certain Group employees Oversees remuneration issues
For more information see page 14	For more information see page 23	For more information see page 29	For more information see page 47

Principal committees

The principal Committees of the Board, and the core responsibilities of each Committee, are described in the 'Board Governance Framework' table above.

The remit of each Committee is set out in brief in the table, and you can read more about the Committees and their work on pages 14 to 34 and 79 to 80.

Measuring our effectiveness

We believe that an effective board is one which delivers value for its stakeholders – our shareholders, clients, customers, communities and colleagues. We assess the effectiveness of our Board, its Committees and Board members each year.

In respect of 2020, the Board effectiveness review was conducted internally, in line with the Code, by the Group Company Secretary, overseen by the SID. The SID and Group Company Secretary were well placed to do this, having previously conducted the 2019 review using broadly similar methodology. As the Code requires an externally facilitated evaluation to be undertaken every three years, in 2021 our effectiveness review will be undertaken by an external evaluator.

You can read more about the 2020 process and progress against the 2019 review on pages 23 to 24.

Board composition as at 31 December 2020

Balance of Non-Executive Directors – Executive Directors

No. of Directors

The Board considers all of the Non-Executive Directors to be independent.

- Chairman
- Non-Executive Directors
- Executive Directors

Gender balance

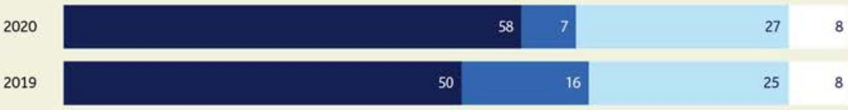
No. of Directors

- Male
- Female

As at the conclusion of our 2021 AGM, there will be 8 male and 4 female directors.

Board allocation of time[a]

%



- Strategy formulation and implementation monitoring
- Finance (including capital and liquidity)
- Governance and risk (including regulatory issues)
- Other (including remuneration)

Length of tenure (Chairman and Non-Executive Directors)

No. of Directors

- 0-3 years
- 3-6 years
- 6-9 years

Industry experience[b]

No. of Directors

International experience[c]

No. of Directors

Notes

a The percentages are subject to rounding and therefore may not equal 100% when rounded. Including ad hoc meetings.

b Individual Directors may fall into one or more categories.

c In relation to board experience based on the location of the headquarters/registered office of a company.

Directors' report

Key areas of focus in 2020

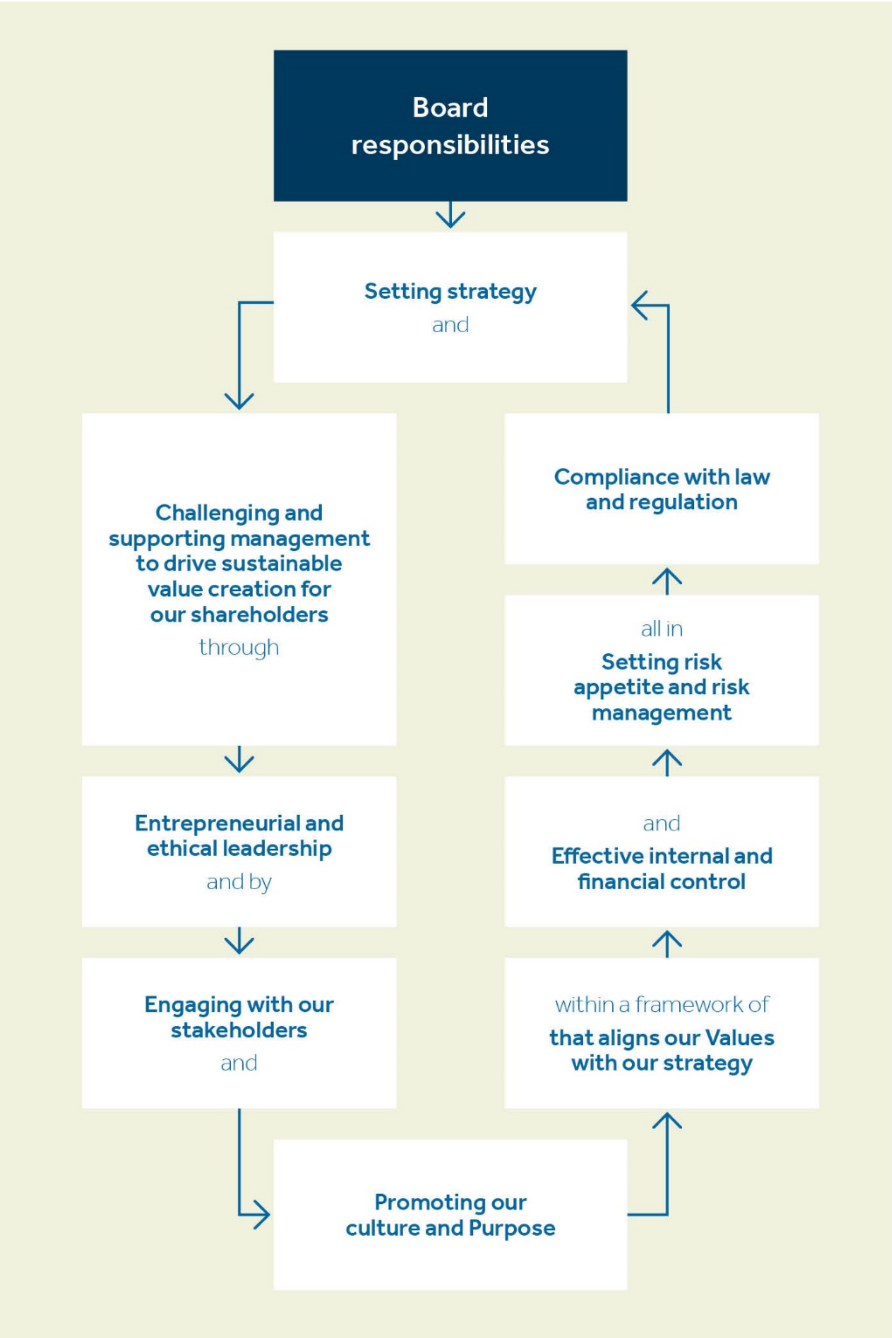
Effective governance facilitates the delivery of Barclays' purpose and strategy, particularly in challenging times.

We believe that effective governance facilitates the delivery of Barclays' purpose and strategy, particularly in challenging times. Throughout the COVID-19 pandemic, our Board has been keenly focussed on protecting the health and well-being of our workforce and supporting our customers, clients and other stakeholders, whilst ensuring that Barclays remains secure and resilient, both financially and operationally. The challenges created by the COVID-19 pandemic, provided the Board with a unique opportunity to consider how to balance decisions in a way that optimises our purpose and takes into account the interests of all our stakeholders.

As highlighted in our Chairman's introduction, this requires a Board in which constructive challenge, openness and diversity of background and opinion are prized, along with a commitment to act fairly and in the interests of all our stakeholders. The Board is well placed to help Barclays stay true to its purpose.

You can read more about the key areas of focus for the Board in 2020 on pages 11 to 13.

The Board discharged its responsibilities in 2020 as described in the high-level flow diagram on this page.



Directors' report

Key priorities

Reviewing our Purpose and Values

In 2019, the Board considered, together with management, the extent to which our purpose had been fully embedded across the Group. Whilst concluding that our purpose was integrated into many of our key processes and decision-making forums, the Board was of the view that there was potential for our purpose to be reinvigorated such that it is better connected with our stakeholders and what we do on a day to day basis as a bank and is deeply embedded in our decision-making.

The last 12 months have been immensely challenging for the firm and our colleagues, but they have also shown Barclays at its best: who we are, what we stand for, and how quickly we can move to get things done.

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 approved the introduction of a new, extended narrative of the Group's purpose and the refreshed descriptions of our values to make sure they are still relevant for the challenges ahead.

Our reinvigorated purpose to 'deploy finance responsibly to support people and businesses, acting with empathy and integrity, championing innovation and sustainability, for the common good and the long term' is intended to serve as an expression of purpose which encapsulates our position as a universal bank providing global financial services and resonates with colleagues and all of our stakeholders.

We updated and refreshed the language in the descriptors for each Value to better reflect who we are today, modern societal expectations, and things we should explicitly prioritise – such as inclusion and sustainability. Our values remain core to how we individually 'show up' in the organisation; they are our moral compass and will continue to be used as a mandatory measure of individual performance.

We believe that positive culture, supported by effective leadership and a consistent 'tone from the top', is crucial to our success. As such, culture remains a core focus for the Board and it is reviewed in a number of ways including:

- analysis of colleague survey results, reviewing and discussing colleague sentiment and feedback on areas including colleague wellbeing and engagement
- direct engagement with colleagues locally to hear their views through channels such as town hall meetings, talent sessions and office visits
- review of our people policies, which are designed to provide equal opportunities and create an inclusive culture, in line with our values and in support of our long-term success.

The Board reviewed Barclays' method of workforce engagement during 2020 and concluded that it had been effective, with many direct engagement mechanisms moving to digital channels. Our workforce policies and practices were also reviewed and the Board agreed they were consistent with our values and supported the long-term sustainable success of the Group. Feedback from our colleagues indicated that the COVID-19 pandemic had accentuated many aspects of our culture, manifesting itself in improved execution speeds, higher levels of colleague engagement and a belief among a majority of colleagues that our culture had improved. The Board has also carefully reviewed and endorsed how we define the way in which we want to get things done at Barclays – what we will call our mindset: 'Empower. Challenge. Drive.'

Alongside our strategy, and our strong commercial positioning, our purpose, values and mindset will provide the foundations to move to the next phase of our cultural and commercial journey, supporting us in fulfilling our obligations to our shareholders, colleagues, customers, clients and wider society, in the spirit of the common good.

How the Board thinks about strategy

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 the Group, raising significant matters for consideration by the Board in the context of the Board's responsibility for the long-term sustainable success of Barclays, generating value for shareholders and contributing to wider society, as well as for the culture of the Group more broadly. It has also required the Board to focus on how best to try to protect the health and well-being of colleagues and customers and, particularly in the context of the AGM arrangements, that of shareholders as well. Updates presented to the Board through the pandemic have reported on a range of stakeholder interests including matters which are key to the Group's reputation, such as business model impacts, colleague considerations, support for customers, clients and the communities in which Barclays operates, engagement with regulators, and the Group's support for customers and communities through the pandemic. You can find further details of this in our Section 172 statement in the Strategic Report available at **home.barclays/annualreport**.

To clearly establish and implement the Group's strategy, and be effective, with management, in addressing the challenges arising from the pandemic, the Board has continued to deepen its understanding of the Group's business and the risks and opportunities it faces. As such, 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 Group's operational resilience, with strategy considered at every Board meeting, rather than in a set piece event once a year. This has been particularly beneficial in the context of the dynamic and evolving environment during 2020, and has allowed the Board to discuss the impact of the pandemic on the different businesses within the Group and to provide support and constructive challenge to management in addressing diverse challenges by business and geography. The approval of the Group's Medium Term Plan, in which our strategy is embedded, was reviewed by the Board at its September, November and December meetings.

Deep dive topics were informed by discussions with our shareholders 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.

Deep dive topics discussed by the Board during the year covered a wide range of topics, including our purpose and values, the Group's operational mind-set during the COVID-19 pandemic, the unwinding of crisis measures, and our climate change strategy, alongside updates from selected individual businesses and from key Group functions including Compliance, Legal, Risk and HR.

As in previous years, we gave considerable focus to developments in the regulatory environment, to our key correspondence with regulators during the year in the context of their annual assessments and reviews, and to our engagement with our principal regulators in the UK and the US in particular.

The oversight of risk profile and of our control environment is also a core Board responsibility and, in addition to the detailed oversight of these matters by the relevant Board Committees, has been addressed at Board meetings throughout the year.

Governance through the pandemic

Given the dynamic environment brought about by the COVID-19 pandemic, the Board needed to operate in "crisis" mode and shift its focus from long term value creation to addressing the short and medium-term implications of the pandemic. As part of the Board's direct oversight of matters relating to reputation, updates were presented to the Board throughout the COVID-19 pandemic reporting on a range of stakeholder interests and matters key to our reputation.

Directors’ report

You can read more about the Board’s response to the COVID-19 pandemic, including the difficult decision to cancel our ordinary share full year 2019 dividend, the establishment of a Board COVID-19 Response Committee and the need to revise our 2020 AGM arrangements in order to comply with UK Government guidance and to protect the health and wellbeing of our shareholders, colleagues and other stakeholders in our Section 172 Statement in the Strategic Report available at **home.barclays/annualreport**. The Board will keep the considerable benefits of shareholder engagement in the AGM at the forefront of its planning for the 2021 AGM. This is an evolving situation and we will keep shareholders apprised of our plans as they develop. Further information will be made available in our 2021 Notice of Meeting and on our website in due course.

Climate change

The Board has direct oversight of social and environmental matters, including climate change. The Board recognised that Barclays can, and should, make a real contribution to tackling climate change, and help to accelerate the transition to a low-carbon economy. In the first quarter of 2020 the Board established a Board Climate Committee, to oversee our activities in this critically important area.

You can read more about our climate change strategy and stakeholder engagement in our Section 172 Statement and in the Society and environment section of our Strategic Report available at **home.barclays/annualreport**. You can also find out more about our climate change plans on our website at **home.barclays/climatechange.**

Our investor and stakeholder engagement

Despite the impact of the COVID-19 pandemic limiting the scope for ‘in-person’ meetings due to restrictions introduced during the course of the year, we were able to continue our extensive engagement programme with institutional equity and fixed income investors through a range of ‘virtual’ formats. Our Executive Directors, as well as other senior management representatives, supported by our Investor Relations team, engaged regularly with existing shareholders and target investors throughout the year. Our engagement programme also included a series of video conference calls with our major shareholders and other stakeholders (including proxy advisory agencies and investor associations) on our climate change ambition and commitments. In addition, throughout the year our Chairman, Nigel Higgins, frequently spoke with our shareholders and other stakeholders. You can read more about our continued engagement with our investors, in our Strategic Report available at **home.barclays/annualreport**.

Meaningful engagement with our colleagues has long been a key priority of the Board and you can read about our workforce engagement model in the People and culture section on pages 81 to 85. More information about our broader stakeholder engagement is described in the Strategic Report available at **home.barclays/annualreport**.

Directors' report: Board Audit Committee report

Maintaining robust internal controls throughout the pandemic

Dear Fellow Shareholders

2020 was a challenging year in terms of monitoring the internal and business controls environment alongside reviewing the Group's financial performance in light of the COVID-19 pandemic.

The calculation of expected credit loss (ECL) in accordance with IFRS 9 was a major focus for the Committee during the year as the calculation of credit impairment charges proved challenging due to ongoing macroeconomic uncertainty and evolving consensus. The ECL models are based on historical relationships between macroeconomic variables and credit impairment outcomes that pre-dated the impact of the COVID-19 pandemic, in particular the unprecedented level of government support provided to businesses and consumers in both the UK and in the US. Given the forward looking nature of IFRS 9 provisioning, the ECL models showed, as expected, a significant degree of sensitivity to the current economic uncertainty. Whilst, as noted below, the Committee is satisfied that the overall ECL provision level is appropriate, it must be recognised that the profit and loss impact reflects the difference between the opening and closing stock of provisions after accounting for write-offs in the period. The lack of significant increases in the latter at present, due to government support measures, magnifies the sensitivity of the provision charge to changes in assumptions.

To date the impact of climate change on the Group's financial statements has been very limited. However, the Committee expects that to change over time and will continue to keep under review both this and the extent and accuracy of disclosures regarding the Group's environmental impact.

In relation to Barclays' internal control environment, the Committee noted that the Barclays Internal Control Environment Programme (BICEP) which commenced in January 2017 and was focussed on strengthening the internal control environment across the Group, successfully completed in March 2020. The Group's control environment is now in a much stronger position, which helped to deal with the operational challenges which the COVID-19 pandemic has presented. Management has operated within a robust framework for identifying and responding to control issues with appropriate reporting to the Committee and other Board Committees. The Committee was pleased to note that, effective 25 June 2020, the Federal Reserve Board (FRB) announced the termination of its enforcement action initiated against Barclays Bank PLC in May 2015 with regard to business practices relating to its US FX, Rates, Commodities, Government Bonds and Credit Derivatives activities; the FRB was satisfied with the remediation actions taken by the Group to enhance its firm-wide compliance systems and controls relating to those activities. Termination of the action was contingent upon completion by the Group of a review of relevant policies and procedures, which has now been achieved.

In assessing general control issues for disclosure in this Annual Report, the Committee continued to apply similar concepts to those used for assessing internal financial controls for the purposes of the US Sarbanes-Oxley Act (SOx). The Committee remained of the view that there are no control issues that are considered to be a material weakness and which merit specific disclosure.

During 2020, I held regular meetings with the Chair of the BBUKPLC Board Audit Committee and with the Chair of the Barclays US LLC audit committee. I also attended the meetings of the Barclays Bank Ireland PLC audit committee and BBUKPLC audit committee which considered the main year-end accounting issues, and I will be attending the Barclays US LLC audit committee meeting in March 2021. The Chair of the BBUKPLC Board Audit Committee attended the meeting of the Committee at which the control environment of BBUKPLC was considered as part of the Committee's year-end evaluation. I also continued to meet frequently with members of senior management, including the Group Finance Director and Chief Internal Auditor.

Barclays Internal Audit (BIA) is a key component in supporting the Committee's work. I am pleased with the way that the function has performed throughout the year, particularly in scoping, performing and reporting the outcomes of its work both to management and the Committee in an environment where the scope of its audit plan, as approved in December 2019, has had to change owing to the operational and risk challenges brought on by the COVID-19 pandemic. As the pandemic took hold, I spoke weekly with the Chief Internal Auditor and her key management team. A BIA Contingency Plan was established and invoked in response to the pandemic, outlining heightened management, reporting and escalation protocols for BIA, both as a Third Line of Defence and a function within the Group.

I have also continued my regular engagement with the Group's regulators, both in the UK and US. This has encompassed not only my work as the Chair of the Committee, but also my role as the Group's Whistleblowing Champion. In that respect, I oversaw the production of the second of three annual reports which we agreed to submit to the FCA and PRA in the UK and to the New York Department of Financial Services regarding our whistleblowing programme.

Committee effectiveness

The 2020 Committee effectiveness review was conducted in accordance with the Code. This internal review involved completion of a tailored questionnaire by Committee members and standing attendees (which included our external lead audit engagement partner), in line with the approach adopted for all Board Committees in 2020. The review is an important part of the way Barclays monitors and improves Committee performance and effectiveness, maximising strengths and highlighting areas for further development.

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. It was suggested that the Committee may benefit from an additional member with specialist financial reporting and management expertise, with feedback noting that this would be addressed following the appointment of Julia Wilson as a new member of the Committee when she joins the BPLC Board in April 2021. In particular, the review indicates that the Committee has continued to operate effectively in the context of the COVID-19 pandemic.

My role as Chair in balancing a demanding agenda efficiently so that time is allocated to the most significant items for discussion was recognised. The Committee has a broad remit and has taken on additional responsibilities during recent years, for example the oversight of tax matters, so continued focus on this area will be beneficial.

The review commented that the Committee's interaction with the Board, Board Committees and senior management is considered effective, noting in particular that the Committee's interaction with the Board Risk Committee works well. The review highlighted that reporting to the Committee on issues relevant to the Committee's remit relating to BBUKPLC had been streamlined and effective. Following the consolidation of the membership of the Committee with the BBPLC Board Audit Committee, coverage of BBPLC matters within concurrent meetings was considered adequate.

Changes to Committee composition

Having taken on the role of Chair of BBUKPLC at the end of December 2020, Crawford Gillies left the Committee. I look forward to welcoming Julia Wilson as a new member of the Committee when she joins the BPLC Board in April 2021.

Looking ahead

In 2021, the Committee will continue to monitor the key IFRS 9 processes, particularly in light of the development of the COVID-19 pandemic, the uncertain economic environment and related impact upon the Group. There is always a balance to be struck between the sophistication of models and the ability to adapt them to changing circumstances and run them on a timely basis using different assumptions and scenarios. In implementing IFRS 9, the Group developed a number of highly complex and sophisticated models for ECL which have been particularly challenged in the pandemic, which is a situation also impacting a number of the Group's peers. Going forward, therefore, management is looking to simplify the model environment significantly, whilst at the same time making it more readily responsive to major changes in the economic environment. These changes will also provide increased flexibility to perform sensitivity analysis. The Committee is fully supportive of this effort and will be monitoring this development closely.

The Committee will also seek to monitor the sustainability of the continuing evolution of the internal control environment, notwithstanding so many Group processes having "returned to Satisfactory" as part of the now successfully completed BICEP initiative; and to continue the scrutiny of the control issues and new working arrangements resulting from, or associated with, the impact of the COVID-19 pandemic. We will also be looking to assess the reporting of control issues – with increasing focus on the remaining key areas of focus as well as to monitor the satisfactory completion of various ongoing remediation programmes.

Mike Ashley
Chair, Board Audit Committee

17 February 2021

Directors' report: Board Audit Committee report

Committee composition and meetings

The Committee is composed solely of independent Non-Executive Directors, with membership 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. In particular, Mike Ashley, who is the designated financial expert on the Committee for the purposes of SOx, is a former audit partner who, during his executive career, acted as lead engagement partner on the audits of a number of large financial services groups. When she joins the Committee in April 2021, Julia Wilson will also bring deep technical experience to the Committee, including corporate finance, tax and accounting expertise. You can find more details of the experience of the current Committee members in their biographies on pages 3 to 6.

During 2020, the Committee met 10 times (2019: 10 times) and the chart below shows how it allocated its time. Attendance by members at Committee meetings is also shown below. Committee meetings were attended by representatives from management, including the Group CEO, Group FD, Chief Internal Auditor, Chief Controls Officer, Chief Risk Officer, Chief Operating Officer, Group General Counsel and Group Chief Compliance Officer, as well as representatives from the businesses and other functions, and from BBPLC senior management reflecting the streamlined operation of the BPLC and BBPLC Committee meetings.

The lead audit engagement partner of KPMG, Michelle Hinchliffe, also attended Committee meetings. The Committee held a number of separate private sessions with each of the Chief Internal Auditor and the lead audit engagement partner during 2020, which were not attended by management.

Role of the Committee

The role of the Committee is to review and monitor, among other things:

- the integrity of the Group's financial statements and related announcements
- the effectiveness of the Group's internal controls
- the independence and effectiveness of the internal and external audit process
- the Group's relationship with the external auditors
- the effectiveness of the Group's whistleblowing policies and procedures.

The Committee's terms of reference are available at home.barclays/who-we-are/our-governance/board-committees

Board Audit Committee

Committee members

Member	Meetings attended/ eligible to attend
Mike Ashley	10/10
Tim Breedon	10/10
Crawford Gillies	10/10
Diane Schueneman	10/10

Committee allocation of time

%

Note
Including ad hoc meetings.

Ensuring reporting integrity and an effective controls environment

Area of focus	*Reporting issue*	*Role of the Committee*	*Conclusion / action taken*
Fair, balanced and understandable reporting (including Country- by-Country Reporting and Modern Slavery Statement)	In light of the Board's obligation under the Code, the Committee assesses external reporting to ensure it is fair, balanced and understandable.	In addition to this Annual Report and associated year-end reports, the Committee also reviewed the Group's quarterly reports and the presentations to analysts. The Committee informed these reviews by: ▪ consideration of reports of the Disclosure Committee which included views on content, accuracy and tone ▪ direct questioning of management, including the Group CEO and Group FD, on the transparency and accuracy of disclosures ▪ consideration of management's response to letters issued by the Financial Reporting Council (FRC) and other industry reporting guidance ▪ evaluation of the output of the Group's internal control assessments and SOx s404 internal control process ▪ consideration of the results of management's processes relating to financial reporting matters and evidencing the representations provided to the external auditors.	The Committee considered the extensive disclosures regarding the COVID-19 pandemic relating not just to the impact on the financial statements, but also the actions taken and support provided by the Group to ensure they met the required standard. In relation to the former, the Committee considered in particular the ECL judgements and disclosures from a IFRS9 perspective in light of guidance issued by regulators as part of their response to the COVID-19 pandemic, including (among other things) capital measures in relation to IFRS9 transitional relief and impact of government support schemes and other support measures from central banks and regulators. Having evaluated all of the available information, the assurances by management and underlying processes used to prepare the published financial information, the Committee concluded and advised the Board that the 2020 Annual Report and financial statements are fair, balanced and understandable.
Going concern and long-term viability (refer to the Viability Statement on pages 50 and 51)	Barclays is required to assess whether it is appropriate to prepare the financial statements on a going concern basis and also, in accordance with the Code, Barclays must provide a statement of its viability.	The Committee considered both the going concern assumption and the form and content of the Viability Statement having regard to: ▪ the MTP and WCR ▪ the forecasted liquidity and funding profile ▪ the results of stress tests based on internal assumptions as reviewed by the Board Risk Committee ▪ current risk and strategy disclosures ▪ changes to capital ratios.	The Committee recommended to the Board that the financial statements should be prepared on a going concern basis and that there were no material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern; and noted that capital ratios remained above minimum mandatory requirements. The Committee also agreed that the appropriate time frame for the Viability Statement continued to be three years and recommended the Viability Statement to the Board for approval.
Impairment of Financial Instruments (refer to Note 7 to the financial statements)	ECLs are modelled using a range of forecast economic scenarios. They use forward looking models which require judgements to be made over modelling assumptions, including: - the determination of macroeconomic scenarios to be used - the methodology for weighting scenarios - the establishment of criteria to determine significant deterioration in credit quality - the application of management adjustments to the modelled output. The latter has been particularly relevant in 2020 as the models were not designed to take account of the unprecedented level of government support for both businesses and consumers during the pandemic.	As part of its monitoring, the Committee considered a number of reports from management on: ▪ the economic impact of the COVID-19 pandemic ▪ the impact of the uncertain macroeconomic environment and effectiveness of government support measures ▪ the continued development and embedding of controls over the internal processes supporting the ECL calculation and related assessment of SOx compliance (including by the external auditors) ▪ model changes ▪ regeneration of the macro-economic variables and associated weighting ▪ adjustments made to the modelled output to reflect updated data and known model deficiencies, including	Having considered and scrutinised the reports, the Committee agreed with management's conclusion that the impairment provision (including specifically the £4,838m for credit impairment charges) was appropriate. In particular, the Committee agreed with the judgement exercised by management in determining post-model adjustments on the assumption that government support is likely largely to defer, rather than eliminate, the impact of the current economic stresses. The Committee also agreed with management that it was important to develop the ECL models so that they are more responsive to changing economic scenarios.

		in relation to the impact of government support ▪ comparisons between actual experience and forecast losses	In light of the increased inherent uncertainty of the ECL calculation, the Committee encouraged management to continue increasing disclosures relating to the provision and its sensitivity to key variables.
Goodwill and Intangible Impairments (refer to Note 22 to the financial statements)	The valuations of goodwill and intangible assets are assessed on the basis of discounted forecast future earnings, which in the current economic circumstances are significantly reduced. In addition, given the nature of the Group's business and the significant component of earnings attributable to net interest income, such forecasts are particularly sensitive to the level of long term interest rates and the shape of the yield curve.	The Committee considered the allocation of goodwill and intangibles to the cash generating units, ensuring consistency with the treatment adopted in prior years. The Committee also discussed with management methodology for assessing value in use given the reduction in headroom which required a more detailed review than in earlier years. In particular, the Committee reviewed the basis for allocating net tangible equity to the relevant cash generating units. The Committee also considered management's forecast future earnings (as shown by the MTP after taking account of subsequent key changes in the macro-economic environment which might be expected to impact the impairment assessment) and the extrapolation of those earnings out beyond that time. Finally the Committee considered the sensitivity analyses prepared by management, which indicated what changes to assumptions would trigger the need for impairment.	The Committee was satisfied that the forecasts supported the recoverability of the goodwill and intangibles and no impairment was required. As expected, however, the headroom was significantly decreased from prior years and the sensitivity analyses illustrated that comparatively small changes in key assumptions could lead to impairment. The Committee therefore carefully reviewed the disclosures made to ensure that the key sensitivities and the potential impacts were appropriately highlighted
Conduct provisions (refer to Note 24 to the financial statements)	Barclays makes certain assumptions and estimates, analysis of which underpins provisions made for the costs of customer redress.	With a view to evaluating adequacy of the provisions, the Committee analysed: ▪ the judgements and estimates made with regard to Barclays' provisioning for the remaining PPI claims ▪ the estimated extent of compensation payable to customers in respect of non-delivery of certain expected benefits ▪ the possibility of conduct issue claims arising as a result of the changed working environment in the context of the COVID-19 pandemic ▪ the possibility of claims arising from the Group's participation in government loan schemes to support customers against the impact of the pandemic, taking account of work carried out by the Risk Committee on the underlying risks and management's mitigating actions.	The Committee noted that, following the imposition of the deadline in relation to PPI claims, the significance of conduct provisions has considerably declined. The Committee agreed with management that the overall level of provision in relation to the various conduct matters was adequate and appropriate at £497m as at the end of the year.
Legal, competition and regulatory provisions (refer to Notes 24 and 26 to the financial statements)	Barclays is engaged in various legal, competition and regulatory matters which may give rise to provisioning based on the facts. The level of provisioning is subject to management judgement on the basis of legal advice and is, therefore, an area of focus for the Committee.	The Committee evaluated advice on the status of current legal, competition and regulatory matters. It considered management's judgements on the level of provision to be taken and accompanying disclosure.	The Committee discussed provisions and utilisation and, having reviewed the information available to determine what was both probable and could be reliably estimated, the Committee agreed that the level of provision at the year-end was appropriate. The Committee also considered that the disclosures made provided the appropriate information for investors.
Valuations	Barclays exercises judgement in the valuation and disclosure of	The Committee:	The Committee noted that there were no new significant

(refer to Notes 13 to 17 to the financial statements)	financial instruments, derivative assets and certain portfolios, particularly where quoted market prices are not available.	▪ evaluated reports outlining the Group's material valuation judgements ▪ monitored the valuation methods applied, including changes in light of the COVID-19 pandemic ▪ considered pensions liability valuations.	valuation judgements at the end of the year. The Committee was satisfied with the accounting treatment in respect of the various matters.
Tax (refer to Note 9 to the financial statements)	Barclays is subject to taxation in a number of jurisdictions globally and makes judgements with regard to provisioning for tax at risk and to the recognition and measurement of deferred tax assets.	The Committee is responsible for considering the Group's tax strategy and overseeing compliance with the Group's Tax Code of Conduct. In this regard the Committee received reports from the Tax Management Oversight Committee and, in particular, considered the upward revaluation of UK deferred tax assets due to cancellation of a scheduled 2% UK corporation tax cut which had been due to take place in April 2020 and additional tax considerations arising from the COVID-19 pandemic. The Committee reviewed the appropriateness of provisions made for uncertain tax positions. The Committee also confirmed that the estimates and assumptions used in assessing the recoverability of deferred tax assets were supported by the MTP.	The Committee was satisfied that specific strategies were in line with the Group's Tax Code of Conduct and on behalf of the Board approved the UK Tax Strategy statement published as part of the Country-by-Country Report. The Committee noted that the uncertain tax positions covered a diverse range of issues and, as a consequence, agreed with management's view that there was not a significant risk of a material adjustment during the next year. The Committee was also satisfied that deferred tax assets recognition was appropriate.
Internal controls and business control environment (read more about Barclays' internal control and risk management processes on pages 39 to 40).	The effectiveness of the overall control environment, including the status of any significant control issues and the progress of specific remediation plans.	The Committee: ▪ monitored finalisation of BICEP which completed at the end of March 2020 as well as ongoing sustainability of the enhanced control environment ▪ evaluated and tracked the status of the most significant control issues through regular reports from the Chief Controls Officer, including updates on lessons learned and progress relating to remediation areas, as well as priorities looking forward to sustain and strengthen the control environment ▪ focussed on reports relating to individual businesses and functions on the control aspects of key matters such as IBOR transition and post-Brexit transition period control preparedness, operational resilience and controls, particularly in the context of the impact of the COVID-19 pandemic, cyber security and data management controls ▪ received independent evaluations from BIA and external auditors.	The Committee has focussed on the ability of the Group to maintain strong internal controls in the context of the challenges brought about by the COVID-19 pandemic, the huge increase in number of staff working remotely and the pressure on systems, branch facilities and customer service levels generally.
Raising concerns	The adequacy of the Group's arrangements to allow employees to raise concerns in confidence and anonymously without fear of retaliation; and the outcomes of any substantiated cases.	The Committee has received reports from management and monitored whistleblowing metrics and retaliation reports.	During 2020 the Committee received reports, including a year-end annual report, on whistleblowing from management and noted that the whistleblowing programme continued to operate satisfactorily during the Covid-19 pandemic.

Directors’ report: Board Audit Committee report

Internal audit	The performance of BIA and delivery of the internal audit plan, including scope of work performed, the level of resources, and the methodology and coverage of the internal audit plan.	The Committee has during the year ▪ monitored BIA’s implementation of the first year of its three-year internal audit plan ending December 2022 ▪ approved the establishment of the Internal Audit Contingency Plan, in response to the COVID-19 pandemic ▪ reviewed BIA’s audit reports in relation to specific audits, noting that any planned audits cancelled in 2020 owing to the COVID-19 pandemic would be rescheduled for 2021, as appropriate ▪ tracked the levels of adverse audits and issues raised by BIA and monitored related remediation plans ▪ discussed BIA’s assessment of the management control approach and control environment in the Group companies and functions.	The Committee received BIA’s annual review of its charter and reviewed BIA’s performance report, including quality assurance. The Committee also agreed BIA’s proposed 2021 Audit Plan, noting the related methodology, deliverables and level of resources to be allocated in respect of internal audit execution and delivery, data analytics, people, diversity and leadership as well as governance and management information.
External audit	The work and performance of KPMG.	The Committee: ▪ met with key members of the KPMG audit team to discuss the 2020 Audit Plan and KPMG’s areas of focus ▪ assessed regular reports from KPMG on the progress of the 2020 audit and any material accounting and control issues identified ▪ discussed KPMG’s feedback on Barclays’ critical accounting estimates and judgements ▪ discussed KPMG’s draft report on certain control areas and the control environment ahead of the 2020 year-end ▪ considered the draft SOx control report and the draft audit opinion.	The Committee approved the 2020 Audit Plan and the main areas of focus for the year. Read more about the Committee’s role in assessing the performance, effectiveness and independence of the external auditor on the next page.

Directors' report: Board Audit Committee report

External auditor

Following an external audit tender in 2015, KPMG was appointed as Barclays' Statutory Auditor with effect from the 2017 financial year. Michelle Hinchliffe of KPMG is Barclays' lead audit engagement partner and was appointed to this role with effect from the 2018 financial year.

Assessing external auditor effectiveness, objectivity and independence and non-audit services

The Board Audit Committee is responsible for assessing the effectiveness, objectivity and independence of the Group's auditor, KPMG. This responsibility was discharged throughout the year at formal Committee meetings, during private meetings with KPMG and through discussions with key Group executives. In addition to the matters noted above, the Committee also:

- approved the terms of the audit engagement letter and associated fees, on behalf of the Board
- discussed and agreed revisions to the Group policy on the *Provision of Services by the Group Statutory Auditor* and regularly analysed reports from management on the non-audit services provided to Barclays
- evaluated and approved revisions to the Group policy on *Employment of Employees or Workers from the Statutory Auditor* and ensured compliance with the policy by regularly assessing reports from management detailing any appointments made
- was briefed by KPMG on critical accounting judgements and estimates and internal controls over financial reporting
- assessed any potential threats to independence that were self-identified and reported by KPMG
- considered and discussed the audit quality inspection report on KPMG issued by the FRC's Audit Quality Review (AQR) team in relation to its review of KPMG's audit of the financial statements for the period ended 31 December 2018.

As well as receiving the AQR team's formal report the Committee benefited, as on a previous occasion, from a presentation by the AQR team which was greatly appreciated. This presentation, which was also attended by the Chair of the BBUKPLC Audit Committee, allowed the Committee to discuss the main findings of the AQR in some detail. As foreshadowed last year, the AQR team had identified certain areas for improvement in KPMG's audit work, particularly in relation to the depth of substantive testing of financial derivative instruments and both controls and substantive work in relation to ECL estimates under IFRS9. Again, as noted last year, KPMG had already increased its coverage of these areas both in the 2019 audit and in planning for its 2020 audit. It became apparent, however, during the Committee's discussions with the AQR team and subsequent interaction with KPMG, that the expectations continue to evolve particularly in relation to the substantive testing of IFRS ECL models, requiring some element of code review and reperformance of nearly all of the Group's models by KPMG. The Committee acknowledges that the level of audit work required is a matter of auditor judgement and more work can always be carried out, and the AQR team's comments can be helpful in this respect. However, we do have some concern over the level of incremental audit evidence obtained from these procedures, particularly in the current year when the models themselves are more than usually supportive of the judgement necessarily exercised by management, rather than determinative of the level of impairment provision required. We are also conscious of the need to balance the sufficiency of audit evidence needed with the time required, by both auditors and the Group's own employees, to execute on this expanded level of work. The Committee encouraged KPMG to continue its dialogue with the AQR team on addressing the feedback and to amend its approach to the audit work as required, but at the same time to seek to arrive at a more general consensus with both the other major firms and audit regulators on an appropriate approach for the future.

KPMG's performance, independence and objectivity during 2020 were also formally assessed at the beginning of 2021 by way of a questionnaire completed by key stakeholders across the Group, including the chairs of the audit committees of the Group's main operating companies (BBUKPLC, Barclays US LLC and Barclays Bank Ireland PLC). The questionnaire was designed to evaluate KPMG's audit process and addressed matters such as the quality of planning and communication, technical knowledge, the level of scrutiny and challenge applied and KPMG's understanding of the business, as well as key issues relevant to the COVID-19 pandemic. In addition, as in the prior year, KPMG nominated a senior partner of the audit team reporting to the lead audit engagement partner to have specific responsibility for ensuring audit quality. The Committee therefore met with the partner concerned, without the lead audit engagement partner present, to receive a report on his assessment of audit quality bearing in mind particularly the comments received from the AQR team.

Taking into account the result of all of the above, the Committee considered that KPMG maintained its independence and objectivity and that the audit process was effective.

Non-audit services

In order to safeguard the auditor's independence and objectivity, Barclays 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 Group audit. 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 Group's auditor) should be performed by the auditor only in certain controlled circumstances. The Policy sets out those types of services that are permitted ('Permitted' services). A summary of the Policy can be found at **home.barclays/who–we-are/our-governance/auditor-independence**.

The Policy is reviewed on an annual basis to ensure that it is fit for purpose and that it reflects applicable rules and guidelines.

The Policy is aligned both with the FRC's requirements and with KPMG's own internal policy on non-audit services for FTSE 350 companies which broadly restricts non-audit work to services that are 'closely related' to the audit. The Committee approved an updated Policy in 2020 which reflected the revised FRC Ethical Standard "white list" of permitted non-audit/ additional services.

Any changes to the Policy are approved at a Group level by the Committee. This is in accordance with laws applicable in the UK and FRC guidance, pursuant to which audit committees of Public Interest Entities (such as Barclays) are required to approve non-audit services provided by their auditors to such entities; and subsidiary Public Interest Entities in the UK – such as BBUKPLC and BBPLC – can rely on the approval of non-audit services by the ultimate parent's audit committee. Pursuant to the Policy, audit services and the fee cap, are monitored by the relevant audit committee, as appropriate.

Under the Policy, except for specific categories of 'Permitted' services that require explicit Committee approval, the Committee has pre-approved all 'Permitted' services for which fees are less than £100,000. However, all proposed work, regardless of the amount of the fees, must be sponsored by a senior executive and recorded on a centralised online system, with a detailed explanation of the clear commercial benefit arising from engaging the auditor over other potential service providers. The lead audit engagement partner must also confirm that the engagement has been approved in accordance with the auditor's own internal ethical standards and does not pose any threat to the auditor's independence or objectivity. All requests to engage the auditor are assessed by independent management (who are not involved in any work to which the proposed engagement relates) before work can commence. Requests for 'Permitted' service types in respect of which the fees are expected to meet or exceed the above threshold but expected to be less than £250,000 must be approved by the Chair of the Committee before work is permitted to begin. Services where the fees are expected to be £250,000 or higher must be approved by the Committee as a whole. All expenses and disbursements must be included in the fees calculation.

During 2020, all engagements for which expected fees met or exceeded the above thresholds were evaluated by either the Committee Chair or the Committee members as a whole, who, before confirming any approval, assured themselves that there was justifiable reason for engaging the auditor and that its independence and objectivity would not be threatened. No requests to use KPMG were declined by the Committee in 2020 (2019: none). On a quarterly basis, the Committee scrutinised details of individually approved and pre-approved services undertaken by KPMG in order to satisfy itself that they posed no risk to independence, either in isolation or on an aggregated basis.

For the purposes of the Policy, the Committee has determined that any pre-approved service of a value of under £50,000 is to be regarded as trivial in terms of its impact on Barclays' financial statements and has required the Group Financial Controller to specifically review and confirm to the Committee that any pre-approved service with a value of between £50,000 and £100,000 may be regarded as such. The Committee undertook a review of pre-approved services at its meeting in December 2020.

The fees payable to KPMG for the year ended 31 December 2020 amounted to £60m (2019: £56m), of which £12m (2019: £11m) 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 40 of the financial statements. Of the £12m of non-audit services provided by KPMG during 2020, the significant categories of engagement, i.e. services where the fees amounted to more than £500,000, included:

- audit-related services: services in connection with Client Assets Sourcebook (CASS) audits (while the CASS audit fell within the auditor's scope of services, the fees for such services did not form part of the global fee arrangements and therefore required separate Committee approval pursuant to the Policy);
- audit-related services: services in connection with regulatory, compliance and internal control reports and audit procedures, required by law or regulation to be provided by the Statutory Auditor; and
- other attest and assurance services: ongoing attestation and assurance services for treasury and capital markets transactions to meet regulatory requirements, including regular reporting obligations and verification reports.

The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014

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

Barclays 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 continues to maintain its independence and objectivity, and the Committee remains satisfied with its performance, the Group has no intention of tendering for an alternative external auditor before the end of the current required period of 10 years.

Directors' report: Board Nominations Committee report

Delivering effectiveness and diversity

Balancing decisions in a way that optimises our purpose requires a Board in which constructive challenge, openness and diversity of background and opinion are prized, along with a commitment to act fairly and in the interests of all stakeholders. Achieving this - through its focus on the composition of the Board, its Committees and the ExCo and ensuring that each has the right balance of skills, experience and diversity of background and opinion and by creating a pipeline of succession to these and other senior management key roles - is the main role of the Nominations Committee.

Key to the Board's effectiveness is how the Board operates in practice – we continue to focus on simplification in the context of our agendas, papers and presentations. As part of our drive for simplification, the Board and Committee membership of BPLC and BBPLC was consolidated and streamlined in 2019 to increase effectiveness and reduce duplication whilst still enabling the appropriate focus on matters relevant to each entity. You can read more about this partial consolidation on page 18. The Committee reviewed the effectiveness of the consolidated Board and Committee structure in 2020 and remains confident that the consolidated structure delivers its intended benefits in our governance processes while ensuring that the spirit of the ring-fencing legislation is respected in any decision-making affecting BBUKPLC. In discharging its responsibilities, the Committee takes into account feedback from key stakeholders (including our regulators and shareholders) and Board discussions more widely.

The Committee considered the effectiveness of the Board during the COVID-19 pandemic and concluded that the Board had performed well through the pandemic, with the establishment of a COVID-19 Crisis Response Committee and its very regular cadence of meetings. As a practical matter, the Board was required to convene remotely in order to comply with government guidance. Informal Board discussions also took place during this period, the objective of which was to operate as a virtual alternative for the sort of conversations the Board would generally have informally when meeting together in person. These informal discussions also had the aim of maintaining the Board's connectivity and collegiality, and of helping to draw out some of the questions on the Board's mind during this period for discussion during the Board meetings. The Committee concluded that collaboration between the Board and senior management had helped ensure an effective and robust response to the pandemic. You can read more about our Board governance during the pandemic on pages 12 and 13.

Committee membership

The Committee is composed solely of Non-Executive Directors and is chaired by our Group Chairman. Details on Committee membership and meeting attendance are set out on page 13.

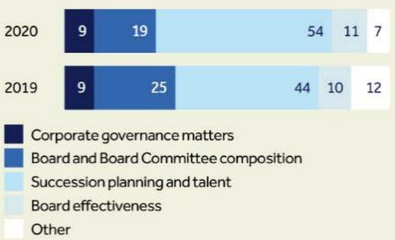
Board Nominations Committee

Committee members

Member	Meetings attended/ eligible to attend
Nigel Higgins	8/8
Mike Ashley	8/8
Tim Breedon	8/8
Crawford Gilles	8/8
Sir Ian Cheshire	6/7
Diane Schueneman	8/8

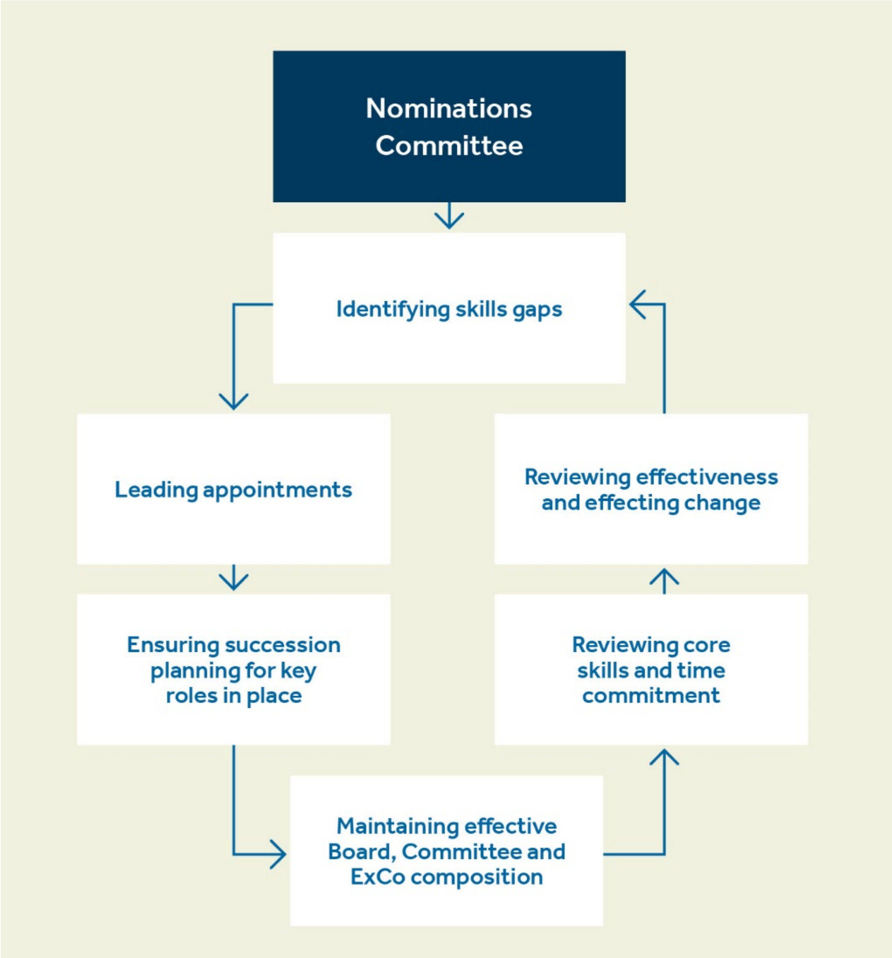
Committee allocation of time

%



Note

Including ad hoc meetings.


Nominations Committee
Identifying skills gaps
Leading appointments
Ensuring succession planning for key roles in place
Maintaining effective Board, Committee and ExCo composition
Reviewing core skills and time commitment
Reviewing effectiveness and effecting change

Directors' report: Board Nominations Committee report

Principal activities

The Committee's allocation of time during 2020 is set out on page 82 and the Committee's principal activities during 2020 are set out below.

	Committee responsibilities
1.	Ensuring the right individuals are appointed – in line with suitability criteria – who can discharge the duties and responsibilities of Directors.
2.	Effective ExCo, Board and Committee composition, through focus on appointment and succession based on merit and skill, through a diversity lens.
3.	Leading candidate search and identification.
4.	Regular review of succession planning and recommendations for key executive and non-executive roles.
5.	Monitoring of time commitments for incoming and existing Directors to ensure sufficient time for effective discharge of duties.
6.	Monitoring compliance against corporate governance guidelines and the Diversity Policy, including yearly review and any recommendations for enhancements.
7.	Ensuring compliance by the Board with legal and regulatory requirements.
8.	Individual Director, Board and Committee effectiveness reviews and implementing any required actions.
9.	Considering and authorising, subject to ratification by the Board, any conflicts of interest.

Principal activities	Committee responsibilities
Approval of changes to ExCo roles and remits.	1, 2, 3, 4
Approval of key executive appointments including Group Head of Corporate, Public and Regulatory Affairs, Group General Counsel, Group Chief Risk Officer and Heads of Banking and Markets.	1,2,3,4
Consideration and approval of changes in the composition of the Group's main subsidiary boards.	1,2,3,4
Candidate evaluation for both executive and non-executive current and future roles including review of core skills and (for internal candidates) scrutiny of internal feedback.	1,2,3,4
Review of the balance of skills and diversity on the Board, and leading the search and recruitment process (including conflict analysis) for potential candidates. The Committee utilised external search consultants Egon Zehnder and Spencer Stuart to facilitate the targeted external mapping and search processes based on agreed and reviewed criteria.	1,2,3,4,6,9
Directors' tenure and effectiveness review, and identifying candidates for re-election.	1,2,4,6,7,8
Approval of the appointment of Brian Gilvary as Senior Independent Director and to the Nominations and Risk Committees.	1,2,3,4,5
Approval of appointment of Julia Wilson as an additional Non-Executive Director, effective 1 April 2021, and approval of changes in Board Committee composition during the year.	1,2,3,5
Review of ExCo composition and succession planning for strengths and diversity, focusing on the development of ExCo members and key successors.	2,3,4,6
Review recommendations and suggested improvements arising from the 2019 Board effectiveness review.	1,2,7,8
Approved that the 2020 effectiveness review be conducted internally, led by the Group Company Secretary with support from the SID and Nominations Committee oversight.	8
Consideration of Director training and development, including revision of deep dive schedule in response to COVID-19 pandemic.	7,8
Review and approval of size, composition and succession planning for Board and the Board committees.	1,2,5
Board effectiveness through the COVID-19 pandemic, including COVID-19 emergency cover plan for key executive roles.	7,8

Changes to the Board in 2020

We welcomed two new Non-Executive Directors to the Board in 2020 - Mohamed A. El-Erian (appointed 1 January 2020) and Brian Gilvary (appointed 1 February 2020). Their respective skills and experience are set out in their biographies on pages 3 to 5. The Board was also very pleased to announce that Julia Wilson (currently the Finance Director of 3i Group PLC and Senior Independent Director of Legal & General Group PLC) will join the Board as a Non-Executive Director and a member of the Board Audit Committee with effect from 1 April 2021. Julia will be retiring as Senior Independent Director of Legal & General Group PLC in March 2021, before taking up her role on the Board. Julia's appointment reflects Barclays' commitment to strengthening the Board through the addition of further highly respected individuals with strong financial services expertise.

As reported in our 2019 Annual Report, Matthew Lester stepped down from the Board on 1 January 2020. Mary Anne Citrino stepped down from the Board on 30 September 2020.

Further details regarding changes to our Board composition during 2020 are provided in the Directors' Report on pages 8 to 13.

Board composition

The appointment of Julia Wilson, effective 1 April 2021, will temporarily increase the size of the Board from 12 to 13 before it reduces to 12 following the resignation of Sir Ian Cheshire at the conclusion of the 2021 AGM. Whilst we are keen to bring a further Director with technology experience on board, we have not yet identified a suitable candidate. We intend to carry on our search, with the primary aim of finding a candidate with sufficient board experience and the relevant skills to make a meaningful contribution to Board deliberations. We strongly believe that the Board remains effective taking into account the need to be small enough to operate in an effective, efficient and collaborative manner, the need to be large enough to have an appropriate mix of skills and diversity and to support succession planning and the additional roles and responsibilities of some of our Directors on the boards of BBPLC, BBUKPLC, Barclays US LLC and BX.

As mentioned above, the Committee is keen to complement the current range of skills on the Board with additional technology experience to enhance the Board's ability to provide informed and constructive challenge to management and therefore its effectiveness. Independent external search firm Spencer Stuart is undertaking a full search against this brief following searches previously undertaken by Egon Zehnder. Capturing the clear benefits of diversity of background and opinion is at the forefront of that search. Spencer Stuart and Egon Zehnder do not have any connection to Barclays or any of the Directors other than to assist with searches for executive and non-executive talent.

Working alongside Spencer Stuart, the Committee has set rigorous criteria for the role it is seeking to fill, both in terms of experience and personal qualities, and has conducted an extensive search and selection process. The Committee continues to review the search remit and give further consideration to the desired skills and experience, in order to ensure due consideration is given to strong potential candidates. Open advertising for Board positions was not used this year.

The Committee reviewed the Non-Executive Director selection and appointment process in 2020, which was refreshed in 2019, and concluded that no changes were required to the current process.

Diversity

We believe that diversity at Board, ExCo and senior management level - of gender, ethnicity, cognitive and personal strengths and social backgrounds - is an essential element in maintaining a competitive advantage and effective governance, as well as mitigating the risk of "group think". The Board Diversity Policy, which has been adopted by the Board**,** confirms that the Committee will consider candidates on merit against objective criteria with due regard to the benefits of diversity when identifying suitable candidates for appointment to the Board.

At the end of 2019 we had met our Board gender diversity target of 33%. Following changes in Board composition in 2020, as at 31 December 2020 the Board's gender diversity was 25%. With the appointment of Julia Wilson (effective 1 April 2021) and Sir Ian Cheshire stepping down from the Board at the conclusion of the 2021 AGM, this will increase to 33%, in line with both the Board Diversity Policy and the Hampton Alexander Review target. In 2020, the Committee reviewed whether the level of the Board gender diversity target was still appropriate, given that it was set in 2018 and concluded that it should remain at 33%.

Group-wide, Barclays has set a number of targets focused on creating more gender diversity in its wider workforce, including its ambition to achieve 28% female Managing Directors and Directors by the end of 2021. You can read more about gender diversity at Barclays, including data on the percentage of females at Managing Director and Director level, on Group ExCo and within ExCo direct reports and in Barclays' wider workforce in our People and culture section on pages 81 to 82.

As at 31 December 2020, 17% of the Board was from an ethnically diverse background, meeting the recommendations contained within the Parker Review Committee Report into the Ethnic Diversity of UK Boards. Alongside the Board, the Committee continues to champion the Group's Global Race at Work agenda, designed to reinforce Barclays' zero tolerance stance on racism and improve opportunities and representation for ethnically diverse colleagues. In October, Barclays implemented a 12-point Race at Work action plan focused on opening up opportunities to attract, develop and add to our Black talent. The plan comprises a thorough set of actions, using data to set goals and measure success, and will be expanded in 2021 to include other ethnically diverse colleagues, as well as customers, clients and communities.

You can find more information on diversity and inclusion, including Barclays' Global Race at Work agenda and latest Ethnicity data within our wider workforce in our 'People and culture' section on pages 81 to 85 and in our Diversity and Inclusion Report published which, will be made available on our website.

Succession

Robust succession planning for both the Board and the ExCo takes into account current and future business needs and ensures a good balance of skills, experience and effectiveness whilst recognising the benefits of diversity.

Effective succession planning should take into account contingency planning (for any unforeseen departures or unexpected absences), medium term planning (orderly refreshing of the Board, Committees and the ExCo) and long-term planning (looking ahead to the skills that may be required on the Board and the ExCo in the future).

A number of changes have been made this year to the composition of our ExCo in order to ensure that it continues to have the depth of skills and experience that we need to deliver our strategic ambitions. The Committee reviews and discusses all ExCo changes prior to announcement, taking into account executive succession plans, and considers all the changes to the ExCo composition during the year. You can find more information about the changes made to the composition of our ExCo on page 7.

With regard to Board succession planning, Tim Breedon will have been on the Board for nine years in November 2021 and Mike Ashley will have been on the Board for nine years in September 2022, and the Committee is giving further consideration to potential successors for their respective roles of Board Risk Committee Chair and Board Audit Committee Chair.

Director training and development

In accordance with its Terms of Reference (available at **home.barclays/who-we-are/our-governance/board-committee**), the Committee supports the Group Chairman in developing and monitoring effective induction, training and development for the Board.

Opportunities for in-person Director training were more limited in 2020 as a result of social distancing guidance and as the Board and senior management focussed on the Group's response to the COVID-19 pandemic. However, Director training and development was supported through Board deep dives and through Risk deep dives and Function reviews described on pages 12 to 13. Risk deep dive topics covered in 2020 had a strategic focus and areas covered included Interest Rate Risk in the Banking Book and the implications of a low rate environment for the Group's financial operating model.

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.

Board induction schedules for incoming Non-Executive Directors were reviewed and refined, with sessions covering Board engagement, strategy, culture and people, finance, specific business areas, risk and controls, internal audit, governance matters and additional meetings with the business.

Review of Board, Committee and individual Director effectiveness

Progress against 2019 Board Effectiveness Review

The 2019 review outlined the following key recommendations:

- That consideration be given to facilitating deeper discussion of complex issues without significantly increasing demands on the Board's time.
- That consideration be given to adding greater technology expertise to the Board, through greater external input or by looking to expand or adjust Board membership.
- That consideration be given to increasing input to the Board from outside Barclays on a wider range of issues.
- That the Barclays' ongoing structured approach to workforce engagement should include appropriate opportunities for Board members to engage directly with employees.

Directors’ report: Board Nominations Committee report

In 2020, progress was planned, and in some respects made, on each of these matters, but disruption due to the demands of the pandemic has made it difficult to achieve all the progress we would have liked. For example, we experienced increased pressure on the Board’s time and agendas, which often had to be revised at short notice to deal with urgent pandemic-related matters. The effect of this was that, first, it was often not possible to achieve the extent of debate and depth of discussion that had been planned before the pandemic; secondly, the scope for accommodating external input in addition to the considerable expertise on the Board was limited and, thirdly, opportunities for Board members to increase their direct engagement with the workforce were restricted.

Notwithstanding this, we continued with searches for suitably qualified and experienced non-executive directors with technology expertise, although these have not yet yielded suitable candidates. In addition, whilst direct physical engagement with the workforce has been restricted, Board members did undertake virtual engagement where possible throughout the year, for example by way of virtual “town hall” meeting.

We are committed to building on the progress made this year and, to the extent not fully addressed, we will carry these recommendations forward to 2021 and will take action to address them with the Board as appropriate.

2020 Board Effectiveness Review

The 2020 Board effectiveness review was conducted internally, in line with the Code, and was led by the Group Company Secretary, overseen by the SID. The review followed a structured interview process with Board members, senior management and other stakeholders, including our auditors.

The full and frank feedback of interviewees provides an important input into the further development of the performance and effectiveness of the Board, in particular in identifying areas in which the Board could be more effective. This feedback is shared with the Chairman and the other members of the Board by reference to the key themes and recommendations that have been identified.

Feedback from this review indicated that the composition of the Board is considered to be strong, with the latest additions to the Board, Brian Gilvary, Dawn Fitzpatrick and Mohamed El-Erian each having settled in well, contributing meaningfully to the quality of discussion.

Board members commented particularly favourably on the “tone from the top” set by the Chairman and the other members of the Board, the strength and diversity of views of Board members contributing to a complete absence of “group think” in discussions, the inclusive style of the Chairman and the healthy relationship developed with management. Challenge by the Board was considered to be strong yet constructive and collegiate.

The Board is considered to have performed well through the pandemic, with the establishment of a COVID-19 Crisis Response Committee and its very regular cadence of meetings having enabled the Board to exercise close and effective oversight of the bank’s role in supporting customers, clients and colleagues whilst remaining secure and resilient, both operationally and financially, in a rapidly evolving and dynamic environment.

2020 Board Effectiveness Review: Recommendations

- The inevitable challenges of conducting Board meetings virtually and being unable to get together in person made it more challenging for the recently appointed non-executive directors, in particular, and the Board as a whole, to build and deepen relationships both with each other and with management to the extent they would have liked. This was also perceived to have made it more difficult for those more recently appointed directors to quickly gain an in-depth understanding of the bank and the key challenges facing it than would have been the case had travel and physical meetings been possible to a greater extent than they were in the last year. Consideration will be given to how best to address this both whilst the pandemic-related restrictions continue and once a degree of normalcy has been restored.
- Whilst good progress has been made in holding more in-depth discussions at the Board on strategic matters, significant disruption to the Board’s agenda and increased pressure on the Board’s time due to the pandemic has meant that not all deep dive topics have benefitted from as much debate and discussion as would have been optimal. This is being addressed in 2021 by scheduling fewer deep dives and allocating more time to each of them.
- Once pandemic-related restrictions have been lifted, consideration should be given to providing more opportunities for Board members to visit parts of the business in person in order both to gain a broader understanding of the business and to help facilitate direct engagement with the workforce in those locations.
- There would be benefit in working with management to access opportunities to learn from, and to escalate more quickly, the insights gained from the handling of past issues and the reviews conducted of the root causes, and to embed those learnings into the business.

The review concluded that the Board operated effectively throughout 2020, and continues to do so.

Review of Nominations Committee effectiveness

The 2020 Committee effectiveness review was conducted in accordance with the Code. This internal review involved completion of a tailored questionnaire by Committee members and senior management, in line with the approach adopted for all Board Committees in 2020. The review is an important part of the way Barclays monitors and improves Committee performance and effectiveness, maximising strengths and highlighting areas for further development.

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.

In response to a request to provide feedback on interaction with subsidiary committees, the review noted that the Committee’s interaction with the BBUKPLC Board Nominations Committee had been effective. Following the consolidation of the membership of the Committee with the BBPLC Board Nominations Committee, coverage of BBPLC within concurrent meetings was considered effective.

Review of the effectiveness of the other Committees

In addition to reviewing its own effectiveness, the Committee also reviewed the outcomes of the effectiveness reviews conducted by the Audit, Remuneration and Risk Committees, which had also been conducted by way of tailored questionnaire. You can read about those reviews in the individual Committee reports elsewhere in this Governance Report.

Following consideration of the findings of the 2020 Board and Board Committee effectiveness reviews, the Committee remains satisfied that the Board and each of the Board Committees are operating effectively.

Directors' report: Board Nominations Committee report

Individual Director effectiveness

All Directors in office at the end of 2020 were subject to an individual effectiveness review which was conducted in early 2021. The Chairman considered each Director's individual contribution to the Board as well as any feedback received as part of the broader Board and Committee effectiveness review.

The reviews were conducted by the Chairman and the Chairman's review was conducted by the SID.

The Committee reviewed the independence of the Non-Executive Directors and, in the cases of Tim Breedon, Mike Ashley and Crawford Gillies, all of whom have served on the Board for more than six years, their independence was subjected to a more rigorous review.

Based on these reviews, the Board accepted the view of the Committee that each Director to be proposed for re-election at the 2021 AGM continues to be effective and contributes to Barclays' long-term sustainable success.

In accordance with the Code, all of the current Directors of the Company, 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 investigation by the PRA and the FCA, details of which were disclosed in our 2019 Annual Report and which remain ongoing.

Directors' report: Board Risk Committee report

Effective risk management in challenging times

Dear Fellow Shareholders

2020 was a particularly challenging year for risk management, as the COVID-19 pandemic introduced new risks to the Group, as well as increasing the severity and correlation of those risks already being monitored and managed. During the first half of the year, the Committee focused on the emerging economic, market and operational impacts of the measures put in place by governments to slow the spread of the pandemic, as well as the effectiveness of the various extraordinary fiscal and monetary measures taken to mitigate the financial impact on companies and individuals. Whilst the situation stabilised to some extent in the second half of the year as lockdowns proved reasonably effective in containing the virus and there were positive developments with respect to potential vaccines, the global economic, market and political situation remains difficult and the Committee continues to work with management to position the Group conservatively in response to the heightened risk environment.

Financial risk

The Committee monitored developments related to the COVID-19 pandemic closely, including transmission of the virus and associated operational and economic impacts. The mandatory lockdown measures imposed by governments globally resulted in sudden and severe GDP contractions in most major economies. However, government support measures and significant central bank policy easing acted to soften the negative effects to a degree.

The Committee concentrated initially on the capital and liquidity stress on the Group, as precautionary drawing by clients on revolving credit facilities reduced cash holdings and inflated risk-weighted assets, which were also being pushed higher by general market volatility. As the stress continued, focus moved to assessing the short and medium term credit risk implications of rising unemployment and exposure to corporates in certain sectors, including, travel, leisure and consumer discretionary. Credit risk positioning was already conservative before the pandemic took hold, so the Committee reviewed any additional actions taken by management, comparing them with those envisaged under previous stress test scenarios. The economic shock also triggered a requirement to refresh the Group's ICAAP and ILAAP and this exercise confirmed that the Bank continued to operate within its risk appetite.

The Committee continued to review the performance of the UK and US consumer credit exposure portfolios and the impact which government support schemes and other support measures from central banks and regulators have had on these exposures. Whilst performance has remained robust, the Committee noted the risk of rising delinquencies and further credit impairment as support schemes expire.

In response to the economic and market impacts of the COVID-19 pandemic, central banks materially eased monetary policy, including cutting interest rates to record lows. This supported asset markets but increased margin pressure on banks resulting from very low or negative interest rates, whilst also presenting operational challenges. The Committee has reviewed the impact of low or negative interest rates on the Group on a number of occasions in recent years and impressed upon management the need to be prepared both operationally and financially for such an eventuality. Policy tools available to central banks to deal with further economic weakness have been limited; and the abundance of liquidity has influenced risk-pricing in financial markets. These factors have contributed to the potential for extreme market moves to occur. These risks have been actively managed by the Group's Risk function, and the Committee has maintained regular oversight of the overall risk profile of the Group's balance sheet and actions taken.

The Committee also reviewed geopolitical risks, in particular deteriorating relations between the US and China. These risks present a threat to global growth recovery efforts.

UK risks remained a focus for the Committee due to the economic uncertainty arising as the UK formally left the EU at the end of January 2020 and the transition period began. As negotiations regarding the future trading relationship with the EU remained ongoing throughout most of the year leading up to the eventual conclusion of the free trade agreement just before the end of the transition period on 31 December 2020, the Committee focused on the operational resilience of the Group in the face of the risk of the macro-economic impact of a failure to negotiate such an agreement.

During the year the Committee monitored developments in Oil & Gas markets, notably the severe stress in Q2 2020. The Committee reviewed in detail exposures in the Oil & Gas portfolio and potential losses from a sustained price stress.

The Committee continues to manage Conduct risk following the dissolution of the Board Reputation Committee in 2019. In addition to focusing on the Conduct risk profile of the Group's core businesses, the Committee has identified a number of key conduct themes requiring active management.

Notable amongst these is the risk that, in response to the COVID-19 pandemic, rapid introduction of new products (such as Bounce Back Loans in the UK) or changes to existing products and practices (such as the granting of payment holidays) will be reviewed subsequently and found by regulators or other stakeholders to be inadequate in some way. The Committee has encouraged management to maintain focus on the Group's established Conduct risk controls to minimise this risk, despite the rapidly changing environment.

Finally, the Committee reviewed the significant enhancements the Group has made in its approach to the management of Climate change risk. The climate change stress test, which was first executed in 2019, was further developed in 2020 with enhancements to several climate change stress approaches. This exercise will support the Group's response to the forthcoming Bank of England (BoE) industry-wide stress test.

Operational risk

Operational risk was heightened in 2020 due to the impact of the COVID-19 pandemic and, in particular, the Committee considered closely operational resilience, as the workforce largely switched to remote working. The operation of contact centres was particularly impacted by mandatory lockdown measures. The Committee focused, in particular, on efforts to restore capacity in call centres in order to support customers in financial difficulty.

During the year, the Committee continued to monitor and challenge the progress being made in the identification, assessment and management of Operational risk. Two complementary risk management tools used by management are the Risk and Control Self Assessments (RCSAs) and Structured Scenario Assessments (SSAs).

The RCSAs give 'day-to-day' coverage of the risk and control environment of the Group. They are built on a foundation of the actual processes the Group employs and the risks it faces from its activities. This approach enables management to improve identification and management of Operational risks going forward and also to review in detail risk events that have occurred in order to identify root causes.

The SSAs are used to evaluate Operational risk arising from more extreme but plausible situations and so complement the RCSA approach; in combination they enable the Committee to oversee the risk the Group faces at both ends of the risk likelihood spectrum. The SSAs are also an important input to the Group's Operational risk stress testing and capital frameworks. During the course of the year the Committee's SSA focus was on reviewing the specific risk scenario of data privacy and mis-use (a Conduct risk theme).

Directors' report: Board Risk Committee report

Risk appetite and risk models

One of the most important roles of the Committee is to recommend to the Board an appropriate risk appetite for the Group. This represents the amount of risk the Group is able to take to earn an appropriate return whilst meeting minimum internal and regulatory capital requirements in a severe but plausible stress environment. The Committee analyses Barclays performance in both its internally-generated stress tests and those run externally by such bodies as the BoE, the European Banking Authority and the FRB and, following such analysis, will recommend adjustments to the Group's overall risk profile.

For the Group's internal stress test, the Committee received a detailed briefing on the process being applied and was satisfied that the internally-generated scenario was appropriately calibrated, and stressed particular vulnerabilities of the Group. The Committee was further satisfied that the Group would meet internal and regulatory requirements for capital and liquidity in such a scenario.

The Committee continued to oversee the improvement of model risk management in the Group and the ongoing validation of the Group's models, with specific progress and methodology enhancements in the model outputs supporting the Group's stress tests, including the Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP). The Group's models are the core foundation upon which the majority of its internal assessment processes run. The Committee is pleased to report that progress has continued during 2020 to embed the Model risk management framework as evidenced by an increasingly stable model inventory and further improvements in documentation and control. However, models remain a key risk area for the Group and the Committee is closely monitoring the development of the Group's approach whilst noting that the extreme market and economic conditions experienced during 2020 will have affected the performance of many of the existing models in use.

Risk function

The Committee is responsible for ensuring the independence and effectiveness of the Risk function, whose primary role is the oversight and challenge of risk-taking as the Second Line of Defence. It accomplishes this by establishing the policies, limits, rules and constraints under which first line activities shall be performed, consistent with the Group's risk appetite and through monitoring the performance of the first line of defence against these policies, limits and constraints. The Committee's responsibilities include designing a consistent classification of the risks faced by the Group in order to organise their management and reporting; designing and operating the process of setting risk appetite and material limits for the Group as a whole and its main entities; setting or approving strategies for approvals of transactions~~,~~ and indeed approving significant individual agreements; and establishing key controls requirements to which customer-facing areas of Barclays must adhere in the conduct of their businesses.

The Committee reviewed the Risk function's own assessment of its capability in late 2020 which showed that the function continues to meet expectations in providing effective and independent oversight with strong stewardship and technical competency. The Committee also oversaw a number of changes to the senior management of the Risk function, including and consequent upon the appointment of the Group's new Chief Risk Officer, Taalib Shaah. It was encouraging that these changes were achieved through internal succession, supporting the stability of the function.

Compliance function

The purpose of the Compliance function is to provide oversight of Conduct risk management practices as part of Barclays' second line of defence. Compliance participates in the prevention, detection and management of breaches of applicable laws, rules, regulations and relevant procedures and has a key role in helping to strengthen the culture of Barclays and achieve the right conduct outcomes. The Committee supports the independence of the Compliance function from the operational functions so that it has sufficient authority, stature, resources and access to the management body.

The Committee monitored the delivery of the Compliance function's Annual Plan for 2020 and approved the Compliance Annual Plan for 2021.

Committee effectiveness

The 2020 Committee effectiveness review was conducted in accordance with the Code. This internal review involved completion of a tailored questionnaire by Committee members and senior management, in line with the approach adopted for all Board Committees in 2020. The review is an important part of the way Barclays monitors and improves Committee performance and effectiveness, maximising strengths and highlighting areas for further development.

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 Group 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 BBPLC risk committee, coverage of BBPLC matters within concurrent meetings was considered appropriate. In particular, this year's review noted that the Committee continued to operate effectively in the context of the COVID-19 pandemic and that recent appointments to the Committee had strengthened its depth of experience.

Changes to Committee composition

I am pleased to have been able to welcome to the Committee Dawn Fitzpatrick and Mohamed A. El-Erian during 2020 and Brian Gilvary at the beginning of 2021, who together will add considerable relevant experience and expertise to the Committee.

Looking ahead

In 2021, the Committee will continue to focus on the impact of the external environment on the Group's risk profile, particularly with regard to the ongoing impact of the COVID-19 pandemic, the consequences of the UK's withdrawal from the EU, broader geopolitical developments following the US presidential election in November 2020 and the impact of initiatives to limit the extent of climate change.

Tim Breedon
Chair, Board Risk Committee

17 February 2021

Directors' report: Board Risk Committee report

Committee meetings

During 2020, the Committee met 11 times and the chart below shows how it allocated its time during those meetings. Given the COVID-19 pandemic, meetings were primarily held by video and audio conference. Attendance by members at Committee meetings is shown on this page. Committee meetings were attended by representatives from management, including the Group Chief Executive Officer, Group Finance Director, Group Chief Internal Auditor, Group Chief Risk Officer, Group Treasurer, Group Chief Compliance Officer and Group General Counsel, as well as representatives from the businesses and other representatives from the Risk function. The lead audit engagement partner of KPMG, Michelle Hinchliffe, also attended Committee meetings. The Committee held a number of separate private sessions with the Group Chief Risk Officer and the Group Chief Compliance Officer, which were not attended by management.

Committee roles and responsibilities

The Committee is responsible for reviewing on behalf of the Board management's recommendations on the principal risks as set out in the Group's ERMF with the exception of Reputation risk, which is a matter reserved to the Board, and in particular:

- reviewing, on behalf of the Board, the management of those principal risks in the ERMF
- considering and recommending to the Board the Group's risk appetite and tolerances for those principal risks
- reviewing, on behalf of the Board, the Group's risk profile for those principal risks
- commissioning, receiving and considering reports on key risk issues
- safeguarding the independence, and overseeing the performance, of Barclays' Risk and Compliance functions.

The Committee's terms of reference are available at **home.barclays/corporategovernance.**

Board Risk Committee

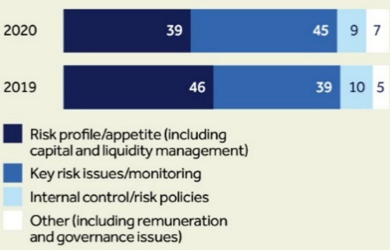
Committee members

Member	Meetings attended/ eligible to attend*
Tim Breedon	11/11
Mike Ashley	11/11
Mary Anne Citrino (1 Jan 2020 – 30 Sept 2020)	7/9
Mohamed A. El-Erian (1 July 2020 onwards)	5/5
Dawn Fitzpatrick	11/11
Diane Schueneman	11/11

Note
* Brian Gilvary joined the Committee on 1 January 2021.

Committee allocation of time

%



Note
Including ad hoc meetings.

Primary activities

The Committee has discharged its responsibilities diligently in 2020, reviewing Group exposures in the context of the current and emerging risks facing Barclays. It has sought to promote a strong culture of disciplined risk management.

Directors' report: Board Risk Committee report

Areas of focus	Matters addressed	Role of Committee	Conclusion/action taken
Risk appetite and stress testing i.e. the level of risk the Group chooses to take in pursuit of its business objectives, including testing whether the Group's financial position and risk profile provide sufficient resilience to withstand the impact of severe economic scenarios.	The risk context to the MTP, the financial parameters and constraints and mandate and scale limits for specific business risk exposures; the Group's internal stress testing exercises, including scenario selection and financial constraints, stress testing themes and the results and implications of stress tests, including those run by the BoE.	▪ To advise the Board on the appropriate risk appetite and tolerance for the Principal risks, including the proposed overall Group risk appetite and limits. ▪ To discuss and agree stress loss and mandate and scale limits for Credit risk, Market risk and Treasury and Capital risk. ▪ To consider and approve internal stress test themes and the financial constraints and scenarios for stress testing risk appetite for the MTP. ▪ To evaluate the results of the BoE's annual cyclical stress (ACS) test and the BoE's Biennial Exploratory Scenario. ▪ To consider the feedback from the FRB on the Barclays US LLC's Comprehensive Capital Analysis and Review (CCAR) following the submission of the CCAR stress test results.	Early in the year the Committee reviewed and recommended the proposed risk appetite to the Board for approval, and discussed and approved the mandate and scale limits for the Group for 2020, which included changes to A-level stress loss limits. Subsequent changes were approved during the course of the year. The Committee reviewed proposed enhancements to the Group's stress testing processes and models such as taking into account structural projections. The Group was not required to conduct an ACS test during the period under review, although, later in 2020 in the context of the consideration of the MTP and risk appetite for 2021, the Committee considered and approved the stress scenarios for an Internal Stress Test, a Reverse Stress Test and a climate change stress test. The Committee received updates on the positive qualitative and quantitative results of the 2020 CCAR submission to the FRB, which for the first time had been run during a period of stress, demonstrating significant progress on remediation of certain areas following regulatory feedback from the FRB. Subsequently, the FRB 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. In the context of the Company's strategic planning process, the Committee continued periodically throughout the year to review and/or approve the risk appetite statement consisting of both quantitative constraints and qualitative risk appetite statements by various Principal risks.
Capital and funding i.e. having sufficient capital and financial resources to meet the Group's regulatory requirements and its obligations as they fall due, to maintain its credit rating, to support growth and strategic options.	The trajectory to achieving required regulatory and internal targets and capital and leverage ratios.	▪ To review, on a regular basis, capital performance against plan, tracking the capital trajectory, any challenges and opportunities and regulatory policy developments. ▪ To assess, on a regular basis, liquidity performance against both internal and regulatory requirements. ▪ To monitor capital and funding requirements.	The Committee considered and approved the Group's 2020 ICAAP and the Group's 2020 ILAAP. During the course of the year the Committee noted regulatory feedback on the ICAAP and ILAAP, reviewed updates to the ICAAP and ILAAP to reflect the impact of the COVID-19 pandemic, overseeing a continued improvement in processes and a refresh of both ICAAP and ILAAP in the fourth quarter. The Committee examined and supported the forecast capital and funding trajectory and the actions identified by management to manage the Group's capital position, taking into account the impact of the COVID-19 pandemic, uncertainties relating to the end of the post-Brexit transition period and other macro-economic factors. Following the outbreak of the COVID-19 pandemic, the Committee reviewed and scrutinised the Group COVID-19 stress scenarios, reflecting the adoption of more prudent assumptions given the Company's assessment of the economic impact of the pandemic. The extent of the economic shock triggered a requirement to re-run key aspects of the ICAAP and ILAAP. The Committee noted amendments to the individual allocation of risk appetite by business and risk type in light of the pandemic and acknowledged that at all times the Company had remained within its overall Risk Appetite. The Committee has also received and considered regular updates on the potential risk impacts of LIBOR transition and negative interest rates.

Political and economic risk i.e. the impact on the Group's risk profile of political and economic developments and macroeconomic conditions.	The potential impact on the Group's risk profile of geopolitical developments, as well as continuing to monitor the political and economic impact of post-Brexit transition period scenarios.	▪ To consider the impact of COVID-19 on the business directly and indirectly. ▪ To review and discuss plans for the impacts of Brexit under various post-transition period scenarios. ▪ To consider trends in the UK and US economies. ▪ To assess the geopolitical tensions in both the Eurozone and China ▪ To review potential consequences of the BoE statement regarding negative interest.	The Committee monitored the Group's performance throughout the year in light of the COVID-19 pandemic, including considering the impact of government support schemes and other support measures from central banks and regulators. The Committee monitored potential post-Brexit risk impacts and, in particular, considered the risk of there being no free trade agreement between the EU and the UK in place at the end of the transition period. The Committee also considered the possibility of negative interest rates being introduced by the BoE following a post-Brexit shock or as part of its COVID-19 support measures to the UK economy, reviewing in particular any potential impact to the Group's capital and liquidity positions. The Committee monitored the Group's performance in light of a backdrop of uncertain global political and economic conditions, with particular focus on tensions in the Eurozone and also in China, following the introduction of new security laws in Hong Kong.
Credit risk i.e. the potential for financial loss if customers fail to fulfil their contractual obligations.	Conditions in the UK housing market; levels of UK consumer indebtedness; unemployment levels in the US and UK; and the performance of the UK and US cards businesses, including levels of impairment.	▪ To assess conditions in the UK property market and monitor signs of stress. ▪ To monitor management's tracking and responding to persistent rising levels of consumer indebtedness, particularly unsecured credit in both the UK and US. ▪ To monitor unemployment trends and COVID-19 pandemic financial support incentives, particularly in both the UK and US. ▪ To review leveraged finance portfolios in order to assess maintenance within risk appetite and manageable limits. ▪ To review business development activities in the CIB.	The Committee reviewed the risk aspects associated with the Group's support of customers through the COVID-19 pandemic in line with the UK government's expectations, including (among other things) payment holidays and forbearance for customers in financial difficulty. The Committee considered the appropriate capital and impairment treatment for customers exiting payment holidays and the risk of more severe economic stress. The Committee considered the risks arising from the participation of BBUKPLC in the CBILS and BBLS government loan schemes, in particular the potential default rate arising from conduct, legal, operational, fraud, AML/KYC and look-back risks associated with exposures under such schemes. The Committee noted that the deteriorating economic outlook was expected to lead to delinquencies and impairment. The Committee assessed the risks associated with mortgage collateralisation of loans relating to the UK housing market, given the increase in Barclays' market share, noting that exposure to high LTV loans was low. The Committee received updates on the risks from the CIB. The Committee noted that the equities business and the structured hedging programmes had held up well during the pandemic, as had leveraged finance.
Operational risk i.e. costs arising from human factors, inadequate processes and systems or external events.	The Group's operational risk capital requirements and any material changes to the Group's operational risk profile and performance of specific operational risks against agreed risk appetite.	▪ To track operational risk key indicators. ▪ To consider specific areas of operational risks, including fraud, conduct risk, cyber risk, execution risk, technology and data, including the controls that had been put in place for managing and avoiding such risks. ▪ To review Barclays' approach to scenario analyses as a risk management tool and assess a range of SSAs which had been created to support assessments and management of tail risk within the business, stress testing and risk tolerance.	The Committee focussed attention on the financial and capital implications of operational risk throughout the year, particularly in light of the impact of the COVID-19 pandemic as the workforce largely switched to remote working. The Committee approved and recommended the 2020 Operational Risk Appetite Statement to the Board, which included increased financial loss limits for fraud and transaction operations. Due to the COVID-19 pandemic, the Operational risk profile of the Group increased to a material extent. The Committee focussed on ensuring that the technology systems remained stable and that heightened fraud monitoring and cyber-security was in place. The Committee was briefed by management as part of a specific Operational risk deep dive on various key risks, including those relating to settlements, erroneous payments, suppliers, cyber-security and wellbeing (the Committee being concerned for colleague wellbeing within the Group in light of the pandemic and the risks arising from any adverse impact on levels of colleague engagement). The Committee reviewed updates to practices in relation to the new and amended products approval process, which were of particular interest to regulators in light of the pandemic.

Model risk i.e. the risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.	Model risk governance.	▪ To evaluate the appropriateness of the Model risk management framework and monitor progress on the implementation of an enhanced modelling framework, including receiving updates on findings in relation to specific modelling processes.	The Committee scrutinised management's proposals in relation to managing Model risk, which increased during the year as a result of the consequences of the COVID-19 pandemic, given that models needed to be adjusted, re-built and/or re-calibrated given the unprecedented nature and impact of the COVID-19 pandemic. The Committee noted the importance of Post-Model Adjustment and scrutiny by the Independent Valuation Unit, particularly in the context of provisioning against impairment.
Risk framework and governance	The frameworks, policies and tools in place to support effective risk management and oversight.	▪ To track the progress of significant risk management projects, achieving compliance with the Basel Committee for Banking Supervision (BCBS239) risk data aggregation principles and the RCSA process across the Group. ▪ To assess risk management matters raised by Barclays' regulators and the actions being taken by management to respond. ▪ To review the design of the ERMF.	The Committee monitored the delivery of projects susceptible to the impact of significant risks, notably the COVID-19 pandemic, macro-economic developments, post-Brexit trade deal uncertainties, climate change, stress testing and cyber-attacks. The Committee discussed and approved an annual refresh of the Principal Risks Framework, which was supported by the ERMF and included climate change references within each Principal risk, it being decided that Climate risk would become one of the Principal risks within the ERMF from 2022. The Committee reviewed reports from management prepared in light of the current macro-economic environment, which showed that management had created various "watchlist" categories based on particular sectors and the severity of their credit deterioration, which were aligned to the IFRS 9 staging approach. The Committee reviewed the performance of the Group's activities as against its RCSAs, noting that the overall residual risk continued to decrease, driven by the continued focus on controls remediation, the RCSA process being key to supporting a robust and effective risk and control culture within Barclays. The Committee continued to monitor management's progress in achieving compliance with all aspects of BCBS239, receiving updates on the level of implementation during the year and progress made towards achieving full compliance by early 2021. The risk-related guidance or review reports received from regulators and related management responses were reported to, and reviewed by, the Committee in a timely manner during the year. The Committee also received updates during the year from BIA in relation to its assessments following audits in relation to the Risk, as well as the Compliance, functions.
Remuneration	The scope of any risk adjustments to be taken into account by the Board Remuneration Committee when making remuneration decisions for 2020.	▪ To debate the Risk function's view of performance, making a recommendation to the Board Remuneration Committee on the financial and operational risk factors to be taken into account in remuneration decisions for 2020.	The Committee discussed the report of the Group Chief Risk Officer and considered the 2020 ex-ante risk adjustment methodology, which had been updated to address feedback from the Board's Remuneration Committee and, in particular, in relation to 'Conduct' measures. The Committee noted the impact of the COVID-19 pandemic on Conduct risk which would in turn impact remuneration decisions.
Conduct Risk i.e. the risk of detriment to customers from the inappropriate supply of financial services.	Conduct robust reviews of any current and emerging risks arising from the inappropriate provision of financial services, including instances of wilful negligent misconduct.	▪ To receive updates from management on Conduct risk and consider performance against key Conduct risk indicators and the status of initiatives in place to address those risks to further strengthen the culture of the business. ▪ To review the effectiveness of the Conduct risk framework and approve any amendments to it. ▪ To review the Compliance function's Annual Compliance Plan.	The Committee reviewed Compliance's contribution in supporting Barclays' response to the COVID-19 pandemic through the monitoring of areas of heightened Conduct risk and overseeing the implementation of additional controls, particularly in the context of ongoing remediation activities and monitoring working from home arrangements, new products and reprioritisation of risks. During the year the Committee assessed the Conduct themes in the context of Conduct risk. Towards year end the Committee approved the revised Conduct risk management framework. During the year the Committee reviewed the Compliance function's performance of activities against its Compliance Plan for 2020; and towards year end approved the Annual Compliance Plan for 2021.

Directors' report: How we comply

How we comply

The UK Corporate Governance Code
As Barclays PLC is listed on the London Stock Exchange, we apply the principles and provisions of the Code, as set out below. Barclays PLC is reporting against the requirements of the latest version of the Code in this Annual Report, which was published in 2018.

A copy of the Code can be found at frc.org.uk. For the year ended 31 December 2020, and as at the date of this report, we are pleased to confirm that Barclays PLC has complied in full with the Code's principles and provisions.

Disclosure Guidance and Transparency Rules
By virtue of the information included in this Governance section of the Annual eport, we comply with the corporate governance statement requirements of the FCA's Disclosure Guidance and Transparency Rules. Certain additional information that is required to be disclosed pursuant to DTR7.2.6 can be found on pages 41 to 46.

New York Stock Exchange (NYSE)
Barclays is permitted by NYSE rules to follow UK corporate governance practices instead of those applied in the US and any significant variations are explained on page 315.

Board leadership and company purpose

Role of the Board
As highlighted earlier in this report, our governance is structured to deliver an effective and entrepreneurial Board which:

- is effective in providing challenge, advice and support to management
- provides checks and balances and encourages constructive challenge
- drives informed, collaborative and accountable decision-making
- creates long-term sustainable value for our shareholders, having regard to our other stakeholders.

Culture
The Barclays Way sets the framework for achieving a dynamic and positive culture. The Board supports *The Barclays Way* and the Barclays Purpose and Values. It promotes personal accountability and leadership and monitors our culture to satisfy itself as to the alignment of Barclays' culture to its purpose, values and strategy. See pages 11 and 13 for more details.

Our whistleblowing policy enables employees to raise any matters of concern anonymously and is embedded into our business. For more detail please refer to page 19 of the Board Audit Committee report.

Relations with shareholders and stakeholders
The Board recognises the importance of listening to, and understanding the views of stakeholders in order to inform the Board's decision-making. You can read more about how we engage with our stakeholders, including what they told us in 2020 and how we responded, including in relation to the Group's climate change strategy and responding to challenges arising from the COVID-19 pandemic, in our Strategic Report available at **home.barclays/annualreport**.

Our comprehensive Investor Relations engagement helps the Board to understand investor views about Barclays, which are communicated regularly to the Board; and our Group Chairman engages with shareholders on governance and related matters. Our Investor Relations programme was adjusted to a virtual format for 2020 which ensured we enjoyed a high level of activity with existing and target investors despite restrictions on face to face meetings.

Our shareholder communication guidelines are available on our website at **home.barclays/investorrelations**.

Institutional investors
In 2020, the Directors, in conjunction with the senior executive team and Investor Relations colleagues, participated in a number of virtual investor meetings, seminars and conferences across many locations, given 'in person' meetings were limited due to the COVID-19 pandemic. We held conference calls/webcasts for our quarterly results briefings and an in-person presentation of our 2019 full year results for both our equity and fixed income investors.

During 2020, discussions with investors included, but were not limited to:

- Credit conditions and our ability to manage risk appropriately through the COVID-19 pandemic
- The impact of low interest rates and reduced levels of consumer spending on our income generation
- Regulatory restriction on dividends across all UK banks, to allow continued support for the economy
- Barclays' commitment to tackling climate change.

Private shareholders
During 2020, we continued to communicate with our private shareholders through shareholder mailings and through the information available on our website and through our AGM. Although shareholders were unable to attend in person due the COVID-19 pandemic, shareholders were able to submit questions ahead of the AGM and all questions were responded to individually and answers to frequently asked questions were published on our website. Shareholders can also choose to sign up to Shareview so that they receive information about Barclays PLC and their shareholding directly by email. We continue to endeavour to trace shareholders who did not take up their share entitlement following the Rights Issue in September 2013, and offered a Share Dealing Service aimed at shareholders with relatively small shareholdings for whom it might otherwise be uneconomical to deal in Barclays shares. For more detail, please see pages 303 to 304.

The 2020 AGM
The Board was disappointed that the 2020 AGM was impacted by the COVID-19 pandemic and shareholders were unable to attend in person. The Board and the senior executive team consider our AGM to be a key opportunity for shareholder engagement, particularly with our private shareholders and for shareholders to ask questions of the Board. A number of Directors, including the Group Chairman, are normally available for informal discussion before or after an AGM. Given that shareholders were unable to attend in person, they were strongly encouraged to submit questions to the Board in advance of the meeting. All questions received were answered individually and answers to frequently asked questions were published on our website.

Directors' report: How we comply

Voting in respect of all of the resolutions proposed by the Board at the 2020 AGM was conducted by way of a poll, thereby giving weight to the number of shares held by shareholders rather than simply attributing a notional one vote to each shareholder voting. With the exception of the shareholder requisitioned Resolution 30, all resolutions were passed with votes 'For' ranging from 90.60% to 99.93% of the total votes cast.

A climate change resolution (Resolution 30) was requisitioned by a group of shareholders co-ordinated by ShareAction. The resolution was not supported by the Board, which proposed its own climate change resolution (Resolution 29) and recommended that shareholders vote in favour of Resolution 29 and not Resolution 30. After dialogue, ShareAction and many of the co-filers of Resolution 30 recommended that shareholders vote in favour of both Resolution 29 and Resolution 30. Resolution 29 (the resolution recommended by the Board) was duly passed with overwhelming shareholder support (with 99.93% of votes cast, representing 68.8% of the register, being in favour of that resolution). Resolution 30, which was not supported by the Board, was not passed, and the level of shareholder support for it fell well short of the 75% majority required for it to pass. 23.95% of the votes cast were cast "for" Resolution 30, representing 14.35% of the register.

Based on its extensive engagement with shareholders prior to the AGM, which involved discussions with shareholders holding a very significant percentage of Barclays' share capital, Barclays understands from those shareholders spoken to who voted in favour of Resolution 30 why they did so. Those shareholders represent a very large proportion of the votes cast "For" Resolution 30 and they explained to Barclays, either in writing or orally, in the course of that engagement their reasons for supporting Resolution 30. Barclays has thus gained a clear understanding of the reasons behind the voting outcome in respect of Resolution 30.

Following the 2020 AGM, to begin the process of embedding into the business the changes required by Resolution 29, the Board approved the creation of a new ExCo role focussed on driving the execution and evolution of Barclays' climate strategy.

On 30 November 2020, Barclays published an update on its climate strategy, detailing the methodology it will follow, the metrics for measuring its progress and the targets against which it will report, all of which were developed with the help of a range of stakeholders. For more information on Barclays' climate strategy, please see our Strategic Report available at **home.barclays/annualreport** and the Barclays ESG Report.

Looking ahead to the 2021 AGM, the Board currently intends to hold the AGM on 5 May 2021 at 11:00am, subject to the ongoing COVID-19 pandemic and any UK Government guidance on social distancing, non-essential travel and/or public gatherings. Guidance on whether physical attendance by shareholders will be possible will be determined nearer the time of the AGM. We will keep the considerable benefits of shareholder engagement in the AGM at the forefront of our planning for the 2021 AGM. Further details will be provided in the Notice of AGM.

In the future, and when circumstances permit, the Board expects to alternate AGM venues between London and a venue other than London where the Company has a significant business or customer presence.

Stakeholder engagement

The Board continues to seek to understand all stakeholders' views, and the impact of our behaviour and business on customers and clients, colleagues, suppliers, communities and society more broadly. Accordingly, the Board monitors key indicators across areas such as culture, citizenship, conduct, and customer and client satisfaction on an ongoing basis.

In 2020, we engaged extensively with shareholders and other stakeholders (including proxy advisory agencies and investor associations) on key topics including our commitment to tackle climate change and our response to the COVID-19 pandemic.

We will publish the Barclays ESG Report at the same time as this Report, which will be made available on our website at **home.barclays/annualreport.**

Throughout 2020, we have engaged with our-stakeholders through a variety of means including surveys, participation in forums and global and regional industry initiatives. As a result of COVID-19, many of our events this year have been web based, although where possible we have supported key workers with site visits. This will continue in 2021, subject again to the constraints arising from the pandemic.

For further detail about how we engaged with our customers and clients, colleagues, society and investors in 2020, including what they told us and how we responded, please see our Strategic Report available at **home.barclays/annualreport**.

Colleague engagement

The Group has a long-standing commitment to the importance and value of colleague engagement. Our colleagues make a critical difference to our success, and our investment in them protects and strengthens our culture. In addition to our annual employee survey, in 2020 we ran regular 'Here to Listen' surveys to understand how colleagues were feeling during the COVID-19 pandemic with a specific focus on wellbeing, working remotely and work/life balance. You can read more about our commitment to our colleagues and our workforce engagement, including survey results and our support of colleagues during the COVID-19 pandemic, in our People and culture section on pages 81 to 85 and in our Strategic Report available at **home.barclays/annualreport**.

Conflicts of interest

In accordance with the Companies Act 2006 and Barclays PLC Articles of Association (the Articles), the Board has the authority to authorise conflicts of interest and this ensures that the influence of third parties does not compromise the independent judgement of the Board. Directors are required to declare any potential or actual conflicts of interest that could interfere with their ability to act in the best interests of the Group. The Group Company Secretary maintains a conflicts register, which is a record of actual and potential conflicts, together with any Board authorisation of the conflicts. The authorisations are for an indefinite period but are reviewed annually by the Nominations Committee, which also considers the effectiveness of the process for authorising Directors' conflicts of interest. The Board retains the power to vary or terminate these authorisations at any time.

Division of responsibilities

Roles on the Board

Executive and Non-Executive Directors share the same duties. However, in line with the principles of the Code, a clear division of responsibilities has been established.

The Group Chairman is responsible for:

- leading the Board and its overall effectiveness
- demonstrating objective judgement
- promoting a culture of openness and constructive challenge and debate between all Directors
- facilitating constructive board relations and the effective contribution of all Non-Executive Directors
- ensuring Directors receive accurate, clear and timely information.

Directors' report: How we comply

Responsibility for the day-to-day management of the Group is delegated to the Group Chief Executive Officer who is supported in this role by the ExCo. Further information on the membership of the ExCo can be found on page 7.

As a Board we have set out our expectations of each Director in Barclays' *Charter of Expectations*. This includes role profiles and the behaviours and competencies required for each role on the Board, namely the Group Chairman, Group Deputy Chairman (to the extent one is required), the SID, Non-Executive Directors, Executive Directors and Committee Chairs.

Consistent with our *Charter of Expectations,* the 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. The Non-Executive Directors, led by the Nominations Committee, have primary responsibility for the appointment and removal of the Executive Directors.

The SID provides a sounding board for the Group Chairman, acts as an intermediary for the other Directors when necessary and is available to shareholders if they have concerns that have not been addressed through the normal channels.

The *Charter of Expectations* is reviewed annually to ensure it remains relevant and accurately reflects the requirements of the Code, the Regulations and industry best practice. A copy of the *Charter of Expectations* can be found at **home.barclays/who-we-are/our-governance/board-responsibilities**.

Information provided to the Board

It is the responsibility of the Group Chairman, to ensure that Board agendas are focused on key strategy, risk, performance and other value creation issues, and that members of the Board receive timely and high-quality information to enable them to make sound decisions and promote the success of the Company. Working in collaboration with the Group Chairman, the Group Company Secretary is responsible for ensuring good governance and information flow, to ensure an effective Board.

Throughout the year, both the Executive Directors and senior executives kept the Board informed of key business developments through regular updates. These are in addition to the presentations that the Board and Board Committees receive as part of their formal meetings. Directors are able to seek independent and professional advice at Barclays' expense, if required, to enable them to fulfil their obligations as members of the Board.

Attendance

Directors are expected to attend every Board meeting. In 2020, attendance was very strong both at scheduled and additional meetings (including those called at short notice), as reflected in the table below. The Group Chairman met privately with the Non-Executive Directors on at least three occasions. If, owing to exceptional circumstances, a Director was not able to attend a Board meeting, he or she ensured that his or her views were made known to the Group Chairman in advance of the meeting. In addition, the SID met the other Non-Executive Directors individually, without the Group Chairman, to appraise the Group Chairman's performance, the details of which are included on page 28**.** Due to the circumstances of the pandemic, the Board met an additional six times during the course of the year. The high level of attendance at these additional meetings, many of which were scheduled at short notice, is a testament to the commitment of each of our current Directors.

Board attendance in 2020	Independent/Executive	Scheduled meetings eligible to attend	Scheduled meetings attended	% attendance	Additional meetings eligible to attend	Additional meetings attended
Chairman						
Nigel Higgins	On appointment[1]	7	7	100%	6	6
Executive Directors						
Jes Staley	Executive Director	7	7	100%	4	4
Tushar Morzaria	Executive Director	7	7	100%	4	4
Non-Executive Directors						
Mike Ashley	Independent	7	7	100%	6	6
Tim Breedon	Independent	7	7	100%	6	5
Sir Ian Cheshire	Independent	7	7	100%	6	6
Mohamed El-Erian	Independent	7	7	100%	6	6
Dawn Fitzpatrick	Independent	7	7	100%	6	6
Mary Francis	Independent	7	7	100%	6	6
Crawford Gillies	Senior Independent Director[2]	7	7	100%	6	6
Brian Gilvary	Independent[3]	7	7	100%	6	6
Diane Schueneman	Independent	7	7	100%	6	6
Former Directors						
Mary Anne Citrino	Independent	7	5	71%	6	5

Board Committee cross-membership

The table below shows the number of cross-memberships of the Non-Executive Directors across the Board Committees as at 31 December 2020.

	Board Audit Committee	Board Nominations Committee	Board Remuneration Committee
Board Risk Committee	**3**	**3**	**1**
Board Remuneration Committee	**1**	**2**	
Board Nominations Committee	**4**		

Composition of the Board

In line with the requirements of the Code, a majority of the Board is comprised of independent Non-Executive Directors. Our Nominations Committee considers the independence of our Non-Executive Directors annually, having regard to the independence criteria set out in the Code.

[1] As required by the Code, the Chairman was independent on appointment.
[2] Brian Gilvary did not succeed Crawford Gillies as Senior Independent Director until 1 January 2021.
[3] As above.

Directors' report: How we comply

As part of this process, our Nominations Committee keeps under review the length of tenure of all Directors, which can affect independence, and makes any recommendations to the Board accordingly.

The independence of Tim Breedon, Mike Ashley and Crawford Gillies, all of whom have served on the Board for more than six years, was subjected to a more rigorous review. The Nominations Committee remains satisfied that the lengths of their tenure have no impact on their respective levels of independence or the effectiveness of their contributions. The Board considers all of the Non-Executive Directors to be independent.

During 2020, both Matthew Lester and Mary Anne Citrino stepped down from the Board. Neither raised raise any concerns about the operation of the Board or management.

You can read more about the changes to Board composition in 2020 and steps taken to further strengthen the Board in the report of our Nominations Committee on pages 23 to 28.

Time commitment

All potential new Directors are asked to disclose their other significant commitments. The Nominations Committee then takes this into account when considering a proposed appointment to ensure that Directors can discharge their responsibilities to Barclays effectively. This means not only attending and preparing for formal Board and Board Committee meetings, but also making time to understand the business and to undertake training. As stated in our Charter *of Expectations*, the time commitment is agreed with each Non-Executive Director on an individual basis. In addition, all Directors must seek approval before accepting any significant new commitment. Set out below is the average time commitment expected for the role of Non-Executive Directors and the other Non-Executive positions on the Board.

Time Commitment	
Role	**Expected time commitment**
Chairman	Equivalent to up to 80% of full-time position.
Senior Independent Director	As required to fulfil the role.
Non-Executive Director	35-40 days per year (membership of one Board Committee included, increasing to 50 days a year if member of two Board Committees).
Committee Chairs	At least 80 days per year (including Non-Executive Director time commitment) for Audit and Risk Committee Chairs and at least 60 days for the Remuneration Committee Chair.

Where circumstances require it, all Directors are expected to commit additional time as necessary to their work on the Board. The Group Company Secretary maintains a record of each Director's commitments. For the year ended 31 December 2020 and as at the date of publication, the Board is satisfied that none of the Directors is over-committed and that each of the Directors allocates sufficient time to his or her role in order to discharge their responsibilities effectively.

Composition, succession and evaluation

We have a Nominations Committee, the purpose and activities of which are contained in the Nominations Committee Report on pages 23 to 28.

Board appointments

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 Group 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 pages 23 to 28.

Diversity across the Group remains a key area of focus. For more detail on our actions to increase diversity please see pages 83 to 85.

The Nominations Committee regularly reviews the composition of the Board, Board Committees and the ExCo. It frequently considers the skills required for the Board, its Board Committees and the ExCo, identifying the core competencies, diversity and experience required. This, along with the annual evaluation, helps to refresh the thinking on Board, Board Committee and ExCo composition and to determine a timeline for proposed new appointments. 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.

All Directors are subject to election or re-election each year by shareholders at the AGM.

Each year we carry out an effectiveness review in order to evaluate our performance, as a Board as well as the performance of each of the Board Committees and individual Directors. More information on the 2020 Board evaluation and effectiveness review can be found on pages 26 to 28.

Our Board member's biographies showing their relevant skills and experience, Board Committee memberships and other principal appointments can be found on pages 3 to 6. Details of changes to the Board in 2020 and up to the date of this Report are disclosed on pages 7 to 8.

The service contracts for the Executive Directors and the letters of appointment for the Group Chairman and Non-Executive Directors are available for inspection at our registered office and at the AGM.

Induction

On appointment to the Board, all Directors receive a comprehensive induction that is tailored to the new Director's individual requirements. The induction schedule is designed to provide the new Director with an understanding of how the Group works and the key issues that it faces. The Group Company Secretary consults the Chairman when designing an induction schedule giving consideration to the particular needs of a new Director. When a Director is joining a Board Committee, the schedule includes an induction to the operation of that committee.

Following their appointment, Mohamed A. El-Erian and Brian Gilvary have received such inductions. They have each met with the Group Company Secretary, the current Non-Executive Directors, members of the ExCo and certain other senior executives, as part of that process.

Training and development

In order to continue to contribute effectively to Board and Board Committee meetings, Directors are regularly provided with the opportunity to take part in ongoing training and development and can also request specific training as required.

Opportunities for Director training were more limited in 2020 as a result of social distancing guidance and as the Board and senior management focussed on the Group's response to the COVID-19 pandemic. However, training and development was also supported through the Board deep dives, Risk deep dives and Function reviews described on page 12. In addition, the Board received its annual briefing on regulatory responsibilities, including the Senior Managers Regime.

Audit, Risk and Internal Control

Accountability
Internal governance processes have been developed to ensure the effective operation of the individual boards and board committees of each of BPLC, BBUKPLC and BBPLC respectively, in recognition of the fact that this is key to the development and execution of the Group's strategy. Generally, there is one set of rules for the Group, Group-wide frameworks, policies and standards are adopted throughout the Group unless local laws or regulations (for example, the ring-fencing obligations applicable to BBUKPLC) require otherwise, or the ExCo decides otherwise in a particular instance.

The Board has a Board Audit Committee and a Board Risk Committee. The purposes and activities of the Board Audit and Board Risk Committees are contained within their respective reports on pages 14 and 29 respectively.

Internal and external audit functions
The Board, together with the Board Audit Committee, is responsible for ensuring the independence and effectiveness of the internal and external audit functions. For this reason, the Board Audit Committee members met regularly with the Group Chief Internal Auditor and the KPMG lead audit engagement partner, without management present. The appointment and removal of the Group Chief Internal Auditor is a matter reserved to the Board Audit Committee and the appointment, and removal, of the external auditor, is a matter reserved to the Board. Neither task is delegated to management. This is explained in detail on pages 14 to 22 of the Board Audit Committee report.

Company's position and prospects
The Board, together with the Board Audit Committee, is responsible for ensuring the integrity of this Annual Report and that the financial statements as a whole present a fair, balanced and understandable assessment of our performance, position and prospects. This is explained in detail on pages 14 to 20 of the Board Audit Committee report.

Risk management and internal control
The Directors are 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 only provide reasonable, and not absolute, assurance against material misstatement or loss.

The Group is committed to operating within a strong system of internal control. Barclays has an overarching framework that sets out the approach of the Group to internal governance, *The Barclays Guide*. This establishes the mechanisms, principles and processes through which management implements the strategy set by the Board.

Processes are in place for identifying, evaluating and managing the Principal Risks facing the Group in accordance with the 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting', published by the FRC. A key component of *The Barclays Guide* is the ERMF. The purpose of the ERMF is to identify and set minimum requirements in respect of the main risks to the strategic objectives of the Group. There are eight Principal Risks under the ERMF: Credit risk, Market risk, Treasury and Capital risk, Operational risk, Model risk, Reputation risk, Conduct risk and Legal risk. The system of risk management and internal control is set out in the risk frameworks relating to each of our eight Principal Risks and the Barclays Control Framework, which details requirements for the delivery of control responsibilities. Group-wide frameworks, policies and standards enable Barclays to meet regulators' expectations relating to internal control and assurance.

Effectiveness of internal controls
Key controls are assessed on a regular basis for both design and operating effectiveness. Issues arising out of these assessments, where appropriate, are reported to the Board Audit Committee. The Board Audit Committee oversees the control environment (and remediation of related issues) and you can read more about the work of the Board Audit Committee on pages 14 to 22.

The Board Audit Committee also reviews annually the risk management and internal control system, which includes the ERMF. It has concluded that, throughout the year ended 31 December 2020 and to date, the Group has operated a sound system of internal control that provides reasonable assurance of financial and operational controls and compliance with laws and regulations. For more details on that evaluation and its conclusions please see pages 14 to 22.

The review of the effectiveness of the system of risk management and internal control is achieved through reviewing the effectiveness of the frameworks, principles and processes contained within *The Barclays Guide*, the ERMF and the Barclays Control Framework.

Regular reports are made by management to the Board Risk Committee and the Board covering significant risks, measurement methodologies and appropriate risk appetite for the Group.

Further details of risk management procedures and material existing and emerging risks are given in the Risk review and Risk management sections on pages 86 to 177.

Controls over financial reporting
A framework of disclosure controls and procedures is in place to support the approval of the financial statements of the 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.

Where appropriate, these committees report their conclusions to the Board Audit Committee, which debates such conclusions and provides further challenge. Finally, the Board scrutinises and approves results announcements and the 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 Group and other significant disclosures before they are made public.

Management's report on internal control over financial reporting
Management is responsible for establishing and maintaining adequate internal control 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 accounting standards in conformity with the requirements of the Companies Act 2006 and prepared in accordance with 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 ('IFRSs as adopted by the EU'). 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

Directors' report: How we comply

- 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.

Our independent registered public accounting firm has issued a report on the Group's internal control over financial reporting, which is set out on pages 207 to 210.

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 178 to 183.

Changes in internal control over financial reporting

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

Remuneration

The Company has a Board Remuneration Committee, the purpose and activities of which are described in the Board Remuneration Committee reports on pages 47 to 80.

The Board has delegated responsibility for the consideration and approval of the remuneration arrangements of the Group Chairman, the Executive Directors, other senior executives and certain Group employees to the Board Remuneration Committee. The Board Remuneration Committee, when considering the remuneration policies and practices, seeks to ensure that they support our strategy and promote the long-term success of the business and that they are aligned to the successful delivery of the Group's strategy.

All executive and senior management remuneration policies are developed in accordance with the 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 Board Remuneration Committee members 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.

Information on the purpose of the Board Remuneration Committee and its activities in 2020 can be found in the Remuneration report on pages 47 to 80.

Directors' report: Other statutory information

Other statutory information

The Directors present their report together with the audited accounts 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 as follows:

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

Disclosures required pursuant to Listing Rule 9.8.4R can be found on the following pages:

Profit and dividends

Statutory profit after tax for 2020 was £2,461m (2019: £3,354m). The 2020 full year dividend of 1.0p per share will be paid on 1 April 2021 to shareholders whose names are on the Register of Members at the close of business on 26 February 2021. With no half year dividend paid in 2020, the total distribution for 2020 is 1.0p (2019: 3,0p) per ordinary share. As a result of the cancellation of the 2019 full year dividend in April 2020, no dividends were paid in 2020 (2019: £1,201m).

Barclays has decided to cease to offer the scrip dividend programme and will no longer offer a scrip alternative for dividends. For those shareholders who wish to elect to use their cash dividends to purchase additional ordinary shares in the market, rather than receive a cash payment, Barclays has arranged for its registrar, Equiniti, to provide and administer a dividend re-investment plan (DRIP). Further details regarding the DRIP can be found at www.barclays.com

The nominee company of certain Barclays' employee benefit trusts holding shares in Barclays in connection with the operation of our share plans has lodged evergreen dividend waivers on shares held by it that have not been allocated to employees. As no dividends were paid in 2020, the total amount of dividends waived during the year ended 31 December 2020 was £nil (2019: £1.58m).

The Board notes that in determining any proposed distributions to shareholders, the Board will consider the expectation of servicing more senior securities.

Board of Directors

The names of the current Directors of Barclays PLC, along with their biographical details, are set out on pages 3 and 6 and are incorporated into this Directors' report by reference. Changes to Directors during the year are set out below.

Name	Role	Effective date of appointment / resignation
Mohamed A. El-Erian	Non-Executive Director	Appointed 1 January 2020
Brian Gilvary	Non-Executive Director	Appointed 1 February 2020
Matthew Lester	Non-Executive Director	Resigned 1 January 2020
Mary Anne Citrino	Non-Executive Director	Resigned 30 September 2020

Appointment and retirement of Directors

The appointment and retirement of Directors is governed by our Articles, the Code, the Companies Act 2006 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 and any Director so appointed holds office only until the next AGM and may offer himself/herself for re-election. The Code recommends that all directors of FTSE 350 companies should be subject to annual re-election. Other that Sir Ian Cheshire who is stepping down from the Board at the 2021 AGM, all Directors (including Julia Wilson who joins the Board on 1 April 2021) will stand for election or re-election at the 2021 AGM.

Directors' indemnities

Qualifying third party indemnity provisions (as defined by section 234 of the Companies Act 2006) 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 Group maintains Directors' & Officers' Liability Insurance which gives appropriate cover for legal action brought against its Directors.

Directors' report: Other statutory information

Qualifying pension scheme indemnity provisions (as defined by section 235 of the Companies Act 2006) 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 Barclays Bank UK Retirement Fund, Barclays Capital International Pension Scheme (No.1) and Barclays PLC Funded Unapproved Retirement Benefits Scheme.

Political donations

The 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, nor did it incur any political expenditure during the year.

In accordance with the US Federal Election Campaign Act, Barclays provides administrative support to a federal Political Action Committee (PAC) in the US, funded by the voluntary political contributions of eligible employees. The PAC is not controlled by Barclays and all decisions regarding the amounts and recipients of contributions are directed by a steering committee comprising employees eligible to contribute to the PAC. Contributions to political organisations reported by the PAC during the calendar year 2020 totalled $113,500 (2019: $46,000).

Country-by-Country reporting

The Capital Requirements (Country-by-Country reporting) Regulations 2013 require the Company to publish additional information in respect of the year ended 31 December 2020. This information is available on the Barclays website: **home.barclays/annualreport**.

Supporting our suppliers

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 PLC is a signatory to the Prompt Payment Code in the UK, committing to pay our suppliers within clearly defined terms. In 2019, we achieved 88% (2018: 85%) on-time payment by value to our suppliers, meeting our public commitment to the suppliers of 85%.

Environment

Barclays focuses on addressing environmental issues where we believe we have the greatest potential to make a difference. As part of our ambition to be a net zero bank by 2050, we continue to work towards aligning our financing with the Paris Agreement (see Strategic Report) and continue to reduce our operational carbon footprint.

2020 performance update

In line with Barclays' ambition to be a net zero bank, Barclays remains committed to managing our own operational footprint and transitioning to a low-carbon economy. In 2020, we achieved a 71% scope 1 and 2 emission reduction against our 2018 baseline, and we continue to offset our residual emissions from our operations and business travel. This reduction was principally achieved through the expansion of our renewable electricity purchasing programme across Continental Europe, United Kingdom Hong Kong, Japan, Singapore and the United States. Our current renewable electricity consumption currently stands at 74% against our interim target of procuring 90% of our electricity from renewable sources by 2021.

We have disclosed global greenhouse gas (GHG) emissions and energy use data as required by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. Additional disclosures on (i) financing solutions for the lower carbon economy, (ii) environmental risk management and (iii) management of our carbon and environmental footprint are set out in our Strategic Report, Environmental, Social and Governance (ESG) Report and TCFD Report, available on our website at **home.barclays/annualreport**.

Directors' report: Other statutory information

	Current Reporting Year[a] 2020		Previous Reporting Year 2019	
	UK & Offshore Area	Global GHG Emissions	UK & Offshore Area	Global GHG Emissions
Group GHG Emissions[b]				
Total CO_2e (tonnes)	**104,476**	**197,504**	146,050	273,954
Scope 1 CO2e emissions (tonnes)[c]	**12,605**	**18,839**	17,284	23,835
Scope 2 CO2e emissions (tonnes)[d]	**83,303**	**159,532**	98,929	181,983
Scope 3 CO2e emissions (tonnes)[e]	**8,569**	**19,133**	29,837	68,137
Energy consumption used to calculate above Scope 1 and 2 emissions (kWh)	**395,742,619**	**621,694,988**	436,114,042	679,310,592
Intensity Ratio				
Total Full Time Employees (FTE)	**47,700**	**83,000**	47,800	80,800
Total CO2e per FTE (tonnes)[f]	**2.19**	**2.38**	3.06	3.39
Market based emissions				
Scope 2 CO2e market based emissions (tonnes)[d]	**7,172**	**64,233**	7,226	89,528
Total gross Scope 1 & 2 (market based) emissions (tonnes)	**19,777**	**83,071**	24,509	113,363

Notes

a The carbon reporting year for our GHG emissions is 1 October to 30 September. The carbon reporting year is not fully aligned to the financial reporting year covered by this Directors' Report. Details of our approach to assurance over the data is set out in the 2020 Barclays ESG Report.

b The methodology used to calculate our GHG emissions is the 'Greenhouse Gas Protocol (GHG): A Corporate Accounting and Reporting Standard (Revised Edition)', defined by the World Resources Institute/World Business Council for Sustainable Development (ERI/WBCSD). We have adopted the operational control approach on reporting boundaries to define our reporting boundary. Where properties are covered by Barclays' consolidated financial statements but are leased to tenants and Barclays is not responsible for utility costs, these emissions are not included in the Group GHG emission calculations. Where Barclays is responsible for the utility costs, these emissions are included. We continuously review and update our performance data based on updated carbon emission factors, improvements in data quality and updates to estimates previously applied. For 2020 we have applied the latest emission factors available at the time of reporting. Where our performance has changed by more than 1% we have restated these figures. This year 2019 scope 2 emissions have been updated to reflect additional consumption data which was not available at the time of reporting and updates to residual mix factors specifically in the US which is the material contributor to the scope 2 market based emissions restatement. The previously reported figure was 110,017tCO2e (scope 2 market based) & 185,743tCO2e (location based).

c Scope 1 covers GHG emissions from activities for which the Group is responsible, including emissions from the direct combustion of fuels and the operation of facilities. In the case of company owned vehicles, emissions are limited to UK vehicles only as this is the only country in which the Group owns vehicles.

d Scope 2 covers GHG emissions from electricity, heat, cooling and steam purchased for own use. Market based emissions have been reported for 2019 and 2020. We have used a zero emission factor where we have renewable contracts already in place in the UK, US, Hong Kong, Japan, Singapore and Continental Europe.

e Scope 3 covers indirect emissions from business travel. Business travel for these purposes comprises of: global flights and ground transport within the UK, US and India, however in the case of the US and India ground transport covers onwards car hire only which has been provided directly by the supplier). Ground transportation data (excluding scope 1 emissions from company owned vehicles) covers only countries where robust data is available directly from the supplier.

f Intensity ratio calculations have been calculated using location based emission factors only.

g Energy consumption data is captured through utility billing; meter reads or estimates. Principal measures we have undertaken in 2020 to improve energy efficiency include the following:

- We have reduced our Group energy consumption by 8% versus 2019 as a result of reduced operating hours of our property portfolio as our global workforce transitioned to remote working as a result of COVID-19 pandemic.
- We continue to work on improving the operational efficiency of our property portfolio and in 2020 conducted energy efficiency projects globally which have achieved a total energy reduction of 8GWhs since implementation. The achieved reductions can be broken down by principal categories such as building optimisation projects saving 3,600 MWh: a 3,100 MWh saving from adjusting our HVAC systems to align with reduced operational hours of our buildings globally; power optimisation improvements in our APAC portfolio saving 1,170 MWh; and end of life asset replacements together with the installation of LED lighting in our buildings which have achieved a combined 450MWh saving.

Research and development

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

Share capital

Share capital structure

The Company has ordinary shares in issue. The Company's Articles also allow for the issuance of sterling, US dollar, euro and yen preference shares ("preference shares"). No preference shares have been issued as at 16 February 2021 (the latest practicable date for inclusion in this report). Ordinary shares therefore represent 100% of the total issued share capital as at 31 December 2020 and as at 16 February 2021 (the latest practicable date for inclusion in this report).

Details of the movement in ordinary share capital during the year can be found in Note 28 on page 277.

Voting

Every member who is present in person or represented at any general meeting of the Company, and who is entitled to vote, has one vote on a show of hands. Every proxy present has one vote. The proxy will have one vote for, and one vote against, a resolution if he/she has been instructed to vote for, or against, the resolution by different members or in one direction by a member while another member has permitted the proxy discretion as to how to vote.

On a poll, every member who is present or represented and who is entitled to vote has one vote for every share held. In the case of joint holders, only the vote of the senior holder (as determined by order in the share register) or his/her proxy may be counted. If any sum payable remains unpaid in relation to a member's shareholding, that member is not entitled to vote that share or exercise any other right in relation to a meeting of the Company unless the Board otherwise determines.

If any member, or any other person appearing to be interested in any of the Company's ordinary shares, is served with a notice under section 793 of the Companies Act 2006 and does not supply the Company with the information required in the notice, then the Board, in its absolute discretion, may direct that that member shall not be entitled to attend or vote at any meeting of the Company. The Board may further direct that, if the shares of the defaulting member represent 0.25% or more of the issued shares of the relevant class, dividends or other monies payable on those shares shall be retained by the Company until the direction ceases to have effect and no transfer of those shares shall be registered (other than certain specified 'excepted transfers'). A direction ceases to have effect seven days after the Company has received the information requested, or when the Company is notified that an excepted transfer of all of the relevant shares to a third party has occurred, or as the Board otherwise determines.

Transfers

Ordinary shares may be held in either certificated or uncertificated form. Certificated ordinary shares may be transferred in writing in any usual or other form approved by the Group Company Secretary and executed by or on behalf of the transferor. Transfers of uncertificated ordinary shares must be made in accordance with the Companies Act 2006 and the CREST Regulations.

The Board is not bound to register a transfer of partly-paid ordinary shares or fully-paid shares in exceptional circumstances approved by the FCA. The Board may also decline to register an instrument of transfer of certificated ordinary shares unless it is (i) duly stamped, deposited at the prescribed place and accompanied by the share certificate(s) and such other evidence as reasonably required by the Board to evidence right to transfer, (ii) it is in respect of one class of shares only, and (iii) it is in favour of a single transferee or not more than four joint transferees (except in the case of executors or trustees of a member).

In accordance with the provisions of section 84 of the Small Business, Enterprise and Employment Act 2015, preference shares may be issued only in registered form. Preference shares shall be transferred in writing in any usual or other form approved by the Group Company Secretary and executed by or on behalf of the transferor. The Company's registrar shall register such transfers of preference shares by making the appropriate entries in the register of preference shares. Each preference share shall confer, in the event of a winding up or any return of capital by reduction of capital (other than, unless otherwise provided by their terms of issue, a redemption or purchase by the Company of any of its issued shares, or a reduction of share capital), the right to receive out of the surplus assets of the Company available for distribution amongst the members and in priority to the holders of the ordinary shares and any other shares in the Company ranking junior to the relevant series of preference shares and *pari passu* with any other class of preference shares (other than any class of shares then in issue ranking in priority to the relevant series of preference shares), repayment of the amount paid up or treated as paid up in respect of the nominal value of the preference share together with any premium which was paid or treated as paid when the preference share was issued in addition to an amount equal to accrued and unpaid dividends.

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 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.

Exercisability of rights under an employee share scheme

Employee Benefit Trusts (EBTs) operate in connection with certain of the Group's Employee Share Plans ("Plans"). The trustees of the EBTs may exercise all rights attached to the shares in accordance with their fiduciary duties other than as specifically restricted in the documents governing the Plans. The trustees of the EBTs have informed the Company that their normal policy is to abstain from voting in respect of the Barclays shares held in trust. The trustees of the Global Sharepurchase EBT and UK Sharepurchase EBT may vote in respect of Barclays shares held in the EBTs, but only as instructed by participants in those Plans in respect of their partnership shares and (when vested) matching and dividend shares. The trustees will not otherwise vote in respect of shares held in the Sharepurchase EBTs.

Special rights

There are no persons holding securities that carry special rights with regard to the control of the company.

Major shareholders

Major shareholders do not have different voting rights from those of other shareholders. Information provided to the Company by substantial shareholders pursuant to the FCA's Disclosure Guidance and Transparency Rules is published via a Regulatory Information Service and is available on the Company's website. As at 31 December 2020, the Company had been notified under Rule 5 of the Disclosure Guidance and Transparency Rules of the following holdings of voting rights in its shares.

Person interested	Number of Barclays Shares	% of total voting rights attaching to issued share capital[a]	Nature of holding (direct or indirect)
BlackRock Inc[b]	944,022,209	5.78	indirect
Qatar Holding LLC[c]	1,017,455,690	5.86	direct
Sherborne Investors[d]	943,949,089	5.48	indirect
The Capital Group Companies Inc[e]	843,819,487	4.87	indirect
Norges Bank	521,031,852	3.00	direct

Notes

a The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules, with the exception of Qatar Holding which has been rebased against the issued share capital as at 31 December 2020, because its last disclosure was made on 1 December 2016.

b Total shown includes 6,687,206 contracts for difference to which voting rights are attached. Part of the holding is held as American Depositary Receipts. On 28 January 2021, BlackRock, Inc. disclosed by way of a Schedule 13G filed with the SEC beneficial ownership of 1,303,744,297 ordinary shares of the Company as of 31 December 2020, representing 7.5% of that class of shares.

c Qatar Holding LLC is wholly-owned by Qatar Investment Authority.

d We understand from disclosures that the Sherborne shares are held via three funds ultimately controlled by Edward Bramson and Stephen Welker in their capacity as managing directors of Sherborne Investors Management GP, LLC (Sherborne Management GP), and Sherborne Investors GP, LLC. Sherborne Management GP is the general partner of Sherborne Investors Management LP (Sherborne Investors) which is the investment manager of each of the three funds beneficially interested in the Sherborne shares, being Whistle Investors LLC, Whistle Investors II LLC and Whistle Investors III LLC. Amendment No.2 to a Schedule 13D filing, filed on 7 November 2019, also disclosed that certain funded derivative transactions, which were used to purchase 505,086,254 of such shares, have been extended to expire on various dates during the period beginning 14 December 2021 (previously 21 October 2019) and ending 22 July 2022 (previously 16 March 2021).

e The Capital Group Companies Inc (CG) holds its shares via CG Management companies. Part of the CG holding is held as American Depositary Receipts.

Between 31 December 2020 and 16 February 2021 (the latest practicable date for inclusion in this report), the Company has not received any additional notifications pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules.

Directors' report: Other statutory information

Powers of Directors to issue or buy back the Company's shares
The powers of the Directors are determined by the Companies Act 2006 and the Company's Articles. 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 shares
The Company did not repurchase any of its ordinary shares during 2020 (2019: none). As at 16 February 2021 (the latest practicable date for inclusion in this report) the Company had an unexpired authority to repurchase ordinary shares up to a maximum of 1,733m ordinary shares.

Distributable Reserves
As at 31 December 2020, the distributable reserves of the Company were £24,386m (2019: £22,457m).

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.

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 our auditor is 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 our auditor is aware of that information. This confirmation is given pursuant to section 418 of the Companies Act 2006 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 page 207 to 210, 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 Group's business activities and factors likely to affect its future development and performance are disclosed in the Strategic Report available at **home.barclays/annualreport** and Risk Review section of this document. The financial performance is disclosed within the financial review with funding, liquidity and capital details contained within the risk performance section. The Group's objectives and policies in managing the financial risks to which it is exposed are discussed in the Risk management section.

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

In preparing each of the Group and Parent company financial statements, the Directors are required to:

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

Preparation of accounts
The Directors are required by the Companies Act 2006 to prepare Group and Company accounts for each financial year and, with regard to Group accounts, in accordance with Article 4 of the IAS Regulation. The Directors have prepared Group and Company 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 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 Group and the Company and of their profit or loss for that period.

The Directors consider that, in preparing the financial statements, the 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 Group's and Company's position and performance, business model and strategy.

The 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 Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the accounts comply with the Companies Act 2006.

The Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration 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 our 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 Group and to prevent and detect fraud and other irregularities.

The Directors, whose names and functions are set out on pages 3 to 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, on pages 8 to 13, 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.

Directors' report: Other statutory information

By order of the Board

Stephen Shapiro
Group Company Secretary
17 February 2021

Registered in England.
Company No. 48839

Remuneration report

Annual Statement from the Chair of the Board Remuneration Committee

Contents

Remuneration committee

	Meetings attended
Crawford Gillies	10/10
Tim Breedon	9/10
Mary Francis	10/10
Brian Gilvary (from 1 March 2020)	6/7

Dear Fellow Shareholders

I am pleased to present the Directors' Remuneration Report for 2020, and my last statement to you as Chair of the Remuneration Committee. I know that my successor, Brian Gilvary, will be an excellent replacement and I wish him all the very best when he assumes the chair in March.

It has been an exceptionally challenging year for a great many of us, and one with far reaching consequences for our economy and our society. In this context, the Committee has faced some extremely difficult decisions about the most appropriate way to remunerate colleagues for some outstanding work over the last 12 months. We have taken a number of important considerations into account, including our financial and non-financial performance in both relative and absolute terms, the views and expectations of our stakeholders, and the differing contributions of our businesses to the Group's financial resilience, which has in turn enabled us to support customers, clients and the communities that we serve. Our deliberations have been extensive, and I want to use this statement to be transparent with you about our decision-making.

As ever, we have been guided by the principles of our Fair Pay agenda and, in particular, the importance of properly recognising the contribution of our junior colleagues. You can read more about our approach to fairness in our third annual Fair Pay Report, published alongside this document. Consistent with previous years, we have also published our UK pay gap figures and a narrative explaining them.

Performance

Rewarding sustainable performance remains a crucial aspect of the way the Committee considers its decisions. We recognise the pandemic's impact on our financial performance, with reductions in PBT and RoTE following a number of years of sustained annual improvements[a]. We are however proud of what we have achieved as an organisation in a truly difficult year. Not only have we remained fully open for business, supporting our customers and clients as they navigate the pandemic, we have demonstrated ourselves to be extremely resilient, remaining profitable in each quarter despite the challenging macroeconomic environment, while continuing to demonstrate a capacity for strong capital generation. Consequently, we have today announced a total payout equivalent to c.5p per share, comprising a 1.0p 2020 full year dividend and the intention to initiate a share buyback of up to £700m which I know will be welcome.

We have entered 2021 in a position of strength and stability for the future; well capitalised and importantly well-positioned to support an economic recovery.

Our business diversification has meant that our investment banking businesses have been able to benefit from the increased volatility and wider trading margins observed during 2020. This, together with strong relative performance as evidenced particularly by the continued improvement in Markets market share[b], has meant that these businesses have significantly outperformed expectations. Income in our Markets businesses is up 45% year on year and in Banking, income is up 8% year on year – the biggest annual improvements since the reconfiguration of those businesses.

As a result, Group income was up on 2019 despite an incredibly challenging year for our Corporate Bank and consumer businesses, impacted as they were by lower income and materially higher impairment charges in the wake of the COVID-19 pandemic. This capacity for one part of the Group's performance to offset another is an illustration of the benefits of the diversification that is inherent in our universal banking model. This has helped our ability to support the economy and society at a time of acute need.

As set out in Nigel Higgins' and Jes Staley's letters to shareholders, we have delivered an enormous amount of financial support for our customers and clients this year, including facilitating c. £27bn of finance to British businesses, waiving millions of pounds in fees for customers and helping corporate clients and governments raise billions to strengthen their balance sheets (underwriting c. £1.5 trillion of new issuance[c]). We have been able to do a significant amount for wider society too, whether through the launch of our £100m COVID-19 Community Aid Package, or in the steps we have taken on the road to becoming a net zero bank by 2050.

Notes
a Ex L&C.
b 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.
c Across Equity and Debt Capital Markets in Q220-Q420.

Remuneration report

Group income	**£21,766m** 2019: £21,632m 2018: £21,136m
Group profit before tax (excluding L&C)	**£3,218m** 2019: £6,206m 2018: £5,701m
Group RoTE (excluding L&C)	**3.4%** 2019: 9.0% 2018: 8.5%
Cost: income ratio (excluding L&C)	**61%[a]** 2019: 62%[a] 2018: 66%
CET1 ratio	**15.1%** 2019: 13.8% 2018: 13.2%
Group compensation to income ratio[b]	**34.2%** 2019: 33.9% 2018: 34.1%
Group incentive pool	**£1,580m** 2019: £1,490m 2018: £1,649m

Notes
a Excludes £368m of structural cost actions (2019: £150m) and £95m spend to date of Barclays' Community Aid Package.
b 2018 Group compensation to income ratio excludes £140m relating to GMP charge post-retirement benefits.

Colleague remuneration

Throughout the pandemic, our colleagues – many of whom were on the frontline supporting customers – have worked incredibly hard to keep things running. Our financial resilience has allowed us to help them too, for instance by offering full pay to those unable to work because they were isolating or caring for dependants. We increased overtime rates to support colleagues given their need to work significantly extended hours, to both manage the unprecedented demands from customers and clients as well as the temporary loss of some geographical locations dues to local lockdowns. Additionally, we enhanced our benefits where needed, including improving medical benefit provision in India and meeting additional childcare needs where required. We did not put any staff on furlough (indeed hiring additional colleagues, with overall headcount up slightly on 2019), and implemented a temporary moratorium on redundancies.

The Committee's determination of the annual incentive pool includes consideration of a number of factors, such as financial performance, delivery of our strategy, risk and conduct. We consider Barclays' performance as a Group, but also take into account the performance of individual businesses within that Group, as well as those businesses' contributions to our strategic targets and vision, and their importance to our future success.

Assessing and rewarding performance in this way also means that the Group incentive pool does not always move directly in line with the Group's overall financial performance. In 2019, while financial performance was up and non-financial performance was also very strong, the incentive pool was reduced to support our continued progression towards our strategic targets in terms of delivering greater returns to shareholders. This year, we have had to consider how we balance the need to maintain our successful universal banking model, with the financial challenges that we and others have faced.

For many businesses, such as our Corporate Bank and consumer businesses (including Barclays UK – our ring-fenced bank) profit before tax is down, driven by lower income and higher impairment costs. At the same time, strategic delivery has been very strong, continuing to make progress on our digital agenda and focussing on our customer and client experiences. Balancing these different considerations, the incentive pools for all of these businesses are down this year, reflecting the lower financial performance outcomes.

However, consistent with our Fair Pay agenda, we have chosen to protect outcomes for our junior colleagues and, as a result, the greatest reductions in incentives will be observed for more senior colleagues in these businesses. It has been junior colleagues in many businesses who have been on the front line directly supporting customers and clients during the pandemic and the Committee felt it appropriate to reward those efforts.

Additionally, the Committee believes it is right to recognise the outstanding work of our investment banking colleagues this year, particularly given the continued financial performance improvements of those businesses and their significant contribution to the Group's overall financial resilience.

Since 2018, the profitability[a] of the Corporate and Investment Bank has increased by 51% (2020 up 31% on 2019), with the associated improvement in returns. This strong performance has been driven by increases in investment banking revenues, specifically in FICC and equities, where we have continued to grow market share[b]. We are the only scale British investment bank; we operate globally and, importantly, we have a leading presence in the US (correspondingly, almost three-quarters of the incentive pool for the investment bank businesses relates to populations outside the UK). Our investment banking businesses provide us with a point of strategic advantage as we move into 2021 and beyond, providing an important diversification of income stream, particularly at a time of so much transformation and challenge in the retail banking sector. It is appropriate that we reward the exceptional collective effort of these colleagues, albeit with the appropriate restraint.

Taking all of this into account, the Committee has approved a Group incentive pool of £1,580m. This represents a relatively modest increase across the investment banking businesses, reductions for all other businesses and appropriate recognition for the contributions of our more junior colleagues. The unusual dynamic for 2020 is the significantly lower contribution to the Group financial results from our Corporate banking and consumer businesses, driven principally by impairment. While the incentive pools in those areas have been reduced as noted above, they are relatively small in relation to the overall incentive pool. The result is that significant reductions in financial contributions originating from those business areas cannot be directly reflected in proportionate reductions to the overall incentive pool.

We believe that this outcome is appropriate given the performance delivered, and that it is consistent with our philosophy of rewarding sustainable performance, which in turn supports our long-term strategy of delivering improved returns to shareholders. As always, a significant portion of the pool is delivered in shares, most of which will be deferred over a number of years.

Note
a Excluding L&C
b 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.

Remuneration report

Executive Director remuneration

The Executive Directors responded quickly to the pandemic, agreeing to postpone increases to their Fixed Pay which had been proposed as part of the new Directors' Remuneration Policy introduced last year. They also took the decision to donate one-third of their Fixed Pay for six months to our COVID-19 Community Aid Package. The Committee also decided to postpone the first instalment of their 2017-2019 LTIP awards, which had been due to be released in June 2020, until 2021. The Executive Directors requested, and the Committee accepted, that their 2020 Fixed Pay increases (now approved) be postponed again, until at least the second half of this year when the Committee will reconsider the implementation with them, in light of the prevailing external environment.

The Committee has considered at length the appropriateness of bonus and LTIP outcomes for the Executive Directors for 2020. Annual bonuses were assessed against the financial, strategic and personal measures that were set out in the Directors' Remuneration Report for 2019. While Group income was up slightly year on year and costs well controlled, the impact of the pandemic on impairment resulted in significantly reduced 2020 bonus outcomes, 38.6% of max for the CEO and GFD, down materially from the outcomes for 2019 (75.0% and 75.9% respectively). Similarly, the outcome for the 2018-2020 LTIP was also materially impacted by impairment, with an outcome of 23% of maximum, down from 48.5% for the 2017-2019 LTIP.

While the Committee did review the continued appropriateness of the respective plan measures and targets given the exogenous nature of the pandemic, it prioritised the need to ensure appropriate alignment between the outcomes for the Executive Directors with the experience of investors. In particular, this included the sector-wide cancellation of the 2019 dividend in line with UK regulatory expectations and the associated delay in the benefit of that distribution experienced by our shareholders. While this benefit will likely be realised in the future, given the additional capital retained and the recommencement of distributions, the delay was considered by the Committee, alongside the broader challenges facing society as a whole.

We believe the outcomes on both bonus and LTIP align appropriately with stakeholder considerations. They take into account financial performance outcomes, very strong non-financial delivery and the exceptional contributions of the Executive Directors- both the outstanding leadership provided during the year, and the positive impact of a multiyear strategy and transformation that has enabled us to continue to deliver so effectively for stakeholders during a time of such challenge.

Total variable pay (annual bonus and LTIP) will be primarily delivered in shares for the Executive Directors, aligning more closely to the shareholder experience during this particularly difficult period. The Executive Directors continue to build substantial shareholdings, and neither have sold any shares since their appointments.

We have not changed in-flight bonus and LTIP arrangements and have not altered the performance measures or targets for these plans.

The Committee has also considered the performance measures for the 2021 bonus and 2021-2023 LTIP very carefully. The bonus measures are unchanged, as they continue to represent relevant building blocks towards our key longer–term financial goals.

For the 2021-2023 LTIP, we have decided to broaden the measures on which the financial assessment will be based. As we continue to navigate through a more volatile macroeconomic environment, this will better balance our long term assessment of the Executive Directors' financial performance. RoTE and CIR will be maintained as measures, though RoTE will be tested at the end of the cycle, helping to determine how effectively the Executive Directors navigate the financial recovery and steer Barclays back towards our targets over the medium term. In addition to RoTE, we will be adding CET1 and relative Total Shareholder Return (TSR) measures. The addition of a CET1 measure reflects the continued importance of our prudential stability and balance sheet strength, particularly in the coming potentially difficult years. Adding a relative TSR measure acknowledges the challenges associated with calibrating absolute performance targets in the current uncertain environment, providing instead a relative performance lens that is not subject to the same difficulties, while maintaining a 50% total weighting on returns measures.

In addition, we are adding a specific Climate measure with a weighting of 10% to the non-financial assessment of the 2021-2023 LTIP, reflecting our ambition to be net zero by 2050, including our commitment to align our financing with the goals of the Paris Climate Agreement.

Further details on Executive Director remuneration, including the consideration of windfall gains on the 2020-2022 LTIP, and the full details of the new LTIP to be granted for 2021-2023 are set out in this report.

Looking ahead

As we move into 2021, the Committee will be ensuring that the new Purpose, Values and Mindset are reflected in our remuneration policies and approaches, as we work to embed them throughout the organisation.

I would like to thank my fellow Committee members for their guidance and expertise during my tenure, as well as all of the stakeholders with whom I have been fortunate enough to engage. I look forward to continuing to serve Barclays as the Chair of the Board of Barclays Bank UK PLC.

Crawford Gillies
Chair, Board Remuneration Committee

February 2021

Remuneration report

Annual bonus

Jes Staley
£843k
38.6% of maximum

38.6%

Tushar Morzaria
£573k
38.6% of maximum

38.6%

2018-2020 LTIP
Long Term Incentive Plan

Jes Staley
£541k
23.0% of maximum

23%

Tushar Morzaria
£364k
23.0% of maximum

23%

Annual bonus performance measures (% weighting)

Financial (60%)
Profit before tax excluding L&C and other material items (50%)

0%

Cost: income ratio excluding[a] L&C and other material items (10%)

61%

Strategic non-financial (20%)

78%

Personal objectives (20%)
Jes Staley

85%

Tushar Morzaria

85%

LTIP performance measures (% weighting)

Financial (70%)
RoTE[b] excluding material items (50%)

0%

Cost: income ratio[a,b] excluding material items (20%)

0%

Risk Scorecard (15%)

80%

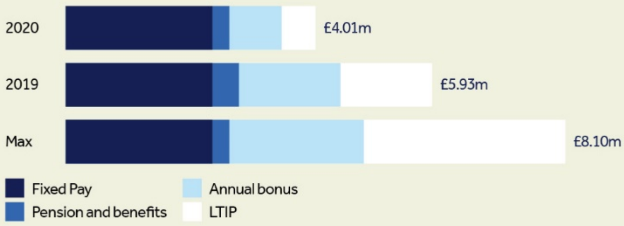
Strategic non-financial (15%)

73%

Notes
a £368m of structural cost actions and £95m spend to date of Barclays' Community Aid Package are treated as material items and excluded from 2020 CIR.
b Material items include litigation and conduct in 2018, 2019 and 2020 (including PPI and settlement with regard to Residential Mortgage-Backed Securities (RMBS))

Executive Directors: remuneration outcomes

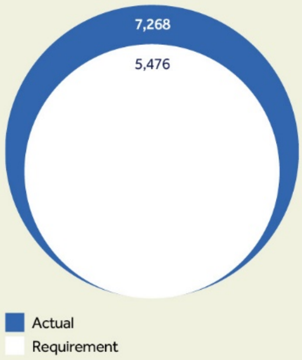
Jes Staley
£m



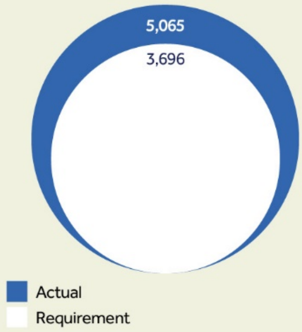
Tushar Morzaria
£m

Executive Directors: share ownership

Jes Staley
Date of appointment: 1 December 2015
£000[a]



Tushar Morzaria
Date of appointment: 15 October 2013
£000[a]



Note
a As at 31 December 2020 based on Q4 2020 average share price of £1.2677

Remuneration report

Remuneration philosophy

To attract and retain the people who can best deliver for our customers and clients, we must pay fairly and appropriately – balancing the interests of all our stakeholders. Our policies and practices reward sustainable performance in line with our values and risk expectations. They are fair, transparent and as simple as possible. This is our remuneration philosophy. It's how we have continued to make remuneration decisions and set remuneration policies during 2020, and it applies to all of our employees globally, as well as our Executive Directors.

Philosophy	
Attract and retain talent needed to deliver Barclays' strategy	Long-term success depends on the talent of our employees. This means attracting and retaining an appropriate range of talent to deliver against our strategy, and paying the right amount for that talent
Align pay with investor and other stakeholder interests	Remuneration should be designed with appropriate consideration of the views, rights and interests of stakeholders. This means listening to our shareholders, other investors, regulators, government, customers and employees and ensuring their views are appropriately considered in remuneration decision-making
Reward sustainable performance	Sustainable performance means making a positive contribution to stakeholders, in both the short and longer term, playing a valuable role in society
Support Barclays' Values and culture	Results must be achieved in a manner consistent with our Values. Our Values and culture should drive the way that business is conducted
Align with risk appetite, risk exposure and conduct expectations	Designed to reward employees for achieving results in line with the Group's risk appetite and conduct expectations
Be fair, transparent and as simple as possible	We are committed to ensuring pay is fair, simple and transparent for all our stakeholders. This means all employees and stakeholders should understand how we reward our employees and fairness should be a lens through which we make remuneration decisions

Our philosophy in action

The pay decisions set out in this report are a result of the application of our remuneration philosophy during 2020.

Our philosophy and the way that we approach remuneration is designed to be as simple and clear as possible, while ensuring strong alignment with risk, conduct and our Values. It is closely aligned with Provision 40 of the FRC's UK Corporate Governance Code, and we have continued to be transparent on the resulting outcomes in this report.

Specifically relating to our Executive Directors, we have reviewed the performance measures for the forward-looking incentives, and in particular have updated the financial performance measures for the 2021-2023 Long Term Incentive Plan (LTIP) to ensure that they remain appropriate in light of current circumstances and challenges. Alongside our strategic non-financial performance objectives, this will ensure that the link between the delivery of our strategy (and long-term performance) and individual awards continues to be reinforced. The report sets out minimum and maximum potential outcomes under each plan for reference. Furthermore, the alignment of executive pay to culture is enhanced by the inclusion of the responsibility to embed our updated Purpose, Values and Mindset throughout the organisation in the personal objectives for our Group CEO.

We consider the views of all of our stakeholders in remuneration decision-making. In 2020, we have achieved this by meeting with institutional shareholders to understand their views on our new policy (including how it should be implemented), engaging extensively with our regulators to support their actions as a result of the pandemic, and continuing our partnership with Unite in the UK to understand the views of their members and negotiate a new pay deal, delivering an above inflation increase. We used our 2019 Fair Pay report to share information on our approach to pay with colleagues, including how executive remuneration aligns with wider company pay policy, and are now publishing our third report to help do the same for 2020.

Remuneration report

Fair Pay

Paying fairly and transparently is a priority at Barclays. The Fair Pay agenda brings together the five themes which explain how we think about fair pay at Barclays. We use our Fair Pay Report to engage our employees on pay, explaining our approach to fair pay, including the alignment of the Executive Directors' and employee pay. We encourage you to read the full Fair Pay Report which can be found on home.barclays/annualreport.

Our approach to fair pay helped guide our remuneration decision-making in 2020. In turn, this enhanced the support we were able to provide to our customers and clients, colleagues and society throughout the COVID-19 pandemic.

<table>
<tr>
<td>Customers and Clients
Our focus was on ensuring that we were available for our Customers and Clients despite the challenges of COVID-related absences and the temporary loss of some geographical locations due to local lockdowns. We supported this effort by providing Colleagues with additional overtime rates where needed
A number of actions were taken for Customers and Clients who needed additional financial support, as well as facilitating the delivery of c. £27bn of lending to British businesses under the UK Government's schemes. Our Colleagues took on significant extra work during the pandemic to make this happen</td>
<td>Colleagues
Enhanced flexibility was introduced for all colleagues with other commitments e.g. the need to care for dependants, including children, and where it was not possible for them to complete their full hours, we continued to pay them their full salary and benefits
Separate reporting was implemented for COVID-related sickness absence, extending our existing sick pay provisions
We did not put any staff on furlough, and placed a moratorium on redundancies in the early months of the pandemic</td>
<td>Society
We have matched donations through our Community Aid Package from our colleagues and our Directors, supporting the communities most impacted by the pandemic
Our Executive Directors and Chairman contributed one third of their fixed pay for six months to charities delivering COVID-19 relief
In the UK, we supported colleagues who volunteered to support health or social care, with up to four weeks of paid leave</td>
</tr>
<tr>
<td colspan="3">Our approach to fair pay enhanced our support for customers and clients, colleagues and society during COVID-19.</td>
</tr>
</table>

As well as using the Fair Pay agenda to guide our approach to remuneration in relation to the pandemic, we have also continued to focus on advancing the agenda as it relates to each of the themes. The key highlights for 2020 are shown below.

<table>
<tr>
<td>Fair Pay for the lowest paid:
Continued to progress our work on global living wages, reviewing more locations than in 2019
Worked with Unite to agree a new pay deal, ensuring that it was consistent with our Fair Pay agenda
Enhanced medical provision for all colleagues in the UK and India, providing access to a range of online services and appointments</td>
<td>Equal opportunities to progress:
Implemented a detailed action plan on Race at Work that will open up opportunities to attract, develop and add to our great Black talent
Further developed our diversity dashboards for senior leaders which now reflect both gender and ethnic diversity
Our female senior leadership continued to increase and is now 26%, up from 25% at the end of 2019</td>
<td>Listening to employees:
We launched our Inclusion Index for the first time to measure our objective to be a truly inclusive organisation
We engaged with Unite throughout the pandemic, focusing on the physical and mental wellbeing of our colleagues</td>
</tr>
<tr>
<td>Equal pay:
We are explicit that pay decisions must not take into account gender, age, ethnicity, disability, sexual orientation or any other protected characteristic
All grievances raised by employees, including any issues relating to pay are investigated as appropriate</td>
<td>Alignment of employee and executive remuneration:
Our pay policies are strongly aligned across the wider workforce, senior employees and Executive Directors
The Directors' remuneration policy has been refreshed, aligning Executive Director pension contributions with the wider workforce</td>
<td></td>
</tr>
</table>

Employee remuneration policy

As outlined earlier, Barclays has a clearly articulated remuneration philosophy. This continues to drive our thinking in how we structure and determine remuneration for all employees from the most senior (as well as our Executive Directors) to our new apprentices and graduates. As part of our annual review we assessed our remuneration policies and practices for alignment with Barclays' Purpose and Value, our remuneration philosophy and our Fair Pay agenda, including ensuring appropriate alignment between the Directors' remuneration policy and remuneration approaches for senior management and the wider workforce.

We continue to ensure that we comply with all prevailing regulation. We identify individuals whose roles may expose Barclays to material risk, and assess and structure their pay in a way which encourages alignment of their interests and Barclays. Further information in relation to Material Risk Takers ("MRTs") is set out in Appendix E of the Barclays PLC Pillar 3 Report.

The table below provides a summary of the remuneration approach for employees below Board level.

Element	*Operation*
Salary	Salaries reflect individuals' skills and experience and are reviewed annually. They are increased where justified by role change, increased responsibility or a change in the appropriate market rate. Salaries may also be increased in line with local statutory requirements and in line with union and works council commitments. We have been a real living wage employer in the UK since 2013, and continue to work with the Fair Wage Network to complete an annual review of our pay levels against living wage benchmarks across locations globally.
Role Based Pay (RBP)	A small number of senior employees (c.1% UK employees) receive a class of fixed pay called RBP to recognise the seniority, scale and complexity of their role. This may change where justified by role or responsibility change or a change in the appropriate market rate.
Pension and benefits	The provision of a competitive package of benefits is important to attracting and retaining the talent needed to deliver Barclays' strategy. Employees have access to a range of country-specific company-funded benefits, including pension schemes, healthcare, life assurance and other voluntary employee funded benefits. Employer pension contributions for the UK workforce are at least at the level of those for the Executive Directors, and are set at a minimum of 10% of salary (a minimum of 12% for more junior colleagues).
Annual bonus	Annual bonuses incentivise and reward the achievement of Group, business and individual objectives, and reward employees for demonstrating individual behaviours in line with Barclays' Values. All employees are considered, subject to eligibility criteria. For senior employees, an appropriate proportion of their annual bonus is deferred to future years. Deferred bonuses are generally delivered in equal portions as deferred cash and shares. They are subject to either a 3, 5 or 7-year deferral period (and further holding periods of six or 12 months for deferrals in shares) in line with regulatory requirements. Consistent with regulation, the remuneration of MRTs is subject to the 2:1 maximum ratio of variable to fixed remuneration.
Share plans	We encourage wider employee share ownership through the all-employee share plans, with plans available to 99% of colleagues globally.
Performance management	Performance assessment is based on "what" is achieved in relation to individual, team and business objectives, as well as "how" this is achieved in the context of Barclays' Values. Both elements are assessed independently of each other with no requirement to have an overall rating. This reinforces the equal importance of the "what" and "how".
Risk and conduct	Risk and conduct is taken seriously at Barclays and the Committee ensures that there are in year adjustments, malus or clawback applied to individual remuneration, where appropriate. In addition to individual adjustments, the Committee considers collective adjustments to the incentive pool for risk and conduct. For 2020, the total impact of risk and conduct related collective adjustments is a reduction of c. £80m.

More information on our approach to Performance Management, and Risk and Conduct are set out in Appendix E of the Barclays PLC 2020 Pillar 3 Report, which can be found on home.barclays/annualreport.

Directors' remuneration policy

The forward-looking remuneration policy for Executive Directors and Non-Executive Directors was approved at the AGM held on 7 May 2020 and applies for three years from that date. A summary of the policy, including key remuneration elements, is set out below and is provided for information only. The full policy, including recruitment and leaver provisions, can be found on pages 93 to 103 of the 2019 Annual Report.

Summary remuneration policy – Executive Directors

Element and purpose	Operation
Fixed Pay To reward skills and experience appropriate for the scale, complexity and responsibilities of the role and to provide the basis for a competitive remuneration package	Fixed Pay is determined based on the individual's role, skills and experience with reference to market practice and market data (on which the Committee receives independent advice). Delivered 50% in cash (paid monthly) and 50% in shares. The shares are delivered quarterly and are subject to a holding period with restrictions lifting over five years (20% each year). As the Executive Directors beneficially own the shares, they will be entitled to any dividends paid on those shares. Increases will normally be aligned to the annual increase for UK employees, and will take into account changes in responsibilities and market conditions.
Pension To enable Executive Directors to build long-term retirement savings	Delivered as an annual cash allowance in lieu of participation in a pension arrangement. The maximum annual cash allowance is 5% of Fixed Pay (equivalent to 10% of fixed cash).
Benefits To provide a competitive and cost effective benefits package appropriate to the role and location	A number of benefits are provided including, but not restricted to, private medical cover, annual health check, life and ill health income protection, and use of a Company vehicle and driver when required for business purposes (including any tax liabilities that may arise from this benefit). The maximum value of benefits is determined by the nature of the benefit itself and costs of provision may depend on external factors, e.g. insurance costs.
Annual bonus To reward delivery of short-term financial targets set each year, the individual performance of the Executive Directors in achieving those targets, and their contribution to delivering Barclays' strategic objectives. Delivery in part in shares with holding period increases alignment with shareholders. Deferred bonuses encourage longer term focus and retention	The maximum annual bonus opportunity is 93% of Fixed Pay (cash and shares) for the CEO and 90% of Fixed Pay (cash and shares) for the GFD. Individual bonuses are entirely discretionary (any amount may be awarded from zero to the maximum value) and decisions are based on the Committee's judgement of Executive Directors' performance in the year, measured against Group and personal objectives. Delivered as a combination of cash and shares, a proportion of which may be deferred and/or subject to a holding period. Deferral proportions and vesting profiles will be structured so that, in combination with any LTIP award, the proportion of variable pay that is deferred is no less than that required by regulations (currently 60%). Non-deferred cash components of any bonus are paid following the performance year to which they relate, normally in March. Non-deferred share bonuses are subject to a holding period (after the payment of tax) in line with regulations and with release no faster than permitted by regulations (currently one year). Deferred share bonuses are structured so that no deferred shares vest faster than permitted by regulations. Vesting is also subject to the provisions of the plan rules including employment and the malus and clawback provisions. Any shares that vest are subject to an additional holding period (after payment of tax) in line with regulations and release no faster than permitted by regulations (currently one year). The Committee will consider the previously disclosed financial and non-financial (including personal objectives) measures in determining the annual bonus for the Executive Directors. Financial factors will guide at least 60% of the bonus opportunity. The Committee has the discretion to vary the measures and their respective weightings within each category. The measures and weightings will be disclosed annually as part of the annual report on Directors' remuneration, at the beginning of the performance year (typically February).
Long Term Incentive Plan (LTIP) award To incentivise execution of Barclays' strategy over a multi-year period. Long-term performance measurement, deferral and holding periods encourage a long-term view and align Executive Directors' interests with those of shareholders	The maximum annual LTIP award for the CEO is 140% of Fixed Pay (cash and shares) and 134% of Fixed Pay (cash and shares) for the GFD. LTIP awards are made by the Committee following discussion of recommendations made by the Chairman (for the Group Chief Executive's LTIP award) and by the Group Chief Executive (for other Executive Directors' LTIP awards) based on satisfactory performance over the prior year. LTIP awards are structured so that when combined with the annual bonus the proportion of variable pay that is deferred is no less than that required by regulations (currently 60%). No award vests before the third anniversary of grant and an award vests no faster than permitted by regulations (currently in five equal tranches with the first tranche vesting on or around the third anniversary of grant and the last tranche vesting on or around the seventh anniversary of the grant date). Any shares that vest are subject to an additional holding period (after payment of tax) in line with regulations, with restrictions lifting no faster than permitted by regulations (currently 1 year). Vesting is dependent on performance measures and service. Forward-looking performance measures will be based on financial performance and other long-term strategic measures. Measures and weightings will be set in advance of each grant.

	The Committee has discretion to change the weightings but financial measures will be at least 70% of the total opportunity. The Committee has discretion, and in line with the plan rules approved by shareholders, in exceptional circumstances to amend targets, measures, or the number of awards if an event happens (for example, a major transaction) that, in the opinion of the Committee, causes the original targets or measures to be no longer appropriate or such adjustment to be reasonable. The Committee also has the discretion to reduce the vesting of any award, including to nil, if it deems that the outcome is not consistent with performance delivered.
All employee share plans To provide an opportunity for Executive Directors to voluntarily invest in the Company through UK HMRC employee tax advantaged share schemes	Executive Directors are entitled to participate in: (i) Barclays Sharesave under which they can make monthly savings out of post-tax pay over a period of three or five years linked to the grant of an option over Barclays' shares which can be at a discount of up to 20% on the share price set at the start. (ii) Barclays Sharepurchase under which they can make contributions (monthly or lump sum) out of pre-tax pay (if based in the UK) which are used to acquire Barclays' shares.
Risk and conduct adjustment, malus and clawback Malus and clawback provisions discourage excessive risk-taking and inappropriate behaviours	Any bonus or LTIP awarded is subject to malus and clawback provisions. The malus provisions enable the Committee to reduce the amount of unvested bonus or LTIP (including to nil) prior to vesting in specified circumstances, including, but not limited to: ■ a participant deliberately misleading Barclays, the market and/or shareholders in relation to the financial performance of the Barclays Group ■ a participant causing harm to Barclays' reputation or where his/her actions have amounted to misconduct, incompetence or negligence ■ a material restatement of the financial statements of the Barclays Group or any subsidiary, or the Group or any business unit suffering a material downturn in its financial performance ■ a material failure of risk management in the Barclays Group ■ a significant deterioration in the financial health of the Barclays Group. The clawback provisions enable amounts to be recovered after they have vested (for a period of seven years from grant/10 years in circumstances where a relevant investigation is ongoing at the end of the initial seven year period) where (i) a participant's actions or omissions have amounted to misbehaviour or material error and/or (ii) Barclays or the relevant business unit has suffered a material failure of risk management.
Outside appointments To encourage self- development	Executive Directors may accept one Non-Executive Director Board appointment in another listed company. The Chairman's approval must be sought before accepting an appointment. Fees may be retained by the Executive Director.
Shareholding requirement To further enhance the alignment of shareholders' and Executive Directors' interests in long-term value creation	Executive Directors have a contractual obligation to build up a shareholding equivalent to the maximum variable pay opportunity within five years from the date of appointment as Executive Director. Executive Directors will have a reasonable period to build up to this requirement again if it is not met because of a significant share price depreciation. Executive Directors also have a contractual obligation to maintain their shareholding for two years following the last day of active service. Shares that count towards the requirement are beneficially owned shares including any vested share awards subject only to holding periods (including vested LTIPs, vested deferred share bonuses, Fixed pay shares, and any legacy RBP shares). Shares from unvested deferred share bonuses and unvested LTIPs do not count towards the requirement during employment, but will count towards post-termination requirements (net of tax) provided that there are no remaining untested performance conditions. Shareholding requirement for the CEO is a minimum of 233% of Fixed Pay and for the GFD is 224% of Fixed Pay.
Discretion	In addition to the various operational discretions that the Committee can exercise in the performance of its duties (including those discretions set out in the Company's share plans), the Committee reserves the right to make either minor or administrative amendments to the policy to benefit its operation or to make more material amendments in order to comply with new laws, regulations and/or regulatory guidance. The Committee would only exercise this right if it believed it was in the best interests of the Company to do so and where it is not possible, practicable or proportionate to seek or await shareholder approval in a General Meeting.

Remuneration report

Summary remuneration policy – Non-Executive Directors

Element and purpose	*Operation*
Fees Reflect individual responsibilities and membership of Board Committees and are set to attract Non-Executive Directors who have relevant skills and experience to oversee the implementation of our strategy	The Chairman is paid an all-inclusive fee for all Board responsibilities. The Chairman has a time commitment equivalent of up to 80% of a full-time role. The other Non-Executive Directors receive a basic Board fee, with additional fees payable where individuals serve as a member or Chairman of a Committee of the Board and some Non-Executive Directors may also receive fees as directors of subsidiary companies of Barclays PLC. Fees are periodically reviewed by the Board against those for Non-Executive Directors in companies of similar size and complexity.
Benefits To provide a competitive and cost effective benefits package appropriate to the role and location	The Chairman is provided with private medical cover subject to the terms of the Barclays' scheme rules from time to time, and is provided with the use of a Company vehicle and driver when required for business purposes (including settlement of any tax liabilities that may arise from this benefit). Benefits which are minor in nature and in any event do not exceed a cost of £500 may be provided to Non-Executive Directors in specific circumstances. Non-Executive Directors are not eligible to join Barclays' pension plans.
Shareholding requirements	Chairman: £100,000 (Non-Executive Directors: £30,000) gross before deduction of tax and other statutory deductions per annum of each Non-Executive Director's basic fee is used to purchase Barclays' shares which are retained on the Non-Executive Director's behalf until they retire from the Board.

Annual report on Directors' remuneration

This section explains how our Directors' remuneration policy was implemented for 2020

Executive Directors

Single total figure for 2020 remuneration (audited)

The following table shows a single total figure for 2020 remuneration in respect of qualifying service for each Executive Director together with comparative figures for 2019.

		1 Fixed Pay £000	2 Pension £000	3 Taxable benefits £000	**Total Fixed Pay £000**	4 Annual bonus £000	5 LTIP £000	**Total variable pay £000**	**Total £000**
Jes Staley	2020	2,350[a]	215	64	2,629	843	541[b]	1,384	4,013
	2019	2,350	396	58	2,804	1,647	1,478[c]	3,125	5,929
Tushar Morzaria	2020	1,650[a]	123	58	1,831	573	364[b]	937	2,768
	2019	1,650	200	53	1,903	1,123	942[c]	2,065	3,968

Notes
a Fixed Pay is reflected before contributions made by the Executive Directors to COVID-19 charitable causes, equal to one-third of Fixed Pay for six months.
b The LTIP amounts include a 29% share price depreciation between date of grant and vesting date (based on Q4 2020 average share price).
c The LTIP amounts include a 14% share price depreciation between date of grant and estimated value at vest based on Q4 2019 average share price. The release of the first tranche of the LTIP vest was delayed from June 2020 to March 2021 and as such the amount has not been restated.

Additional information in respect of each element of pay for the Executive Directors (audited)

1) Fixed Pay

Fixed Pay is delivered 50% in cash and 50% in shares (subject to a five-year holding period lifting pro rata).

2) Pension

Executive Directors are paid cash in lieu of pension contributions. The pension cash allowance in 2020 was £396,000 per annum until 6 May 2020 and £117,500 thereafter for Jes Staley and £200,000 per annum until 6 May 2020 and £82,500 per annum thereafter for Tushar Morzaria. No other benefits were received by the Executive Directors from any Barclays' pension plan.

3) Taxable benefits

Taxable benefits include private medical cover, life assurance, income protection, tax advice, car allowance and the use of a Company vehicle and driver when required for business purposes.

4) Annual bonus

The bonus amount included in the single total figure is the value awarded or scheduled to be awarded in Q1 following the financial year to which it relates. The Committee considered the Executive Directors' performance against the financial (60% weighting) and strategic non-financial (20% weighting) performance measures which had been set to reflect Company priorities for 2020. Performance against their individual personal objectives (20% weighting) was assessed on an individual basis.

The approach taken to assessing financial performance against each of the financial measures was based on a straight-line outcome between 20% for threshold performance and 100% applicable to each measure for achievement of maximum performance. A summary of the assessment is provided in the following table:

					2020 Outcome	
Performance measure	Weighting	Threshold (20%)	Maximum (100%)	2020 Actual	Jes Staley	Tushar Morzaria
Profit before tax excluding L&C and other material items with CET1 ratio underpin	50%	£6.2bn	£7.1bn	£3.2bn	0%	0%
Cost: income ratio excluding L&C and other material items[a]	10%	62.5%	59.6%	61.0%	6.1%	6.1%
Strategic non-financial	20%	Performance against strategic measures, organized around three main categories: Customers and Clients, Colleagues and Society			15.5%	15.5%
Personal	20%	Individual performance against each of the Executive Directors' personal objectives assessed by the Committee			17%	17%
Total	100%				38.6%	38.6%
Final outcome following Committee discretion					**38.6%**	**38.6%**

Note
a £368m of structural cost actions and £95m spend to date of Barclays' Community Aid Package are treated as material items and excluded from the 2020 CIR.

Strategic non-financial (20% weighting)

Progress in relation to each of the strategic non-financial measures, organised around three main categories, was assessed by the Committee. Within each of the three categories, the overall outcome was assessed based on the following scale: 0% to 1% Behind track on most measures, 1.5% to 3% Slightly behind track on most measures, 3.5% to 5.5% On track or slightly ahead of track for most measures, and 6% or 7% Ahead of track on most measures. On this basis, the Committee agreed an overall outcome of 15.5% out of a maximum of 20%. The detail supporting this assessment is provided in the table below:

Customers and Clients

Measure	Criteria	Performance	Commentary	Outcome
Net promoter scores® (NPS)	Improve Barclays UK: +19 Barclaycard UK: +12 US Consumer Bank: +35	Barclays UK: +15 (2019: +18) o Relative position improved to 5th (2019: 7th) Barclaycard UK: +8 (2019: +11) o Relative position improved to joint 3rd (2019: 4th) US Consumer Bank: +35 (2019: +33) *(Source; NICE Satmetrix Survey)*	• NPS scores across the UK market have softened during the pandemic • While reduced, Barclays UK NPS is less impacted than for the majority of peers with relative position for Barclays UK and Barclaycard UK improving • The NPS for the US Consumer Bank in 2020 was +35, demonstrating an increase on our 2019 score	*On track*
Complaints	Reduce UK customer complaints	Down 32% excluding PPI in Barclays UK	Reduction in customer complaints observed before and during the pandemic – driven by both by the pandemic itself and by robust management actions	*On track*
Digital	Increase digital engagement	Barclays App Users: 9.2m (2019: 8.4m) Consumer, Cards & Payments US digital engagement: 71.4% (2019: 71.0%)	• Made significant improvements to our Barclays apps, including enhanced payment alerts and the ability to see itemised receipts • Designed and executed a digital application system to facilitate delivery of UK Government's business support schemes within days • Consumer, Cards & Payments US digital engagement up slightly from 2019	*On track*
Global Markets revenue ranking and share	Maintain client rankings and increase market share	6th (maintained since 2019) Fee share increased to 4.9% (2019: 4.3%)	• Global revenue ranking maintained at 6th *(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)* • Fee share increased during the year	*Ahead of track*
Global Banking fee ranking and share		Fee share 3.6% (down from 4.2% in 2019) 7th (down from 6th in 2019)	• Strongest Banking fees since 2014 • Decrease in Global Fee Rank largely attributable to decline in activity in historically strong sectors for Barclays *(Source: Dealogic for the period covering 1 January to 31 December 2020)*	*Slightly behind track*
Supporting customers and clients during COVID-19	Put financial resilience to use in supporting customers and clients	Facilitated c. £27bn in lending to British businesses Over 650 branches remained open throughout the pandemic More than 680,000 payment holidays provided to customers	• Barclays UK lent equivalent of four years of traditional lending volumes in less than 12 months to British businesses under the Bounce Back Loan and Coronavirus Business Interruption Loan Schemes • Helped corporate clients in Barclays International raise in excess of £15.1bn under the UK Government's lending schemes • Helped corporate clients and governments raise billions to strengthen their balance sheets (underwriting c. £1.5 trillion of new issuance[4])	*Ahead of track*
				Total Customers and Clients: 5%

[4] Across Equity and Debt Capital Markets in Q220-Q420.

Colleagues

Measure	Criteria	Performance	Commentary	Outcome
Diversity	28% females at Managing Director and Director level by 2021	26.5%[a] in 2020, increasing slightly more than 1.5 percentage points from 2019	• Strong progress towards target of 28% • For the UK, the equivalent is 29% at the end of 2020	*On track*
Inclusion	Improve key metrics	87% of respondents in our Your View survey would recommend Barclays as a good place to work (2019: 80%)	• Overall Inclusion Index score 76% (new for 2020), while 89% of colleagues say they feel included in their team (2019: 85%) • 82% of colleagues told us that they believe leaders are committed to building a diverse workforce (2019: 76%)	*Slightly ahead of track*
Engagement	Maintain engagement at healthy levels; improve scores relating to tools and resources	Overall engagement score from Your View survey 83% (2019: 77%) 77% of colleagues believe they have the work tools and resources needed to achieve excellent performance, up 21% points on last year	• Significant increases in engagement and scores relating to tools and resources, supported by a successful move to remote working for over 70,000 colleagues at its peak • 83% of colleagues said that Barclays supports employee efforts to enhance their well-being (2019: 74%)	*Ahead of track*
Conduct and Culture	Performance assessed in light of broader context	90% of colleagues believe strongly in the goals and objectives of Barclays (2019: 87%) 94% of employees in Your View survey believe that they and their teams role-model the Values (2019: 92%)	• Good improvement in most relevant survey scores, though “safe to speak up at Barclays” is down one percentage point on 2019 • 84% of colleagues believe we are all in this together at Barclays (new for 2020)	*On track*
Supporting Colleagues during COVID-19	Put financial resilience to use in supporting colleagues	Supported colleagues with full pay for COVID-related absence and enhanced overtime rates for customer-facing colleagues early in the pandemic Announced a moratorium on restructuring for the earlier months of the pandemic	• Responded quickly at the onset of the pandemic, developing principles to support colleagues • Ensured that those unable to work as a result of COVID-related illness, self-isolation, shielding or caring responsibilities continued to received full pay • Supported UK key workers with their additional childcare needs in the height of the pandemic	*Ahead of track*
				Total Colleagues: 5%

Note
a Represented to 1dp for the purposes of the assessment, rounded for simplicity. Actual outcome 26.46%.

Remuneration report

Society

Measure	Criteria	Performance	Commentary	Outcome
Social and environmental financing	Grow social and environmental financing (£150bn by 2025)	£60.9bn (£34.8bn in 2019)	• Significant increase, up 75% from 2019, with a total of £124.2bn of environmental & social financing provided since 2018	*Ahead of track*
Global carbon emissions reduction	Reduce carbon footprint (80% reduction by 2021, accelerated from 2025)	71% reduction against the 2018 baseline	• Further progress towards the 80% reduction by 2021 • In 2020, we continued our work on improving the operational efficiency of our property portfolio, achieving a total of 8GWh of energy savings	*On track*
Renewable electricity	90% renewable electricity by 2021; 100% by 2030 at the latest	74% (2019: 60%)	• On track to meet 2021 target • 74% renewable electricity across operations in the UK, continental Europe, Hong Kong, Japan, Singapore and the US	*On track*
LifeSkills	10 million people upskilled 2018-22	2.33 million people upskilled	• Strong progress under more challenging circumstances, 6.9m people upskilled since 2018	*Ahead of track*
Connect with Work	250,000 people placed into work 2019-2022	By the end of 2020 more than 116,000 people helped into work (2020: 49,700; 2019: 66,600)	• Despite a very challenging environment, good progress was delivered and while target is still 250,000 by 2022 there is some catching up to do • Successfully adapted programmes to more effectively support job seekers and our partners facing a new employment landscape in light of the COVID-19 pandemic	*Slightly behind track*
Unreasonable Impact (partnership with the Unreasonable Group)	Support 250 businesses solving social and environmental challenges (2016-2022)	163 growth-stage ventures had joined the programme by the end of 2020	• Continued to make good progress towards the 2022 target • Barclays and Unreasonable Group launched the Unreasonable Impact COVID-19 Response – a US$2m fund for entrepreneurial solutions addressing challenges resulting from the pandemic	*On track*
Supporting Society during COVID-19	Put financial resilience to use in supporting society	Adapted and enhanced programmes throughout the year, supporting Society through the pandemic	• In the UK, we supported colleagues who volunteered to support health or social care, with up to four weeks of paid leave • Nine new charity partnerships announced for LifeSkills to help tackle key issues facing UK labour market as well as continued support for groups and individuals most in need during the Covid-19 outbreak	*Ahead of track*
				Total Society: 5.5%
				Overall (out of a maximum possible 20%): 15.5%

Further details on our approach to Key Performance Indicators are included in the Strategic report available at **home.barclays/annualreport**.

Remuneration report

Individual outcomes including assessment of personal objectives

Individual performance against each of the Executive Directors' personal objectives (20% weighting overall) was assessed by the Committee (objectives as set out on page 115 of the 2019 Annual Report).

The below summarises their performance against the shared personal objectives.

Shared objectives for Jes Staley and Tushar Morzaria	*Outcomes*
Continue to deliver improving shareholder returns, including a focus on delivering a RoTE improvement versus 2019	• Benefits of the diversification inherent in universal banking model provided resilience through the economic cycle • Remained profitable in every quarter, capital accretive overall • While Group RoTE has reduced, returns in the Corporate and Investment Bank have continued to improve year-on-year. • Overall performance has enabled us to continue to support customers, clients, colleagues and society, to be well-positioned to deliver a dividend in 2020, and to further improve shareholder returns going forward
Maintain robust capital ratios across the Group and within the main operating entities	• Strong capital position has been maintained throughout the pandemic • Group CET1 is strong at 15.1%, similarly, strong capital ratios prevail in all main operating entities
Seek opportunities for further cost efficiencies, enabling reinvestment into strategic priorities and growth initiatives	• Operating expenses increased 1% from 2019 as a result of structural cost actions and COVID-related costs • Absent structural cost actions and Barclays' Community Aid Package, cost: income ratio would have been 61% (down 1 percentage point on the equivalent for 2019), advancing towards the target of below 60% over time
Continue to drive our technology agenda across the Group, to support improving customer and client experience	• Continued focus on automation to enhance customer experience and reach • Continued investment in iPortal, our digital self-service platform in Corporate Banking • Scale of network and platforms in the Markets business continues to increase, including BARX and options offerings • Successfully moved 70,000 colleagues to working remotely
Continue to focus on external societal and environmental stewardship	• Adopted an ambition to become net zero by 2050 and to align all our financing activities with the goals of the Paris Climate Agreement • Developed BlueTrack™ to measure financed emissions and track them over time against a decreasing 'carbon limit' on the activity we finance • Launched Sustainable Impact Capital Initiative to invest £175m over the next five years in the equity of innovative and environmentally-focused private companies • Ensured access to banking for those who wouldn't otherwise qualify for accounts with 614,000 Barclays Basic Current accounts • Provided free banking to over 134,000 not-for-profit organisations through our Community Accounts • Strong focus on supporting communities throughout the pandemic

In addition to the shared personal objectives described above, the table below summarises Jes Staley's performance against the objectives specific to him.

Jes Staley's objectives	*Outcomes*
Oversee the effective management of the risk and controls agenda, including cyber risks	• Control Environment continues to strengthen, with an increase in satisfactory Control Environment ratings across the Group • Continued investment in Cyber protection, benchmarking ourselves using the NIST+ framework (Industry recognised Framework for Cyber Security). • Significantly enhanced cyber control profile to support increased remote working with no significant risk events or change in security posture, despite the expanded attack surface rendering colleagues more vulnerable to exploitation
Ensure continued focus on customer and client outcomes, in particular further reductions in complaints	• Strong progress in relation to Barclays UK complaints reduction, and while some reduction relates to lower volumes and more favourable customer sentiment, complaints were also down in Q1 and in the period after the initial lockdown when volumes increased • Focus on supporting customers and clients through the pandemic, including more than 680,000 payments holidays for individuals, and facilitating c. £27bn of financing through the UK Government's schemes • Jes has enhanced focus on personal client engagement with significant increase in participation in client meetings and events
Continue to develop a high-performing culture in line with our values, with a focus on employee engagement, succession planning, talent and diversity	• Employee engagement is significantly up at 83% (2019: 77%), with the annual YourView survey showing many positive results • Jes has driven continued progress towards our female senior leadership target of 28% by the end of 2021 (up to 26.5%[a]), driven by increased focus on measurement and accountability at a business and function level

	• Put in place a Race at Work Steering Committee and supported the launch of a detailed action plan to emphasise our commitment to attract, develop and retain Black professionals at Barclays • Jes has strengthened the CIB leadership team, laying strong foundations for future talent pipelines
Drive growth in fee-based, technology-led annuity businesses with lower capital intensity	• Launched Plan & Invest, a new digital investment service that provides customers with a simpler way to invest for the future without needing to be an expert. • New value-added services introduced around core payments products (including digital receipts) • Completion of pan-European transaction banking capability build across nine key EU markets
Effectively manage relationships with all external stakeholders	• Jes has collaborated proactively with UK regulators throughout the year, working to support the broader UK economy • High-level of engagement with UK Government throughout the year in support of the UK economy • Engaged extensively with shareholders

Note
a Represented to 1dp for the purposes of the assessment, rounded for simplicity. Actual outcome 26.46%.

Recognising his very strong performance against both his individual and shared personal objectives during 2020, and his exceptional leadership of the organisation through the pandemic, the Committee assessed that an outcome of 17% out of a maximum of 20% was appropriate.

The Committee reflected on the aggregate outcome for Jes Staley under the formulaic components of the annual bonus framework which delivered 38.6% of the maximum opportunity, being £843,000, of which 53% will be deferred under the Share Value Plan. The Committee believes this overall bonus outcome for Jes is aligned appropriately with stakeholder considerations. It takes into account the financial outcomes, the very strong non-financial delivery and Jes' exceptional contribution and outstanding leadership during the year, and appropriately reflects the transformation that has enabled us to continue to deliver for stakeholders during these challenging times.

The table below summarises Tushar Morzaria's performance against the objectives specific to him.

Tushar Morzaria's objectives	*Outcomes*
Continue to optimise financial management and reporting (particularly through technology) to drive benefits across the Group	• Finance technology transformation three-year plan is on track, including the delivery of general ledger migration to centralise global financial reporting, driving cost savings and reducing operational risk • Technology enhancements accelerated both the financial and regulatory close processes, delivering critical management information more quickly and allowing senior executives to focus on forward looking business execution
Further improve capital productivity through enhancing capital allocation and the measurement of capital returns	• Prioritised the focus on robust capitalisation to ensure that Barclays could continue to serve customers and clients whilst maintaining strong capital levels to ensure the bank remained secure throughout the crisis and is in a position to return capital to shareholders • Capital Returns Forum continued to review business returns for the medium term to ensure appropriate capital allocation and productivity across the group
Oversee the effective management of the risk and controls agenda in Group Finance, Strategy, Tax and Treasury	• Control Environment and Management Control Approach rated satisfactory for Finance (including Strategy, Tax and Treasury) as part of the annual internal audit process
Continue to focus on employee engagement, talent and diversity in Group Finance, Strategy, Tax and Treasury	• Employee engagement across Finance, (including Treasury, Tax, Strategy and Investor Relations) increased from 76% in 2019 to 82% in 2020 • Continued improvement in gender diversity at senior levels within Finance (including Treasury, Tax, Strategy and Investor Relations), now at 31% compared to 26% at the end of 2019 • Ongoing focus on talent development and succession planning using a mix of external recruitment and internal mobility, resulted in improved bench strength and experience across all functions
Effectively manage relationships with key stakeholders including regulators and investors	• Strong reputation among peers and regulators has led to appointment and continued service as Chair of the Sterling Risk Free Reference Rates Working Group • Continued to maintain effective and open relationships with regulators and the investment community

The Committee also recognised Tushar Morzaria's very strong performance against both his individual and shared personal objectives during 2020, assessing that an outcome of 17% out of a maximum of 20% was appropriate. In aggregate, this results in an overall formulaic outcome for Tushar of 38.6% or £573,000, of which 30% will be deferred under the Share Value Plan.

In line with the DRP, and due to the regulations prohibiting dividend equivalents being paid on unvested deferred share awards, the number of shares awarded to each Executive Director under the Share Value Plan will be calculated using a share price at the date of award, discounted to reflect the absence of dividend equivalents during the vesting period. The valuation will be aligned to IFRS 2, with the market expectations of dividends during the deferral period being assessed by an independent adviser. These shares will vest in two equal tranches on the first and second anniversary (subject to the rules of the Share Value Plan as amended from time to time). All shares (whether deferred or not) are subject to a further one-year holding period from the point of release. 2020 bonuses are subject to clawback provisions and, additionally, unvested deferred 2020 bonuses are subject to malus provisions which enable the Committee to reduce the vesting level of deferred bonuses (including to nil).

5) LTIP

The LTIP amount included in the single total figure is the value of the amount scheduled to be released in relation to the LTIP award granted in 2018 in respect of the performance period 2018-2020 (by reference to Q4 2020 average share price). Release is dependent on, among other things, performance over the period from 1 January 2018 to 31 December 2020 with straight-line vesting applied between the threshold and maximum points for the financial measures. The performance achieved against the performance targets is as follows:

Performance measure	Weighting	Threshold	Maximum vesting	Actual	% of award vesting
Average return on tangible equity (RoTE) excluding material items[a b]	50%	10% of award vests for RoTE of 7.75%	RoTE of 10.25%	7.0%	0%
		A CET1 underpin also applied.			
Average cost: income ratio excluding material items[b c]	20%	4% of award vests for average cost: income ratio of 62.5%	Average cost: income ratio of 58%	63.4%	0%
Risk Scorecard (detailed on page 64)	15%	The Risk Scorecard captures a range of risks and is aligned with the annual incentive risk alignment framework reviewed with the regulators. The current framework measures performance against three broad categories – Capital and Liquidity, Control Environment and Conduct – using a combination of quantitative and qualitative metrics.			12.0%
Strategic non-financial (detailed on pages 65 and 66)	15%	Performance is measured against the strategic non-financial measures. The Committee determined the percentage of the award that may vest between 0% and 15%. The measures are organised around three equally weighted categories: Customers and Clients, Colleagues and Society.			11.0%
Total	100%				23.0%
Final outcome approved by the Committee					**23.0%**

Notes
a Based on an assumed CET1 ratio of c.13-13.5%
b Material items include litigation and conduct in 2018, 2019 and 2020 (including PPI and settlement with regard to RMBS).
c £368m of structural cost actions and £95m spend to date of Barclays' Community Aid Package are treated as material items and excluded from the 2020 CIR.

A summary of the Committee's assessment against the Risk Scorecard performance measure over the three-year performance period is provided below. Each category is equally weighted at 5%.

Category	*Performance*	*Outcome*
Capital and Liquidity	▪ Group CET ratio grew from 13.3% to 15.1% over the period, and remained comfortably above the regulatory minimum throughout. ▪ Stress tests show that the bank is positioned to withstand a protracted recession triggered by COVID-19, and potential prolonged impact of the exit of the UK from the European Union. ▪ Our Liquidity Coverage Ratio was significantly above the 100% regulatory requirement throughout the period.	4.5%
Control Environment	▪ The Barclays Internal Control Environment Programme (BICEP), which commenced in January 2017 and was focused on strengthening the internal control environment across the Group, successfully completed in March 2020. The Group's control environment is now in a much stronger position, which helped to deal with the operational challenges presented by the COVID-19 pandemic. ▪ Effective 25 June 2020, the Federal Reserve Board (FRB) announced the termination of its enforcement action against Barclays Bank PLC with regard to certain business practices, having been satisfied with remediation actions taken to enhance compliance systems and controls in those areas	4.0%
Conduct	▪ Barclays is committed to continuing to drive the right culture throughout the organisation. Senior-level conduct breaches are viewed as a proxy for a good culture led 'from the top'. These remained low throughout the period. ▪ Barclays operated at the overall set tolerance for Conduct Risk throughout the period, and remains focused on making continuous improvements to manage Conduct Risk effectively	3.5%
Total		**12.0.%**

Remuneration report

A summary of the Committee's assessment against the Strategic non-financial performance measures over the three-year performance period is provided below. Each category is equally weighted at 5%.

Category		*Criteria*	*Performance*	*Outcome*
Customers and clients	Barclays UK NPS® Barclaycard UK NPS®	Improve	• Barclays UK and Barclaycard UK NPS scores improved from 2017 to 2019, with substantial improvement in particular in Barclays UK NPS, up from +14 in 2017 to +18 in 2019 • While NPS scores reduced in 2020, Barclays UK NPS is less impacted than for the majority of peers • Relative scores improved over the period from joint 6th to 5th for Barclays UK and from 6th to joint 3rd for Barclaycard UK over the period	3.5.%
	BUK complaints reduction (ex PPI)	Reduce complaints	• Solid progress in Complaints reduction in Barclays UK since 2017 • In 2020, reduction in customer complaints observed before and during the pandemic	
	Barclays App users Digitally active customers CCP US Customer Digital Engagement	Increase digital engagement	• Significant increase in the number of Barclays App users from 5.5m in 2017 to 9.2m in 2020 with many new features introduced in the app over this period • Steady increase in BUK digitally active customers over the period • CCP US Customer Digital Engagement increased to 71.4%	
	Global Markets ranking Global Markers fee share	Maintain client rankings and increase market share	• Global Markets ranking improved from 8th in 2017 to 6th in 2020 • Global Markets fee share increased from 3.6% in 2017, to 4.9% in 2020 *(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.)*	
	Global Banking ranking Global Banking fee share		• There was an increase in our Global Banking Fee Rank from 7th in 2017 to 6th in 2019 • While 2020 was a very strong year in revenues, ranking fell back to 7th largely due to a decline in activity in the sectors where we are strongest • As a result, fee share was down slightly over the period *(Source: Dealogic for the period covering 1 January to 31 December 2020)*	
Colleagues	Diversity % females at Managing Director and Director level	2021 target of 28%	• Women in senior leadership (Managing Directors and Directors) increased from 23.2% in 2017 to 26.5%[a] in 2020, making steady progress towards the 2021 target of 28% • Equivalent figure for the UK is now 29%	3.5%
	Inclusion "I would recommend Barclays as a good place to work"	Improve from 2017	• The percentage of colleagues who would recommend Barclays as a good place to work has increased over the period to 87% (2017: 82%) • By 2020, 94% of colleagues believed that they and their teams do a good job of role-modelling the values – above 90% scored throughout the period	
	Employee engagement	Maintain engagement at healthy levels	• Engagement levels across Barclays are now at 83% - 5 points up on 2017. • Significant improvement observed during 2020, with corresponding increases in the number of employees saying that they have the tools and resources to achieve excellent performance – a key deliverable for 2019 and 2020	

	"My team actively seeks feedback to understand Customer and Client expectations"	Improve from 2017	• The percentage of colleagues who believe that their team actively seeks feedback to understand Customer and Client expectations has been maintained at a strong level throughout the period	
Society	Environmental and social financing	Facilitate £150bn over 2018-25	• Consistently exceeded targets, a total of £124.2bn of financing delivered between 2018 and 2020 against a target of £150bn by 2025 • Environmental financing increased year on year during the period	4.0%
	Carbon emissions reduction	Reduce operational carbon emissions - 80% by 2021 (accelerated from 2025) Renewable electricity - 90% by 2021	• Carbon emissions reduced by 38% by 2018 (over 2015 baseline), exceeding the 2018 target. Further reduction of 71% against the 2018 baseline to date • Renewable electricity now at 74%, very good progress towards target of 90% by 2021	
	People upskilled	Upskill 10 million from 2018-22 Place 250,000 people into work 2019-22	• 6.9m people upskilled between 2018 and 2020, making excellent progress towards our aspiration of helping 10m people by 2022 • Good progress toward Connect with Work target, with more than 116,000 people placed into work in two years, despite the challenges of the pandemic during 2020	
Total				**11.0%**

Note
a Represented to 1dp for the purposes of the assessment, rounded for simplicity. Actual outcome 26.46%.

The LTIP award is also subject to a discretionary underpin whereby the Committee must be satisfied with the underlying financial health of the Group. The Committee was satisfied that this underpin was met, and accordingly determined that the award should vest at 23.0% of the maximum number of shares under the total award, to be released in five equal tranches annually, starting from March 2021. After release, the shares are subject to an additional 12 month holding period.

Remuneration report

LTIP awards granted during 2020

An award was made to Jes Staley and Tushar Morzaria on 9th March 2020 under the 2020-2022 LTIP at a share price of £0.8003, which has been discounted to reflect the absence of dividend equivalents during the vesting period, in accordance with our DRP. This is the price used to calculate the number of shares below.

	% of Total Fixed Pay	*Number of shares*	*Face value at grant*	*Performance period*
Jes Staley	120%	4,117,455	£3,295,200	2020-2022
Tushar Morzaria	120%	2,773,959	£2,220,000	2020-2022

The performance measures for the 2020-2022 LTIP awards are as follows:

<table>
<tr><th>Performance measure</th><th>Weighting</th><th>Threshold</th><th>Maximum vesting</th></tr>
<tr><td rowspan="2">Average return on tangible equity (RoTE) ex litigation and conduct and other material items</td><td rowspan="2">50%</td><td>10% of award vests for RoTE of 9.0% (based on an assumed CET1 ratio at the target of c.13.5%)</td><td>RoTE of 10.5%</td></tr>
<tr><td colspan="2">Vesting of this element will depend on CET1 levels during the performance period:
• In line with regulatory requirements, if the CET1 ratio goes below the MDR hurdle during the performance period, the Committee will consider what part, if any, of this element should vest.</td></tr>
<tr><td>Average cost: income ratio ex litigation and conduct and other material items</td><td>20%</td><td>4% of award vests for cost: income ratio of 60%</td><td>Cost: income ratio of 58.5%</td></tr>
<tr><td>Risk Scorecard</td><td>15%</td><td colspan="2">The Risk Scorecard captures a range of risks and is aligned with the annual incentive risk alignment framework shared with the regulators. The current framework measures performance against three broad categories – Capital and Liquidity, Control Environment and Conduct – using a combination of quantitative and qualitative metrics. The framework may be updated from time to time in line with the Group's risk strategy. Specific targets within each of the categories are deemed to be commercially sensitive. Retrospective disclosure will be made in the 2022 Remuneration Report, subject to commercial sensitivity no longer remaining.</td></tr>
<tr><td>Strategic non-financial</td><td>15%</td><td colspan="2">The evaluation will focus on key performance measures from the Performance Measurement Framework, with a detailed retrospective narrative on progress throughout the period against each category. Performance against the strategic non-financial measures will be assessed by the Committee to determine the percentage of the award that may vest between 0% and 15%. The measures are organised around three main categories: Customer and Client, Colleagues and Society. Each of the three main categories has equal weighting. Measures will likely include, but not be limited to, the following:
• Customers and Clients: Improve Net Promoter Scores, reduce UK customer complaints, increase digital engagement, maintain client rankings and increase market shares within CIB
• Colleagues: Continue to increase the % of women in leadership roles, maintain engagement at healthy levels, improve key metrics from 2019, including Enable scores
• Society: Grow social and environmental financing, reduce carbon footprint and increase use of renewable energy, continue investing in our communities.</td></tr>
</table>

Straight-line vesting applies between the threshold and maximum points in respect of the financial measures.

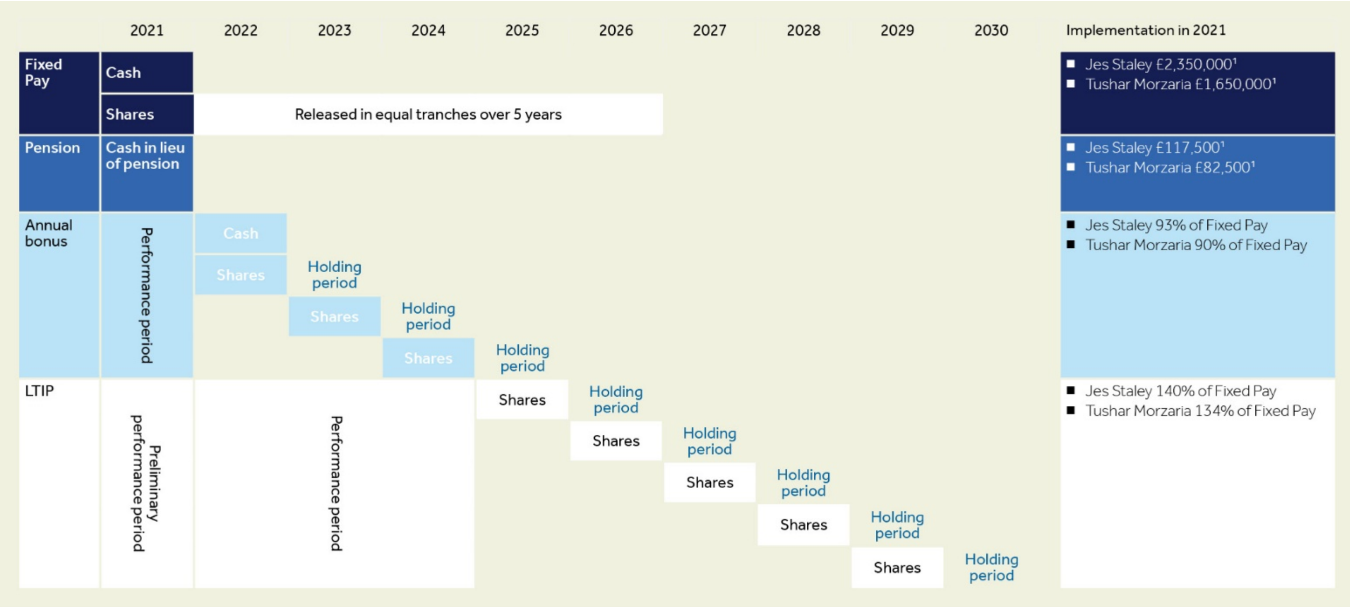
The award of the 2020-2022 LTIP was made in March 2020 at a time following share price depreciation following the onset of the COVID-19 pandemic. The market share price was 22% down on the market share price at the prior year grant due to various global factors, which we believe were mostly not specific to Barclays. Under the LTIP, the Committee has full discretion to ensure that the final outcomes are warranted based on the performance of the Group in light of all relevant factors and that there have not been any windfall gains. The factors considered in making this assessment will be described at the time of vest.

Remuneration report

Executive Directors: Statement of implementation of remuneration policy in 2021

An overview of how the remuneration policy will be implemented for Executive Directors in 2021 is set out in the subsequent sections.

The following chart provides an illustrative indication of how 2021 remuneration will be delivered to the Executive Directors.



[1]Fixed pay increases for the Executive Directors agreed under the new Directors' remuneration policy in 2020 have been further postponed until at least H2 2021. Should the increases take effect in H2 2021, the Fixed Pay for Jes Staley would increase to £2,400,000 and for Tushar Morzaria it would increase to £1,725,000, and cash in lieu of pension would also increase to £120,000 and £86,250 respectively.

2021 Fixed Pay

At the onset of the pandemic, the Executive Directors requested that the Fixed Pay increases proposed as part of the Directors' remuneration policy be postponed until at least 2021. Given the current macroeconomic environment, the Executive Directors have asked that these increases continue to be postponed until at least H2 2021. The increases will be reviewed again with the Committee towards the end of H1 2021.

Remuneration report

2021 annual bonus performance measures

Performance measures with appropriately stretching targets have been selected to cover a range of financial and non-financial goals that support the key strategic objectives of the Company. The performance measures and weightings are shown below.

Financial (60% weighting) A performance target range has been set for each financial measure	*Drive a profitable diversified banking model that is resilient through economic cycles* **Profit before tax (excluding material items)** **(50% weighting)** Payout of this element will depend on the CET1 ratio at the end of the performance year. In line with regulatory requirements, if the CET1 ratio is below the MDR hurdle at the end of the performance year, the Committee will consider what part if any of this element should pay out. **Cost: income ratio (excluding material items)** **(10% weighting)**
Strategic non-financial (20% weighting) The evaluation will focus on a range of key metrics across stakeholder groups, with a detailed retrospective narrative on progress throughout the period against each category. Performance against the measures will be assessed by the Committee to determine the percentage of the award that may vest between 0% and 20%. Each of the three main categories has equal weighting.	The measures are organised around three main categories: Customers and Clients, Colleagues and Society. Measures will likely include, but not be limited to: **Customers and Clients:** *Drive world class outcomes for customers and clients and continue to support them through the pandemic:* • Improve Net Promoter Scores • Reduce BUK customer complaints and improve resolution time • Maintain client ranking and market share within CIB • Increase digital engagement **Colleagues:** *Protect and strengthen our culture through our Purpose, Values and Mindset* • Continue to improve diversity in leadership roles • Improve inclusion indicators • Maintain engagement at healthy levels • Maintain culture and conduct indicators **Society:** *Drive a focus on the sustainable impact of our business* • Progress towards our 2030 £100bn green financing commitment • Deliver against our near term financing emissions targets (2025) • Reduce carbon footprint and increase use of renewable energy • Continue investing in our communities
Personal (20% weighting)	**Joint personal objectives:** *Lead the investment proposition for Barclays and ensure a strong balance sheet which underpins returns potential* • Deliver improving shareholder returns, with a focus on RoTE • Maintain robust capital ratios across the Group and within the main operating entities • Seek opportunities for further cost efficiencies, enabling reinvestment into strategic priorities and growth initiatives • Optimise partnerships within the Group to deliver the whole of Barclays to our clients • Continue to drive our technology agenda across the Group to support improving customer and client experience • Drive growth in fee-based, technology-led annuity businesses with lower capital intensity **Jes Staley:** • Embed the new Purpose, updated Values and Mindset across the organisation • Continue to develop a high performing culture in line with our values, with a focus on employee engagement, succession planning, talent and diversity • Ensure a continued focus on customer and client outcomes • Empower the effective management of the risk and controls agenda, including cyber risks • Continue to focus on external societal and environmental stewardship • Effectively manage relationships with key external stakeholders and society more broadly **Tushar Morzaria:** • Continue to optimise financial management and reporting (particularly through technology) to drive benefits across the Group • Further improve capital productivity through enhancing capital allocation and the measurement of capital returns • Oversee the effective management of the risk and controls agenda across Group Finance, Strategy, Tax and Treasury • Retain focus on colleague agenda across Group Finance, Strategy, Tax and Treasury • Effectively manage relationships with key external stakeholders including regulators and investors

Remuneration report

2021-2023 LTIP

The Committee decided to make an award under the 2021-2023 LTIP cycle to Jes Staley and Tushar Morzaria with a face value at grant of 140% of Fixed Pay for the CEO and 134% of Fixed Pay for the GFD. This maximum award was determined following a detailed review of their individual performance throughout 2020 and significant personal contribution to the resilience of the Group, and the Committee was comfortable that this is commensurate with performance delivered. This share based award ensures alignment with future performance over the three-year assessment period, as well as, shareholder alignment over the long release period (up to eight years from initial award).

The objective of the LTIP is to incentivise the Executive Directors to deliver on the long-term strategy, without encouraging excessive risk-taking. In its deliberations on the appropriate financial performance measures for the 2021-2023 LTIP cycle, the Committee reflected on the significant remaining macroeconomic uncertainty. Given the challenges that such uncertainty introduces to the calibration of absolute financial targets, the Committee decided to introduce a relative performance measure, in the form of 25% relative Total Shareholder Return. The weighting of the RoTE measure will be correspondingly reduced to 25% (from 50% in the previous cycle) to retain a total of 50% on returns-type measures. It will be tested in 2023, the final year of the performance period, to help in determining how effectively the Executive Directors navigate the financial recovery and steer Barclays back towards our targets over the medium term.

An additional challenge arising from such uncertainty going into 2021 and beyond will be to ensure that the Group remains appropriately focused on prudential stability and balance sheet strength, while continuing to be able to support our customers and clients, and the economies in which we operate. Given this focus, the Committee decided to introduce a standalone CET1 measure for 10% of the award. CIR is also maintained as an average measure over the performance period, with its weighting slightly reduced to 10%.

As noted above, the unique societal and resulting macroeconomic circumstances have created significant challenges in calibrating absolute longer-term plan targets. Given the inherent uncertainty, and the desire to avoid setting targets that in retrospect turn out to be much more challenging or simpler than intended, the Committee wanted to ensure that the performance targets for RoTE and CIR appropriately reflect the full range of potential outcomes around the current forecasts (acknowledging that the various potential macroeconomic risks and opportunities are largely outside the direct control of the Executive Directors). This will ensure that the LTIP has the desired effect of continuing to motivate and retain the executives throughout the performance period, whilst still requiring a very strong performance for full vesting. Given this basis for the calibration of the ranges, the vesting proportion for attaining threshold performance has been correspondingly reduced from the previous 20% to 0%. This does not impact the TSR or CET1 measures. The Committee retains ultimate discretion to ensure that the outcomes are appropriate in light of all relevant factors at the end of the performance period.

The Committee also considered how our ambition to be net zero by 2050 should be reflected in pay for the Executive Directors. The decision was to include a standalone Climate measure within the LTIP, providing clear alignment between the LTIP outcome, up to a maximum of 10%, and progress towards our targets which will help us to become net zero by 2050. To accommodate the addition of the Climate measure, the weighting for the Risk Scorecard and Strategic non-financial measures (excluding Climate) will be reduced to 10% each.

Performance against the Risk Scorecard has improved over the last three years, giving an outcome of 12% out of 15% for the 2018-2020 LTIP. While it is very important that the Executive Directors focus on maintaining performance in this area, the Committee felt comfortable that a lower weighting could be applied.

The 2021-2023 LTIP award will be subject to the following forward-looking performance measures.

Performance measure	*Weighting*	*Threshold*	*Maximum vesting*
2023 return on tangible equity (RoTE) ex material items[a]	25%	0% of award vests for RoTE of 6.0% rising on a straight line basis	RoTE of 12.0%
Average cost: income ratio ex material items	10%	0% of award vests for average cost: income ratio of 65.0% rising on a straight line basis	Average cost: income ratio of 62.0%
Maintain CET 1 ratio within the target range	10%	If CET1 is below MDA hurdle[b] +180bps during the period, the Committee will consider what portion of this element should vest, based on the causes of the CET1 reduction. If CET1 is above MDA hurdle +280bps but does not make progress towards the range over the period, the Committee will consider what portion of this element should vest, based on the reasons for the elevated levels of CET1 versus target range and the associated impacts.	CET1 ratio between 180bps and 280bps above MDA hurdle throughout the period
Relative Total Shareholder Return (TSR)	25%	6.25% vests for performance[c] at median of the peer group[d] rising on a straight-line basis	Performance at the upper quartile
Risk Scorecard	10%	The Risk Scorecard captures a range of risks and is aligned with the annual incentive risk alignment framework shared with the regulators. The current framework measures performance against three broad categories – Capital and Liquidity, Control Environment and Conduct – using a combination of quantitative and qualitative metrics. The framework may be updated from time to time in line with the Group's risk strategy. Specific targets within each of the categories are deemed to be commercially sensitive. Retrospective disclosure will be made in the 2023 Remuneration Report, subject to commercial sensitivity no longer remaining.	
Climate	10%	The evaluation will focus on progress towards our ambition to be a net zero bank by 2050 including: • our commitment to align our financing with the goals of the Paris Climate Agreement; and • our commitment to £100bn of green financing by 2030. There will be detailed retrospective narrative on progress over the period, including consideration of progress towards other relevant targets. Performance will be assessed by the Committee to determine the percentage of the award that may vest between 0% and 10%.	

Strategic non-financial	10%	The evaluation will focus on key performance measures from the Performance Measurement Framework, with a detailed retrospective narrative on progress throughout the period against each category. Performance against the strategic non-financial measures will be assessed by the Committee to determine the percentage of the award that may vest between 0% and 10%. The measures are organised around three main categories: Customer and Client, Colleagues and Society (Citizenship). Each of the three main categories has equal weighting. Measures will likely include, but not be limited to, the following: Customers and Clients: Drive world class outcomes for customers and clients and continue to support them through the pandemic: improve Net Promoter Scores, reduce BUK customer complaints and improve resolution time, maintain client ranking and market share within CIB, increase digital engagement. Colleagues: Protect and strengthen our culture through our Purpose, Values and Mindset: continue to improve diversity in leadership roles, improve inclusion indicators, maintain engagement at healthy levels and maintain culture and conduct indicators. Society (Citizenship): Drive a focus on the sustainable impact of our business: continue investing in our communities, including LifeSkills, Connect with Work and Unreasonable Impact.

Notes

a Based on an assumed CET1 ratio at the mid-point of the Group target range, 13-14%

b Currently 11.2%

c Performance assessed over the period from 1 January 2021 to 31 December 2023. Start and end TSR data will be the Q4 average for 2020 and 2023 respectively and will be measured in GBP for each company.

d The peer group is comprised of multinational banks in Europe and North America of comparable size to Barclays and whose TSR has a high degree of correlation with Barclays'. The constituents of the comparator group are reviewed annually, prior to each new LTIP grant. The peer group for the 2021-23 award is: Banco Santander, Bank of America, BBVA, BNP Paribas, Citigroup, Credit Agricole, Credit Suisse, Deutsche Bank, HSBC, ING Groep, Lloyds Banking Group, Morgan Stanley, NatWest Group, Societe Generale, Standard Chartered, UBS, Unicredit

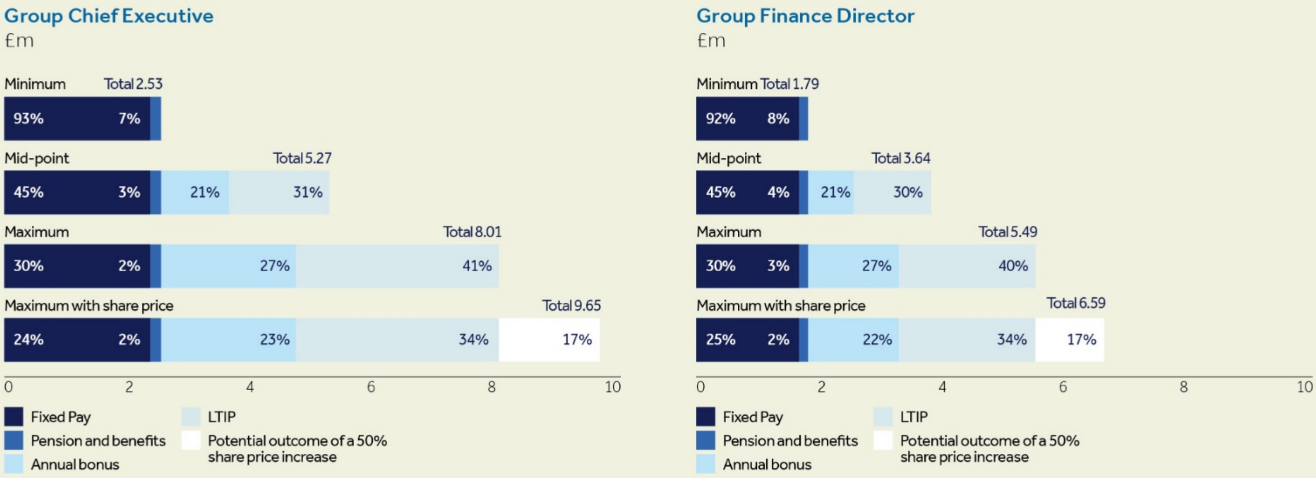
Remuneration report

Illustrative scenarios for Executive Directors’ remuneration

The charts below show the potential value of the current Executive Directors’ 2021 total remuneration in three main scenarios: ‘Minimum’ (i.e. Fixed Pay, Pension and benefits), ‘Mid-point’ (i.e. Fixed Pay, Pension, benefits and 50% of the maximum variable pay that may be awarded) and ‘Maximum’ (i.e. Fixed Pay, Pension, benefits and the maximum variable pay that may be awarded). For the purposes of these charts, the value of benefits is based on an estimated annual value for 2021 regular contractual benefits. Additional ad hoc benefits may arise, for example, overseas relocation of Executive Directors, but will always be provided in line with the DRP.

A significant proportion of the potential remuneration of the Executive Directors is variable and is therefore performance related. It is also subject to deferral, additional holding periods, malus and clawback. In line with reporting requirements, we have provided an indication of the maximum remuneration receivable, assuming share price appreciation of 50% on the LTIP.

Total remuneration opportunity:



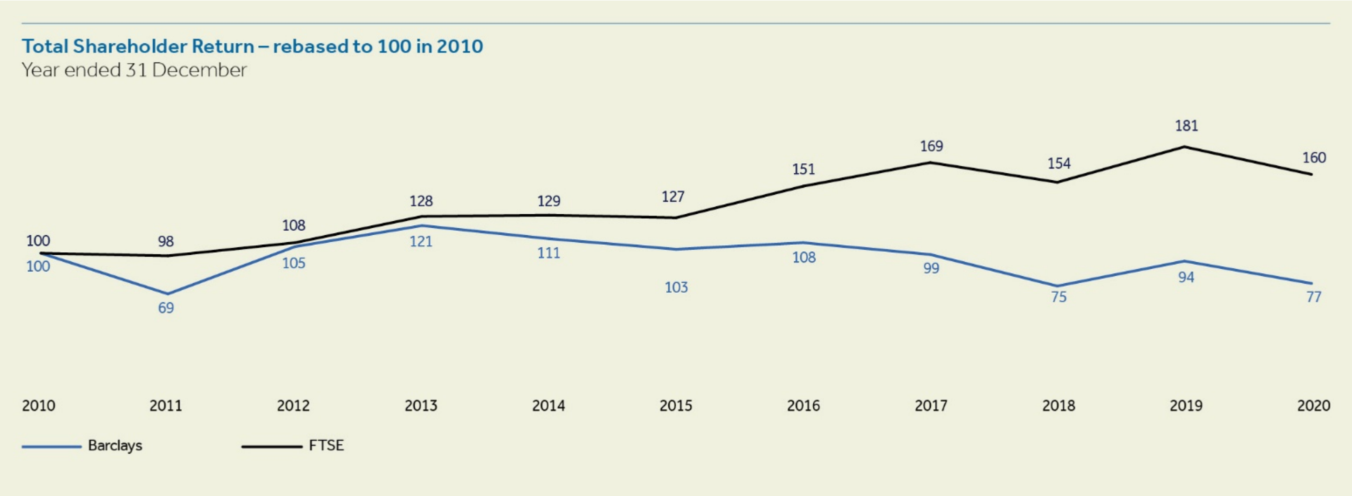
The illustrative scenarios are based on current Fixed Pay for the Executive Directors. Should the postponed 2020 Fixed Pay increases be implemented during H2 2021, the Maximum Opportunity will be £8.15m for the Group Chief Executive and £5.69m for the Group Finance Director.

Remuneration report

Additional remuneration disclosures

Group performance graph and Group CEO remuneration

The performance graph below illustrates the performance of Barclays over the financial years from 2011 to 2020 in terms of total shareholder return compared with that of the companies comprising the FTSE 100 index. The index has been selected because it represents a cross-section of leading UK companies.



The table below presents the single figure for remuneration and annual incentive and long-term incentive plan outcomes for the Group Chief Executive over the past 10 years.

Year	2011	2012		2013	2014	2015			2016	2017	2018	2019	2020
Group Chief Executive	Robert Diamond	Robert Diamond	Anthony Jenkins	Anthony Jenkins	Anthony Jenkins	Anthony Jenkins	John McFarlane	Jes Staley	Jes Staley	Jes Staley	Jes Staley	Jes Staley	Jes Staley
Single total remuneration figure CEO	11,070[a]	1,892	529	1,602	5,467[c]	3,399	305	277	4,233	3,873	3,362	5,929	4,013
Annual bonus award as a % of maximum	80%	0%	0%	0%	57%	48%	N/A	N/A	60%	48.5%	48.3%	75.0%	38.6%
Long-term incentive plan vesting as a % of maximum	N/A[b]	0%	N/A[b]	N/A[b]	30%	39%	N/A[b]	N/A[b]	N/A[b]	N/A[b]	N/A[b]	48.5%	23%

Notes
a This figure includes £5,745k tax equalisation as set out in the 2011 Remuneration Report. Robert Diamond was tax equalised on tax above the UK rate where that could not be offset by a double tax treaty.
b Not a participant in a long-term incentive award which vested in the period.
c Antony Jenkins' 2014 pay is higher than in earlier years since he declined a bonus in 2012 and 2013 and did not have LTIP vesting in those years.

Group CEO Pay ratio

The table below shows the ratios of the Group Chief Executive's total remuneration to the remuneration of UK employees since 2018. The change in the pay ratios for 2020 is explained in more detail below.

	Option	25th percentile	Median	75th percentile
2020	A	137 x	90 x	51 x
2019	A	213 x	140 x	77 x
2018	A	126 x	85 x	45 x

The regulations provide three options which may be used to calculate total pay for the employees at the 25th percentile, median and 75th percentile. Following guidance issued by some proxy advisers and institutional shareholders, we have selected Option A to calculate total pay for each calendar year using the employee population on the 31st of December of each respective year.

Option A calculates total pay for all employees on the same basis as the single figure for remuneration is calculated for Executive Directors. Total pay for each employee includes earned fixed pay, which is made up of salary, Role Based Pay (RBP) and relevant allowances, annual incentives awarded for the 2020 calendar year, and an estimate of pension and benefits for 2020. Other elements of pay such as overtime and shift allowances have been excluded as previously. The estimate of pension for each employee is based on the percentage currently available to new hires in the UK (between 10% for the more senior and 12% for the more junior Corporate Grades). The estimate of benefits is based on the cost of core benefits available at each Corporate Grade, including private medical insurance, income protection and life assurance. Calculations use full-time equivalent pay data taken from our HR systems for all employees.

Remuneration report

Total pay and Fixed Pay for the employees at the 25th percentile, median and 75th percentile are set out in the table below.

	25th percentile		Median		75th percentile	
	Total pay	Fixed Pay	Total pay	Fixed Pay	Total pay	Fixed Pay
2020	£29,380	£24,706	£44,631	£37,460	£79,324	£64,272
2019[1]	£27,875	£23,348	£42,362	£35,158	£77,488	£62,263
2018[1]	£26,587	£21,899	£39,390	£32,202	£74,685	£60,000

[1] Fixed Pay figures for 2018 and 2019 have been restated to also include relevant allowances (such as the London mobility allowance and legacy supplementary cash allowances) in additional to earned salary. 2020 fixed pay figures include earned salary and the London mobility allowance. 2020 total pay also includes increases to employer funded pension contributions (up to 12% for junior colleagues) where relevant.

The pay ratios have decreased between 2019 and 2020, largely due to a decrease in the CEO total single figure of remuneration, although employee total pay has also increased by 5% at the LQ and median, and by 2% at the UQ.

The decrease in the CEO single figure of remuneration from 2019 to 2020 is a result of lower outcomes on the CEO's annual bonus and LTIP due to reduced performance against financial measures during the COVID-19 pandemic, as well as the decrease in Executive Director pension contributions which were reduced as part of the new DRP in May 2020. The impact of the reduced financial performance on pay for the median employee is minimal, given the comparatively higher proportion of fixed pay, and the Company's approach to protecting annual incentives outcomes for the more junior colleagues, in line with our approach to fair pay and to reward their contributions to supporting customers and clients during the pandemic.

Barclays remuneration philosophy is set out earlier in this report, and all remuneration decisions for Executive Directors and the wider workforce are made within this framework. The CEO pay ratio is one of the outcomes of all of these decisions, which are explained in more detail in the Chairman's statement.

Total remuneration of the employees in the Barclays Group

The table shows the number of employees in the Barclays Group as at 31 December 2019 and 2020 in bands by reference to total remuneration. Total remuneration comprises salary, RBP, other allowances, bonus and the value at award of LTIP awards.

Barclays is a global business and particularly within the investment banking businesses a large proportion of our business and employees are based outside of the UK, with a strong presence in the US. Of those employees earning above £1m in total remuneration for 2020 in the table below, 59% are based in the US, and only 33% in the UK and 8% in the rest of the world.

Remuneration band	Number of employees	
	2020	2019
£0 to £25,000	27,446	26,706
£25,001 to £50,000	27,815	26,989
£50,001 to £100,000	18,799	18,266
£100,001 to £250,000	11,534	11,428
£250,001 to £500,000	2,217	2,259
£500,001 to £1,000,000	882	884
£1,000,001 to £2,000,000	325	290
£2,000,001 to £3,000,000	71	68
£3,000,001 to £4,000,000	31	23
£4,000,001 to £5,000,000	10	5
£5,000,001 to £6,000,000	8	11
Above £6,000,000	3	2

Remuneration report

Annual percentage change in remuneration of Directors' and employees

The table below shows the percentage change in the Executive Directors' Fixed Pay, benefits and bonus between 2019 and 2020 compared with the percentage change in each of those components of pay for UK based employees, and employees of the Barclays PLC (BPLC), the parent company of the Group.

		Fixed Pay	Benefits	Annual bonus
2019/ 2020	**Group CEO**	**0%**	**10%**	**-49%**
	Group FD	**0%**	**9%**	**-49%**
	Median UK employee	**7%**	**20%**	**-16%**
	Median employee of BPLC	**7%**	**26%**	**-16%**

For the Executive Directors, percentage change figures are calculated using the single total figure for 2020 remuneration table. Their increases in benefits from 2019 to 2020 are due to increased costs of the provision of private medical cover, life assurance and income protection. Similarly, for the UK employees and employees of BPLC, the increase in median benefits value between 2019 and 2020 is also due to an increase in the costs of the provision of private medical cover, life assurance and income protection.

For the UK employees, in addition to typical salary increases, the 7% increase in median fixed pay also reflects the impact of the Barclays UK Reward Strategy changes (effective July 2019). This amended how pay is structured for c.19,500 employees in line with our approach to fair pay. For the impacted employees, a portion of previous bonus opportunity was transferred into fixed pay, ensuring a larger proportion of their overall pay package is fixed, pensionable and is not impacted by business performance. These increases in fixed pay and reductions in bonus opportunity are reflected in pay for the second half of 2019 and full year for 2020, also contributing to the 16% decrease in median bonus.

BPLC only employs a very small number of Head Office employees (56 for 2020). Between 2019 and 2020, BPLC experienced significant headcount movement with around half the 2019 BPLC employees, predominantly at more junior levels, moving to other Legal employing entities in 2020. In order to make a meaningful year on year comparison, the figures are therefore based on all individuals employed by BPLC in both years.

The table below shows the percentage change in fees for the Chairman and the Non-Executive Directors between 2019 and 2020. Non-Executive Directors who joined on or after 1 January 2020 are not included.

As set out in the 2019 Directors' Remuneration Report, all Non-Executive Directors other than the Chairman received an increase of £10,000 to their basic Board fee from 1 January 2020 – the first increase to this fee since 2011. The Chairman receives an all-inclusive fee which was not increased. Fees were also increased by £10,000 for the Chairs of the Audit and Risk Committees (the first increases since 2011 and 2017 respectively) and by £5,000 for members of the Risk Committee (last increased in 2011). Other increases relate to set fees for additional responsibilities taken on by the Non-Executive Directors in 2020.

		Fees
2019/ 2020	**Nigel Higgins**[b]	**0%**
	Mike Ashley[a]	**19%**
	Tim Breedon[a]	**24%**
	Sir Ian Cheshire	**2%**
	Mary Anne Citrino[a,b]	**33%**
	Dawn Fitzpatrick[b,c]	**36%**
	Mary Francis[a]	**-3%**
	Crawford Gillies	**4%**
	Diane Schueneman[a]	**3%**

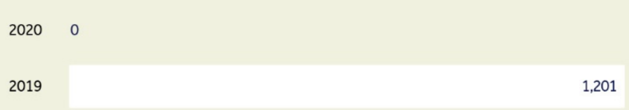
Notes
a These Non-Executive Directors joined the Board of BBPLC in September 2019 and received a pro-rata fee for that year. For 2020, the full year fee of £30,000 was paid. The same applies to the Board fees for BCSL for Mike Ashley and Tim Breedon, for which an annual fee of £20,000 is paid. A significant portion of the change in fees relates to these additional responsibilities.
b For those who were appointed during 2019 or who stood down during 2020, fees are pro-rated up for the purposes of this comparison.
c Dawn Fitzpatrick joined the Risk Committee on 1 January 2020 and received the fee of £30,000 for this additional responsibility from that date. This accounts for 27% of the increase.

Relative importance of spend on pay

A year on year comparison of Group compensation costs and distributions to shareholders are shown below.

Group compensation costs
£m

Dividends to shareholders[a]
£m



Note
a Dividends reflected are those paid during the year i.e. for 2019, the figure represents the 2018 full year dividend paid in April 2019, and the 2019 half year dividend which was paid in September 2019. The distributions announced on 18 February 2021 are therefore not reflected in this table

Remuneration report

Chairman and Non-Executive Directors

Remuneration for Non-Executive Directors reflects their responsibilities, time commitment and the level of fees paid to Non-Executive Directors of comparable major UK companies. Fees are pro-rated for periods of service.

Non-Executive Directors are reimbursed expenses that are incurred for business reasons. Any tax that arises on these reimbursed expenses is paid by Barclays.

Chairman and Non-Executive Directors: Single total figure for 2020 fees (audited)

	Fees		Benefits		Total	
	2020 £000	2019 £000	2020 £000	2019 £000	2020 £000	2019 £000
Chairman						
Nigel Higgins[a]	800	541	6	3	806	544
John McFarlane		272	-	6		278
Non-Executive Directors						
Mike Ashley[b, c]	265	222	-	-	265	222
Tim Breedon[b, c]	295	238	-	-	295	238
Sir Ian Cheshire[d]	490	480	-	-	490	480
Mary Anne Citrino[b]	113	113	-	-	113	113
Mohamed El-Erian[b]	135	-	-	-	135	-
Dawn Fitzpatrick[b]	150	29	-	-	150	29
Mary Francis[b]	150	155	-	-	150	155
Crawford Gillies	241	231	-	-	241	231
Brian Gilvary	108	-	-	-	108	-
Sir Gerry Grimstone		80	-	-		80
Reuben Jeffery III		41	-	-		41
Matthew Lester		143	-	-		143
Dambisa Moyo		46	-	-		46
Diane Schueneman[b,e]	390	377	-	-	390	377
Mike Turner		36	-	-		36
Total	3,137	3,004	6	9	3,143	3,013

Notes
a Nigel Higgins does not receive a fee in respect of his role as Chairman of Barclays Bank PLC. During 2020, Nigel donated one-third of his fees for a six month period to charitable causes supporting the response to COVID-19.
b These Non-Executive Directors are appointed to the Board of Barclays Bank PLC. They receive an additional annual fee of £30,000, paid by Barclays Bank PLC in respect of this appointment (pro rata for service in 2019).
c These Non-Executive Directors received an additional annual fee of £20,000 for their services to Barclays Capital Securities Limited (pro-rata for service in 2019).
d Sir Ian Cheshire's figures include fees of £400,000 for his role as Chairman of Barclays Bank UK PLC.
e Diane Schueneman is Chair of Barclays Execution Services Limited (the Group Service Company) and is a member of the Barclays US LLC (the US Intermediate Holding Company) Board. The 2020 figure includes fees of £70,000 for her role on the Barclays Execution Services Limited Board and $180k (£140k) for her role on the Barclays US LLC Board.

Chairman and Non-Executive Directors: Statement of implementation of remuneration policy in 2021

Fees for the Chairman and Non-Executive Directors for 2021 are shown below. The fees were last reviewed in 2019 and revised for 2020, there have been no subsequent amendments.

	1 January 2021 £000	1 January 2020 £000
Chairman[a]	800	800
Board member	90	90
Additional responsibilities		
Senior Independent Director	36	36
Chairman of Board Audit or Risk Committee	80	80
Chairman of the Board Remuneration Committee	70	70
Membership of Board Audit, Remuneration or Risk Committee	30	30
Membership of Board Nominations Committee	15	15

Notes
a The Chairman does not receive any fees in addition to the Chairman fees.

Remuneration report

Directors' shareholdings and share interests

Interests in Barclays PLC shares (audited)

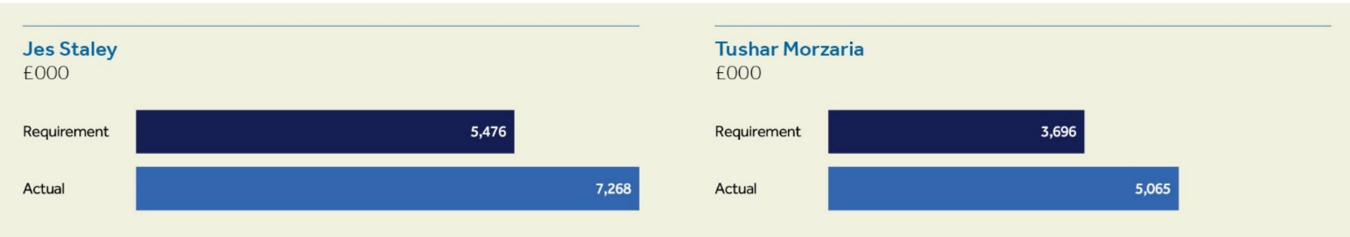
The table below shows shares owned beneficially by all the Directors (including any shares owned beneficially by their connected persons) and shares over which Executive Directors hold awards, which are subject to either deferral terms and/or performance measures. The shares shown below that are subject to performance measures are the maximum number of shares that may be released.

The total shares at 16 February 2021 were the same for all Directors in service as at 31 December 2020.

		Unvested		
	Owned outright as at 31 December 2020 (or date of retirement from the board if earlier)	Subject to performance measures	Not subject to performance measures	Total as at 31 December 2020 (or date of retirement from the Board, if earlier)
Executive Directors				
Jes Staley	5,733,176	9,470,652	1,901,952	17,105,780
Tushar Morzaria	3,995,583	6,350,669	1,135,548	11,481,800
Chairman				
Nigel Higgins	1,550,900	-	-	1,550,900
Non-Executive Directors				
Mike Ashley	360,527	-	-	360,527
Tim Breedon	180,641	-	-	180,641
Sir Ian Cheshire	117,183	-	-	117,183
Mary Anne Citrino	27,696	-	-	27,696
Mohamed A. El-Erian	119,777	-	-	119,777
Dawn Fitzpatrick	923,380	-	-	923,380
Mary Francis	46,332	-	-	46,332
Crawford Gillies	200,146	-	-	200,146
Brian Gilvary	138,794	-	-	138,794
Diane Schueneman	75,804	-	-	75,804

Executive Directors' shareholdings and share interests (audited)

The chart below shows the value of Barclays' shares held beneficially by Jes Staley and Tushar Morzaria that count towards the shareholding requirement as at 31 December 2020 using the Q4 2020 Barclays' ordinary share price of £1.2677. The shareholding requirement is 233% of Fixed Pay for Jes Staley and 224% of Fixed Pay for Tushar Morzaria. The current Executive Directors have five years from their respective dates of appointment to meet this requirement.



Service contracts and letters of appointment

All Executive Directors have a service contract, whereas all Non-Executive Directors have a letter of appointment. Copies of the service contracts and letters of appointment are available for inspection at the Company's registered office. The effective dates of the current Directors' appointments disclosed in their service contracts or letters of appointment are shown in the table below.

As stated in the letters of appointment, the Chairman and Non-Executive Directors are appointed for an initial term of three years and are subject to annual re-election by shareholders. On expiry of the initial term and subject to the needs of the Board, Non-Executive Directors may be invited to serve a further three years. Non-Executive Directors appointed beyond six years will be at the discretion of the Board Nominations Committee.

	Effective date of appointment
Chairman	
Nigel Higgins	1 March 2019 (Non-Executive Director) 2 May 2019 (Chairman)
Executive Directors	
Jes Staley	1 December 2015
Tushar Morzaria	15 October 2013
Non-Executive Directors	
Mike Ashley	18 September 2013
Tim Breedon	1 November 2012
Sir Ian Cheshire	3 April 2017
Mohamed A. El-Erian	1 January 2020
Dawn Fitzpatrick	25 September 2019
Mary Francis	1 October 2016
Crawford Gillies	1 May 2014
Brian Gilvary	1 February 2020
Diane Schueneman	25 June 2015

Payments to former Directors (audited)

Former Group Finance Director: Chris Lucas

In 2020, Chris Lucas continued to be eligible to receive life assurance cover, private medical cover and payments under the Executive Income Protection Plan (EIPP). Full details of his eligibility under the EIPP were disclosed in the 2013 Directors' Remuneration Report (page 115 of the 2013 Annual Report). Chris Lucas did not receive any other payment or benefit in 2020.

Former Non-Executive: Reuben Jeffery III

Reuben Jeffery III was appointed as a member of the Barclays US LLC (the US Intermediate Holding Company) Board until 28 August 2020. He received fees of $150,000 per annum for this role on the Barclays US LLC Board, pro-rated for his period of service in line with policy.

Previous AGM voting outcomes

The table below shows the voting result in respect of our remuneration report and Directors' remuneration policy at the AGM held on 7 May 2020.

Shareholder votes on remuneration	For % of votes cast Number	Against % of votes cast Number	Withheld Number
Vote on the 2019 Remuneration Report at the 2020 AGM	95.78% 11,354,434,198	4.22% 500,456,293	90,893,005
Vote on the Directors' remuneration policy at the 2020 AGM	96.29% 11,308,670,932	3.71% 436,091,600	201,020,969

At the AGM held on 24 April 2014, 96.02% (10,364,453,159 votes) of shareholders of Barclays PLC voted for the resolution in respect of a fixed to variable remuneration ratio of 1:2 for 'Remuneration Code Staff ' (now known as MRTs). On 14 December 2017, the Board of Barclays PLC as shareholder of Barclays Bank PLC approved the resolution that Barclays Bank PLC and any of its current and future subsidiaries be authorised to apply a ratio of the fixed to variable components of total remuneration of their MRTs that exceeds 1:1, provided the ratio does not exceed 1:2. On 15 November 2018, the Board of Barclays PLC as shareholder of Barclays Bank UK PLC approved an equivalent resolution in relation to MRTs within Barclays Bank UK PLC and any of its subsidiaries.

Remuneration report

Barclays Board Remuneration Committee

The Committee is responsible for overseeing Barclays' remuneration as described in more detail below.

Terms of Reference

The role of the Committee is to:

- set the overarching principles and parameters of remuneration policy across the Group;
- consider and approve the remuneration arrangements of (i) the Chairman, (ii) the Executive Directors, (iii) members of the Barclays Group Executive Committee and any other senior executives specified by the Committee from time to time, and (iv) all other Group employees whose total annual compensation exceeds an amount determined by the Committee from time to time (currently £2m); and
- exercise oversight for remuneration issues.

The Committee considers the overarching objectives, principles and parameters of remuneration policy across the Group to ensure it is adopting a coherent approach in respect of all employees. In discharging this responsibility, the Committee seeks to ensure that the policy is fair and transparent, avoids complexity and assesses, among other things, the impact of pay arrangements in supporting the Group's culture, values and strategy and on all elements of risk management. The Committee also approves incentive pools for each of the Group, Barclays Bank PLC, Barclays Bank UK PLC and BX, periodically reviews (at least annually) all material matters of retirement benefit design and governance, and exercises judgement in the application of remuneration policies to promote the long-term success of the Group for the benefit of shareholders. The Committee and its members work as necessary with other Board Committees, and is authorised to select and appoint its own advisers as required.

Committee Effectiveness in 2020

The 2020 Committee effectiveness review was conducted in accordance with the Code. This internal review involved completion of a tailored questionnaire by Committee members and senior management, in line with the approach adopted for all Board Committees in 2020. The review is an important part of the way Barclays monitors and improves Committee performance and effectiveness, maximising strengths and highlighting areas for further development.

The results confirm that the Committee is operating effectively. The Committee continues to be well constituted and provides an effective level of challenge and oversight of the areas within its remit. In particular, feedback indicates that the Committee continued to operate effectively during the year in the context of the COVID-19 pandemic, notwithstanding the need to convene remotely. It was also noted that the Committee spends time on key judgement areas, which was of particular importance during 2020. Consideration will be given to adding an additional member of the Committee, in light of Crawford Gillies stepping down as Committee Chair at the end of February 2021.

The Committee's interaction with the Board, Board Committees and senior management is considered effective, with continued positive engagement and dialogue with senior management. It was also noted that the natural overlay with the Board Risk Committee had been reflected formally in the Committee's Terms of Reference during the year. In response to a request to provide feedback on interaction with subsidiary committees, the Committee's interaction with the principal subsidiary remuneration committees was also considered effective, and in line with regulatory requirements.

Following the consolidation of the membership of the Committee with the BBPLC Board Remuneration Committee in September 2019 (with the exception of the Committee Chair and Brian Gilvary, who attend as observers only for matters relating to BBPLC), coverage of BBPLC matters within aligned meetings was considered adequate.

Advisers to the Committee

The Committee appointed PricewaterhouseCoopers (PwC) as the independent adviser in October 2017. The Committee considered the independence and objectivity of advice provided by PwC during the year to the Committee and was satisfied that it is independent and objective. PwC is a signatory to the voluntary UK Code of Conduct for executive remuneration consultants.

PwC was paid £121,000 (excluding VAT) in fees for their advice to the Committee in 2020 relating to the Executive Directors (either exclusively or along with other employees within the Committee's Terms of Reference). In addition to advising the Committee, PwC provided unrelated consulting advice to the Group in respect of strategic advice on business, operational models and cost, corporate taxation, climate-related financial disclosures, data strategy, technology consulting and internal audit.

Throughout 2020, Willis Towers Watson (WTW) continued to provide the Committee with market data on compensation when considering incentive levels and remuneration packages. WTW were paid £65,000 (excluding VAT) in fees for their services. In addition to the services provided to the Committee, WTW also provides pensions and benefits advice, insurance brokerage and pensions advice and administration services to the Barclays Bank UK Retirement Fund.

In the course of its deliberations, the Committee also considers the views of the Group Chief Executive, the Group Human Resources Director and the Group Reward and Performance Director. The Group Finance Director and the Group Chief Risk Officer provide regular updates on Group and business financial performance and risk profiles respectively.

No Barclays' employee or Director participates in discussions with, or decisions of, the Committee relating to his or her own remuneration.
No other advisers provided services to the Committee in the year.

Remuneration report

Remuneration Committee activity in 2020

The following provides a summary of the Committee's activity during 2020 and at the January and February 2021 meetings at which 2020 remuneration decisions were finalised. The Committee is also provided with updates at each scheduled meeting on: operation of the Committee's Control Framework on hiring, retention and termination, headcount and employee attrition, and extant LTIP performance.

Remuneration Committee activity in 2020		Jan 2020	Feb 2020	Jul 2020	Oct 2020	Dec 2020	Jan 2021	Feb 2021
Overall remuneration	Incentive funding proposals including risk adjustments	▪	▪		▪	▪	▪	▪
	2019 Remuneration Report		▪					
	Group Fixed Pay budgets		▪			▪		▪
	Finance and Risk updates	▪	▪		▪	▪	▪	▪
	Incentive funding approach			▪				
	Barclays' Fair Pay agenda and Pay Gaps		▪	▪	▪			▪
	2020 Remuneration Report					▪		▪
	Wider workforce considerations	▪	▪	▪	▪	▪	▪	▪
Executive Directors' and senior executives' remuneration	Executive Directors' and senior executives' bonus outcomes	▪	▪			▪	▪	▪
	Review of Directors' Remuneration Policy	▪	▪					
	Annual bonus and LTIP performance measures and target calibration		▪			▪	▪	▪
Governance	Regulatory and stakeholder matters	▪	▪	▪	▪	▪	▪	▪
	Discussion with independent adviser	▪	▪	▪	▪	▪		▪
	Remuneration Review Panel update		▪	▪	▪	▪		▪
	Review of Committee effectiveness		▪					▪

There were five additional Remuneration Committee meetings during the course of 2020. The Committee met in February, April (2 meetings), June and September to consider regulatory matters, Executive Directors' remuneration in the context of COVID-19 and leadership changes across the organisation.

Our 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.

Supporting our colleagues

Events over the last 12 months have affected all our lives, and the 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.

As ever, our approach to our people is informed by the latest thinking in behavioural and data science, and by our capacity to track effectiveness and progress over time.

Measuring success

Colleague engagement

83%

2019: 77%

Females at Managing Director and Director level

26%

2019: 25%

"I would recommend Barclays as a good place to work"

87%

2019: 80%

"I believe that my team and I do a good job of role modelling the Values every day"

94%

2019: 92%

Adapting to challenge

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. 70,000 colleagues moved to remote working. At all times, we have worked tirelessly to prioritise each other's safety and wellbeing, as well as to 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 pandemic created, including offering paid leave to support self-quarantine, sickness or care for dependants, 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 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.

Hiring the best people

We continue to focus on hiring people with skills that help us accelerate our digital transformation, as well as the fast-changing needs of our customers and clients.

Our people and culture

We are investing in our key sites, including our global campuses, strategically placed in both urban and rural areas. At the heart of our hiring strategy is our ability to match locations to the local talent pool in that area. This includes reaching out to local communities and upskilling local students. We are acting swiftly to adapt to changes in hiring demands and volumes because of COVID-19, particularly in customer-facing areas where it is now, more than ever, key that we are providing support.

We retain an emphasis on hiring from within. In 2020, we filled around 36% of role vacancies internally and added a further 961 graduates to our internal pipeline of future leaders. This was one of our most gender diverse class of graduates ever, with almost 40% female. COVID-19 has meant moving all candidates to a virtual experience, including for over 2,500 graduates, interns and apprentices. To ensure individuals feel supported and connected to the business, we have appointed talent coaches and created extra opportunities for virtual networking and collaboration so that social connections are formed. We also continue to invest in our flagship career development programmes, including our AFTER programme to support those who have been in the armed forces.

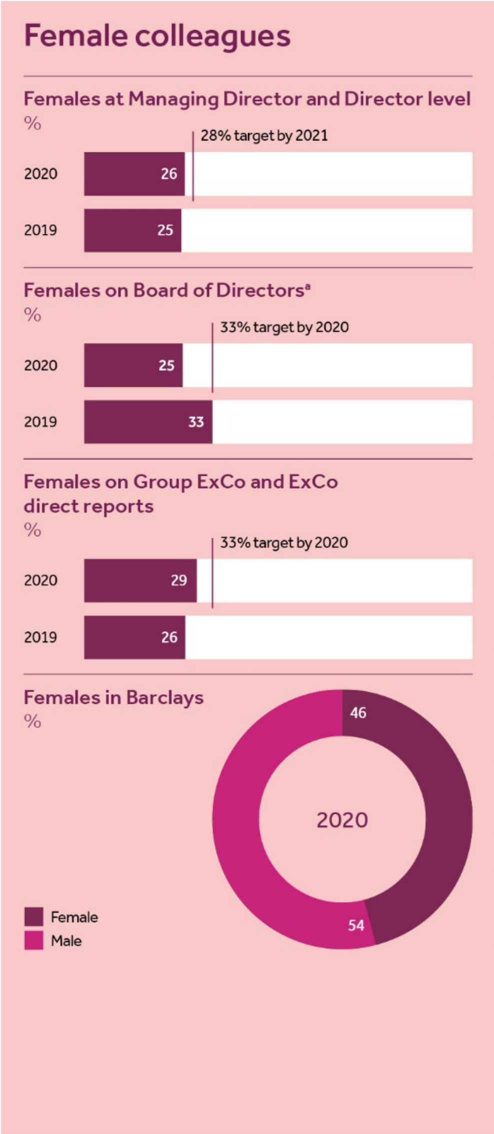
People with different perspectives and life experiences make our organisation stronger. We are committed to attracting, developing and retaining a workforce that is as diverse and inclusive as possible. We are an equal opportunities employer and our policies require us to give full and fair consideration to all populations based on their competencies, strengths and potential. As ever, we are increasingly relying on data and analytics so we can understand how to improve our hiring process.

We also know the importance of measuring our progress. In particular, we have set ourselves a number of targets to ensure we are creating a more gender diverse workforce. Our ambition is to achieve 28% female Managing Directors and Directors by the end of 2021. Currently 26% of our Managing Directors and Directors are female, and 29% of our UK Managing Directors and Directors are female.

Developing talent for the future

In response to the pandemic, all development content went virtual in 2020, and we invested a total of £23m in training. We launched e-learning programmes to help people working from home during the COVID-19 pandemic, as well as online training to provide information to help keep everyone safe. Through our regular Here to Listen surveys, we have listened carefully to what colleagues have told us about the realities of working remotely, and tailored our training and support materials accordingly.

A wide range of development opportunities are available to help colleagues build their careers, delivered through our digital learning platform, Learning Lab, which makes development more available than ever. We also continue to operate our two flagship leadership development programmes: our Enterprise Leaders Programme; and our Strategic Leaders Programme, driven by our belief that quality leadership makes a difference to our success. We track the progression of people that have participated in these programmes to see how effective they are.



We have invested in the tools, programmes and technology needed to enable colleagues to work smarter, collaborate more easily and so that we can unlock the power of the connections between our people. In our latest Your View survey, 77% of colleagues told us they have the work tools and resources needed to achieve excellent performance, up 21% on last year. We also want to help colleagues balance their work life with their personal commitments, supporting career development opportunities at each life stage. We offer enhanced maternity, paternity, adoption and shared parental entitlements in all our major jurisdictions.

We remain committed to closing pay gaps at Barclays. Our UK Pays Gaps for 2020 are disclosed here at home.barclays/diversity.

Note
a With the appointment of Julia Wilson (effective 1 April 2021) and Sir Ian Cheshire stepping down from the Board at the conclusion of the 2021 AGM, the percentage of females on the BPLC Board of Directors will increase to 33%. You can read more about gender diversity on the Board in the report of the Board Nominations Committee on page 82 of Part 2 of the Report.

Our people and culture

Highlights

Graduate hires

961

Average training hours per annum per employee (payroll)

13

Voluntary employee turnover

6%

Employee turnover

9%

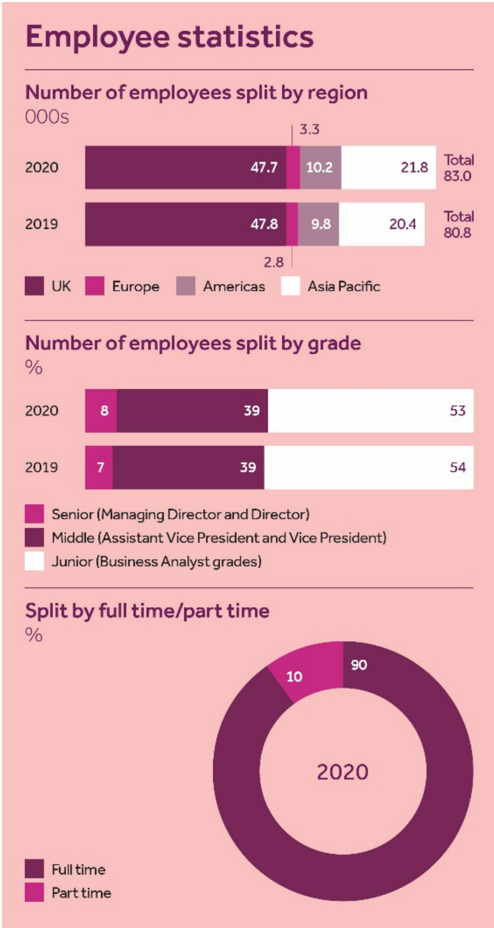
Creating an inclusive and supportive culture

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. We focus on five areas: disability, gender, LGBT+, multicultural, and multigenerational. Each area is embedded in the business through colleague networks to provide support and advice, create development opportunities and raise awareness of issues and challenges. Membership of our colleague diversity networks is at an all-time high, with over 23,000 colleagues now involved in one or more of our diversity networks. This also influences our people policies, teaching us how we need to adapt to give our people the support they need to succeed.

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, 84% of colleagues told us they believe we are all in this together at Barclays, while 82% say they believe leaders are committed to building a diverse workforce.

We also closely track the ever-changing composition of our people through online dashboards, to make sure that our senior leaders understand the diverse makeup and needs of the organisation they lead. In 2020, we launched our Inclusion Index, which is one way we have been able to measure how included our colleagues feel. It has enabled us to use data to assess the impact of our initiatives and lay a benchmark for monitoring progress year on year. Our overall Inclusion Index score for 2020 is 76%, while 89% of colleagues say they feel included in their team.

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. In response to feedback at the end of 2019, we undertook a review of workplace adjustment processes in order to improve our colleagues' experience.

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, 83% of colleagues told us that Barclays supports their efforts to enhance their wellbeing.

Note
Under the Companies Act 2006, Barclays is required to report on the gender breakdown of our employees, 'senior managers', and the Board of Barclays PLC's Directors. The Group's global workforce was 89,015 (48,447 male, 40,563 female, 5 unavailable), with 495 senior managers (388 male, 107 female), and the Board of Barclays PLC had 12 directors (9 male, 3 female) as at 31 December 2020. This is on a headcount basis, including colleagues on long term leave. Unavailable refers to colleagues who do not record their gender in our systems. 'Senior managers' includes Barclays PLC Group Executive Committee members, their direct reports and directors on the boards of undertakings of the Group, but excludes Directors on the Board of Barclays PLC. Where such persons hold multiple directorships across the Group they are only counted once. The definition of 'senior managers' within this disclosure has a narrower scope than the Managing Director.

Our people and culture

A continuous conversation with colleagues

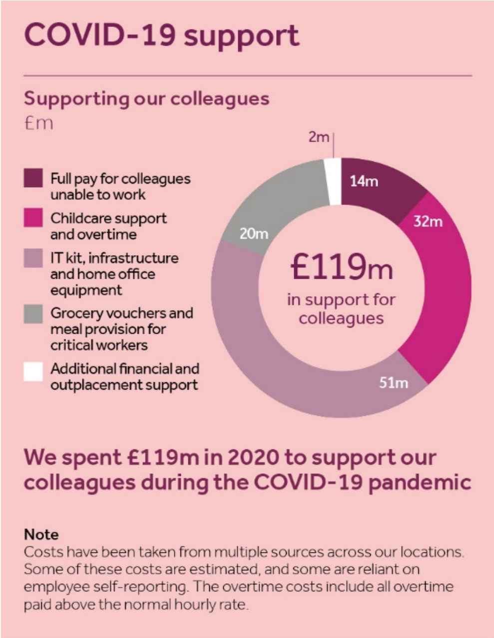
We think colleague engagement should be a two-way exercise, with equal weight placed on listening to our people as it is on keeping them informed. We want to be able to consider our colleagues' perspective when we make decisions, including at the most senior level.

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 5 percentage point increase in the response rate to our annual Your View employee engagement survey with 67% of colleagues responding. The results showed an increase in our engagement levels, up 6 percentage points, to 83%, and an increase of 7 percentage points, to 87%, 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 81% responding favourably to this question. In addition, 94% of 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 78% saying they have been able to balance personal and work demands, and 76% 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 1 percentage point drop to 78% this year in the number of 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 65% of colleagues saying work processes make it easy for employees to be productive.



Our people and culture

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 leadership can identify areas of continued strength of our culture and areas of focus for leaders.

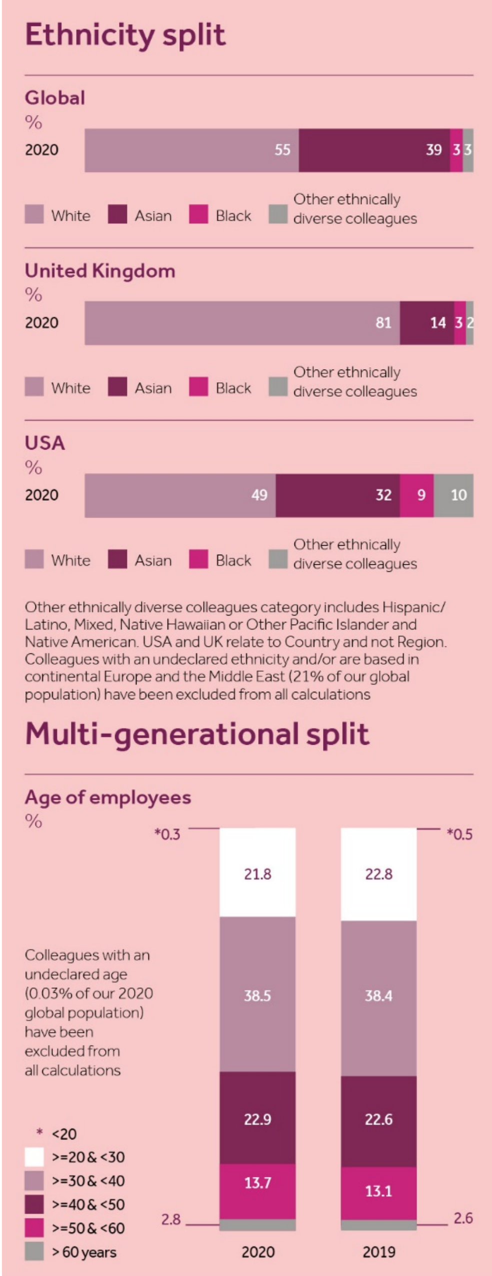
In addition to these data sources, our leaders engage regularly with colleagues locally to hear what they think. Where possible this year, leaders visited branches or trading floors to support colleagues during the COVID-19 pandemic. However, the majority of engagement activities moved to virtual forums, 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.

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 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, and other colleague forums. 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 our UK workforce and 50% of our global 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.



Our policies

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

We expect our people to treat each other with dignity and respect, and do not tolerate discrimination, bullying, harassment or victimisation on any grounds.

We are committed to paying our people fairly and equitably relative to their role, skills, experience and performance – in a way that balances the needs of all our stakeholders. That means our remuneration policies reward sustainable performance that is in line with our Purpose and Values, as well as our risk expectations. You can find more information in our Fair Pay Report, available on home.barclays/annualreport

We encourage our people to benefit from Barclays' performance by enrolling in our share ownership plans, further strengthening their commitment to the organisation. The Directors' Remuneration Report sets out updates on remuneration outcomes and developments during 2020, including the implementation of the new Directors' Remuneration Policy approved at the 2020 AGM.

For more information on our Fair Pay Report go online at home.barclays/annualreport

Risk review
Content

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

Barclays' risk disclosures are provided in the Annual Report and in the Barclays PLC Pillar 3 Report 2020.

Risk review
Content

Risk management

Barclays' risk management strategy

This section introduces the 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 Group. It is then approved by the Barclays PLC Board on recommendation of the Group Chief Risk Officer. 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 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 Group CEO and other senior managers, as well as Barclays PLC 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 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 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 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 and sets out associated responsibilities and expectations around risk management standards. 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 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.

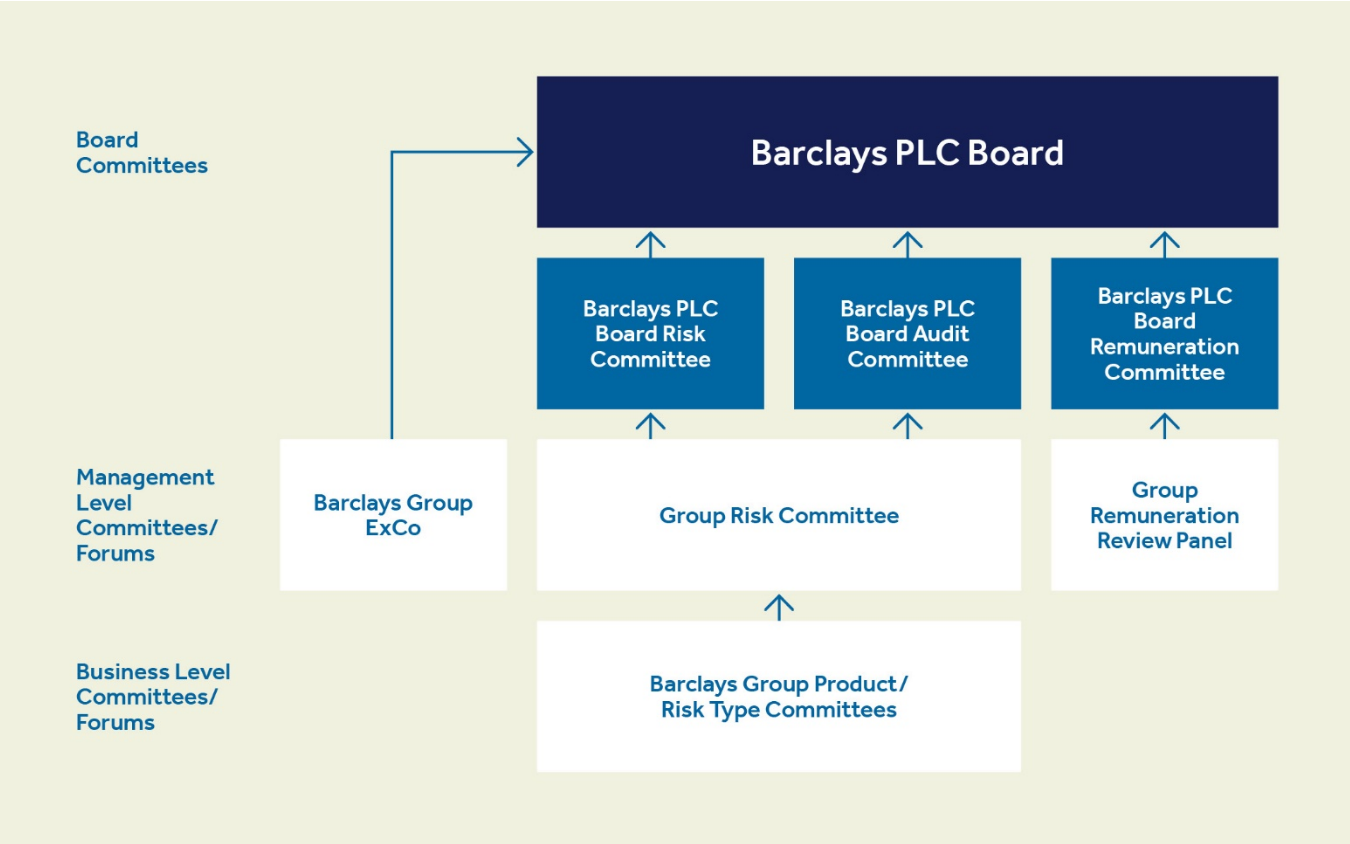
Risk appetite for the principal risks

Risk appetite is defined as the level of risk which the 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 Group's current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis.

Risk appetite is approved by the Barclays PLC Board and disseminated across legal entities. Total Group risk appetite is supported by limits to control exposures and activities that have material concentration risk implications.

Risk management

Barclays' risk management strategy



Risk committees

Various committees also fulfil important roles and responsibilities. Barclays business level product/risk type committees consider risk matters relevant to their business, and escalate as required to the Group Risk Committee (GRC), whose Chairman, in turn, escalates to the Barclays PLC Board Committees and the Barclays PLC Board.

In addition to setting the risk appetite of the Group, the Board is responsible for approving the ERMF, and reviewing all reputation risk matters. It receives regular information on the risk profile of the bank, and has ultimate responsibility for risk appetite and capital plans.

Further, there are two Board-level committees which oversee the application of the ERMF and implementation of key aspects, the Barclays PLC Board Risk Committee (BRC) and the Barclays PLC Board Audit Committee (BAC). Membership of these committees is comprised solely of non-executive directors providing independent oversight and challenge. Additionally, the Barclays PLC Board Remuneration Committee oversee pay practices focusing on aligning pay to sustainable performance.

- **The Barclays PLC Board Risk Committee (BRC):** The BRC monitors the 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 BRC also reviews certain key risk methodologies, the effectiveness of risk management, and the Group's 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 Group CRO or senior risk managers.
- **The Barclays PLC Board Audit Committee (BAC):** The BAC receives regular reports on the effectiveness of internal control systems, quarterly reports on material control issues of significance, quarterly papers 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 PLC Board Remuneration Committee (RemCo):** The RemCo receives a 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.

The terms of reference and additional details on membership and activities for each of the principal Board committees are available from the corporate governance section of the Barclays website at: home.barclays/about-barclays/barclays-corporate-governance.html.

The GRC is the most senior executive body responsible for reviewing and monitoring the risk profile of the Group. This includes coverage of all principal risks, and any other material risks, to which the Group is exposed. The GRC reviews and recommends the proposed risk appetite and relative limits to the BRC. The committee covers all business units and legal entities with the Group and incorporates specific coverage of Barclays Bank Group.

Barclays' risk culture

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

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

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

Risk management

Barclays' risk management strategy

Specifically, all employees regardless of their positions, functions or locations must play their part in the 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.

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

The 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 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 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 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.

The COVID-19 pandemic has caused disruption to the Group's customers, suppliers and staff globally. Most jurisdictions in which the 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 Group continues to monitor the situation closely. However, despite the COVID-19 contingency plans established by the 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 Group's customers, potential litigation costs (including regulatory fines, penalties and other sanctions), and reputational damage.

In many of the jurisdictions in which the 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 Group's customers and therefore the impact on the 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 the Group's portfolios and may reduce fee income being earned on certain products and negatively impact the 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 Group's 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 Group is required by any government or regulator to offer forbearance or additional financial relief to borrowers or if the Group is unable to rely on guarantees provided by governments in connection with financial support schemes as a result of the 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 Group's results of operations and profitability. In addition, the 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 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 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 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 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 Group. As a result, the 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).

Furthermore, the 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 Group's other assets such as goodwill and intangibles, and the value of Barclays PLC's investments in subsidiaries. It could also impact the 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 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 Barclaycard customers could have a negative impact on the 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 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 Group's customers, employees and suppliers.

ii) Business conditions, general economy and geopolitical issues

The 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 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 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 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 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 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 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 Group's profitability.
- An escalation in geopolitical tensions or increased use of protectionist measures may negatively impact the 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 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 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.

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 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 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 Group's trading book positions and affect the underlying value of assets in the banking book and securities held by the Group for liquidity purposes;
- a credit rating downgrade for one or more members of the Group (either directly or indirectly as a result of a downgrade in the UK sovereign credit ratings), which could significantly increase the Group's cost of and/or reduce its access to funding, widen credit spreads and materially adversely affect the Group's interest margins and liquidity position; and/or
- a widening of credit spreads more generally or reduced investor appetite for the Group's debt securities, which could negatively impact the 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 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 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 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 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 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 Group.

The 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 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 Group may become more complex and costly which could have a material adverse effect on the Group's business and results of operations and could result in the 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 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.

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

Changes to interest rates are significant for the Group, especially given the uncertainty as to the direction of interest rates and the pace at which they may change particularly in the 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 Group's net interest margins (the difference between its lending income and borrowing costs) and could adversely affect the profitability and prospects of the Group.

Interest rate rises could positively impact the 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 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 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 Group's liquid asset portfolio. Consequently, this could create more volatility than expected through the Group's Fair Value through Other Comprehensive Income (FVOCI) reserves.

v) Competition in the banking and financial services industry

The 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 Group expects that competition in the financial services industry will continue to be intense and may have a material adverse effect on the 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 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 Group's products and services, which could reduce the Group's revenues and profitability, or may cause the 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 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 Group's ability to attract or retain clients and customers. Any such impact could, in turn, reduce the Group's revenues.

vi) Regulatory change agenda and impact on business model

The 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 Group's business, capital and risk management strategies and/or may result in the 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 Group's business mix or exiting other businesses; and/or
  - undertaking other actions to strengthen the 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 Group operates.
- The Group and certain of its members are subject to supervisory stress testing exercises in a number of jurisdictions. These exercises currently include the programmes of the Bank of England, 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 Group, could result in the Group or certain of its members 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 Group, see the Supervision and regulation section.

vii) The impact of climate change on the 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 Group's risk framework in line with regulatory expectations, and adapting the 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 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 Group's portfolios. In addition, the Group's premises and resilience may also suffer physical damage due to weather events leading to increased costs for the Group.

As the economy transitions to a low-carbon economy, financial institutions such as the Group may face significant and rapid developments in stakeholder expectations, policy, law and regulation which could impact the lending activities the Group undertakes, as well as the risks associated with its lending portfolios, and the value of the Group's financial assets. As sentiment towards climate change shifts and societal preferences change, the 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 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 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 Group's clients, higher ECLs, and increased charge-offs and defaults among retail customers.

If the 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 Group's level of business growth, competitiveness, profitability, capital requirements, cost of funding, and financial condition.

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

viii) Impact of benchmark interest rate reforms on the 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 Group's financial assets and liabilities) that use these reference rates and indices and introduce a number of risks for the 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 Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the 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 Group's financial assets and liabilities may change. Moreover, transitioning to alternative "risk-free" reference rates may impact the ability of members of the 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 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 Group on certain transactions;
- **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 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 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 Group's financial results and performance.

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

For further details on the impacts of benchmark interest rate reforms on the Group, see Note 41.

ix) Holding company structure of Barclays PLC and its dependency on distributions from its subsidiaries

Barclays PLC is a holding company and its principal sources of income are, and are expected to continue to be, distributions (in the form of dividends and interest payments) from operating subsidiaries which also hold the principal assets of the Group. As a separate legal entity, Barclays PLC relies on such distributions in order to be able to meet its obligations as they fall due (including its payment obligations with respect to its debt securities) and to create distributable reserves for payment of dividends to ordinary shareholders.

The ability of Barclays PLC's subsidiaries to pay dividends and interest and Barclays PLC's ability to receive such distributions from its investments in its subsidiaries and other entities will be subject not only to such subsidiaries' and other entities' financial performance and macroeconomic conditions but also to applicable local laws and other restrictions (including restrictions imposed by governments and/or regulators, such as those imposed as part of the UK Government's response to the COVID-19 pandemic, which limit management's flexibility in managing the business and taking action in relation to capital distributions and capital allocation). These laws and restrictions could limit the payment of dividends and distributions to Barclays PLC by its subsidiaries and any other entities in which it holds an investment from time to time, which could restrict Barclays PLC's ability to meet its obligations and/or to pay dividends to ordinary shareholders.

x) Application of resolution measures and stabilisation powers under the Banking Act

Under the Banking Act 2009, as amended (Banking Act), substantial powers are granted to the Bank of England (or, in certain circumstances, HM Treasury), in consultation with the PRA, the FCA and HM Treasury, as appropriate, as part of a special resolution regime (SRR). These powers enable the relevant UK resolution authority to implement resolution measures and stabilisation options with respect to a UK bank or investment firm and certain of its affiliates (currently including Barclays PLC) (each, a relevant entity) in circumstances in which the relevant UK resolution authority is satisfied that the resolution conditions are met. The SRR consists of five stabilisation options: (i) private sector transfer of all or part of the business or shares of the relevant entity, (ii) transfer of all or part of the business of the relevant entity to a "bridge bank" established by the Bank of England, (iii) transfer to an asset management vehicle wholly or partly owned by HM Treasury or the Bank of England, (iv) the cancellation, transfer or dilution of the relevant entities' equity (including Barclays PLC's ordinary share capital) and write-down or conversion of the relevant entity's capital instruments and liabilities (the bail-in tool) and (v) temporary public ownership (i.e. nationalisation).

In addition, the relevant UK resolution authority may, in certain circumstances, in accordance with the Banking Act require the permanent write-down or conversion into equity of any outstanding tier 1 capital instruments, tier 2 capital instruments and internal MREL prior to the exercise of any stabilisation option (including the bail-in tool). Any such action could result in the dilution of Barclays PLC's ordinary share capital.

Shareholders should assume that, in a resolution situation, public financial support will only be available to a relevant entity as a last resort after the relevant UK resolution authorities have assessed and used, to the maximum extent practicable, the resolution tools, including the bail-in tool (the Bank of England's preferred approach for the resolution of the Group is a bail-in strategy with a single point of entry at Barclays PLC). The exercise of any of such powers under the Banking Act or any suggestion of any such exercise could materially adversely affect the value of Barclays PLC ordinary shares and could lead to shareholders losing some or all of their investment.

In addition, any safeguards within the Banking Act (such as the 'no creditor worse off' principle) may not result in compensation to shareholders that is equivalent to the full losses incurred by them in the resolution and there can be no assurance that shareholders would recover such compensation promptly.

Material existing and emerging risks impacting individual principal risks

i) Credit risk

Credit risk is the risk of loss to the Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to members of the 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 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 Group's regulatory capital ratios.

In addition, the move from incurred losses to ECLs has the potential to impact the Group's performance under stressed economic conditions or regulatory stress tests. For more information, refer to Note 1.

b) Specific sectors and concentrations

The 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 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 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 debt payments could lead to increased arrears in both unsecured and secured products.
- **UK real estate market.** UK property represents a significant portion of the overall Group retail credit exposure. In 2020, property prices fluctuated significantly. In the first half of 2020 the Group's retail exposure experienced a suppressed UK real estate market due to the impact of the COVID-19 pandemic, whilst the second half of 2020 saw increased activity as financial support schemes and a temporary stamp duty cut took effect. However, there can be no assurance that the recovery in the UK real estate market will continue in 2021 especially as the longer term macroeconomic effects of the COVID-19 pandemic are felt, financial support schemes are withdrawn and stamp duty cuts are reversed, and growth across the UK has slowed, particularly in London and the South East where the Group has a high exposure. The Group's corporate 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. The Group is at risk of increased impairment from a material fall in property prices.
- **Leverage finance underwriting.** The Group takes on sub-investment grade underwriting exposure, including single name risk, particularly in the US and Europe. The Group is exposed to credit events and market volatility during the underwriting period. Any adverse events during this period may potentially result in loss for the Group, or an increased capital requirement should there be a need to hold the exposure for an extended period.
- **Italian mortgage and wholesale exposure.** The 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 Group's results of operations including, but not limited to, increased credit losses and higher impairment charges.
- **Oil & Gas sector.** The 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 Group has exposure to globally. These factors could have a material adverse effect on the Group's business, results of operations and financial condition through increased impairment charges.

The 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 Group's results due to, for example, increased credit losses and higher impairment charges.

For further details on the 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 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 Group's portfolios.

In addition, the 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 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 Group's business, results of operations, financial condition and prospects.

For further details on the 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 Group:

Risk review
Material existing and emerging risks

a) Liquidity risk

Liquidity risk is the risk that the 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 Group to fail to meet regulatory liquidity standards or be unable to support day-to-day banking activities. Key liquidity risks that the Group faces include:

- **The stability of the 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 Group failing to preserve the current level of customer and investor confidence. The 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 Group, can affect the ability of the Group to access the capital markets and/or the cost and other terms upon which the 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 PLC and certain members of the Group. Credit ratings are based on a number of factors, including some which are not within the 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 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 Group's access to the money or capital markets and/or terms on which the Group is able to obtain market funding, increase costs of funding and credit spreads, reduce the size of the 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 Group. Any of these factors could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

b) Capital risk

Capital risk is the risk that the 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 Group's pension plans. Key capital risks that the Group faces include:

- **Failure to meet prudential capital requirements:** This could lead to the 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 Group's capital or leverage position.
- **Adverse changes in FX rates impacting capital ratios:** The Group has capital resources, risk weighted assets and leverage exposures denominated in foreign currencies. Changes in foreign currency exchange rates may adversely impact the Sterling equivalent value of these items. As a result, the Group's regulatory capital ratios are sensitive to foreign currency movements. Failure to appropriately manage the Group's balance sheet to take account of foreign currency movements could result in an adverse impact on the Group's regulatory capital and leverage ratios.
- **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 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 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 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 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 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 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 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 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 Group and across the financial services industry, whether arising through impacts on the Group's technology systems, real estate services including its retail branch network, 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 Group's business processes depend, may result in significant customer detriment, costs to reimburse losses incurred by the 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 Group, like other financial institutions, experiences numerous attempts to compromise its cyber security.

The 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 Group in numerous ways, including attacks on networks, systems, or devices used by the Group or parties such as service providers and other suppliers, counterparties, employees, contractors, customers or clients, presenting the Group with a vast and complex defence perimeter. Moreover, the 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 Group's ability to effectively defend against certain threats.

A failure in the Group's adherence to its cyber security policies, procedures or controls, employee malfeasance, and human, governance or technological error could also compromise the 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 able to maintained to acceptable levels of security. The 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 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 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 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.

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 Group.

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

c) New and emergent technology

Technology is fundamental to the Group's business and the financial services industry. Technological advancements present opportunities to develop new and innovative ways of doing business across the 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 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 Group's cost base, it may, conversely, reduce the commissions, fees and margins made by the Group on these transactions which could have a material adverse effect on the 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 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 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) or exploit new products (such as loans provided under the UK Government's Bounce Back Loan Scheme and the Coronavirus Business Interruption Loan Scheme, which have been designed to support customers and clients during the COVID-19 pandemic). 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 UK market has also seen significant growth in "scams" where the Group takes increased levels of liability as part of a voluntary code to provide additional safeguards to customers and clients who are tricked into making payments to fraudsters. 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 Group's business, results of operations, financial condition and prospects.

e) Data management and information protection

The Group holds and processes large volumes of data, including personally identifiable information, intellectual property, and financial data and the 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 Group's clients and customers, and prospective clients and customers; (ii) clients and customers of the Group's clients and customers; (iii) employees and prospective employees; and (iv) employees of the Group's suppliers, counterparties and other external parties.

The international nature of both the 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 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 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 Group's management; and (iv) require the Group to review some elements of the structure of its businesses, operations and systems in less efficient ways.

Concerns regarding the effectiveness of the Group's measures to safeguard personal information, or even the perception that those measures are inadequate, could expose the Group to the risk of loss or unavailability of data or data integrity issues and/or cause the Group to lose existing or potential clients and customers, and thereby reduce the Group's revenues. Furthermore, any failure or perceived failure by the 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 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 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 Group's pricing abilities, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects and reputation.

g) Processing error

The 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 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 Group's control, such as a spike in transaction volume, could adversely affect the Group's ability to process transactions or provide banking and payment services.

Processing errors could result in the 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 Group's customers, clients and counterparties (including them suffering financial loss) and/or result in a loss of confidence in the Group which, in turn, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

h) Supplier exposure

The Group depends on suppliers for the provision of many of its services and the development of technology. Whilst the 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 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 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, goodwill and intangible assets, 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 Group, beyond what was anticipated or provided for. Further development of accounting standards and capital interpretations could also materially impact the Group's results of operations, financial condition and prospects.

j) Tax risk

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

k) Ability to hire and retain appropriately qualified employees

As a regulated financial institution, the Group requires diversified and specialist skilled colleagues. The 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 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 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 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 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 Group making inappropriate business decisions and/or inaccuracies or errors being identified in the 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 Group's business, results of operations, financial condition and prospects.

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

vi) Conduct risk

Conduct risk is the risk of detriment to customers, clients, market integrity, effective competition or the 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 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 Group's business, results of operations, financial condition and prospects. Examples of employee misconduct which could have a material adverse effect on the Group's business include (i) employees improperly selling or marketing the 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 Group, its customers or third parties. These risks may be exacerbated in circumstances where the 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 Group must ensure that its customers, particularly those that are vulnerable, are able to make well-informed decisions on how best to use the 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 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 Group throughout their lifecycle, However, there is a risk that the design and review of the Group's 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 Group, and this focus is set to continue in 2021.

d) Financial crime

The 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 Group's regulators, including severe penalties, which may have a material adverse effect on the 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 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 Group.

For further details on the 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 Group's integrity and/or 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 Group's overall reputation and any one transaction, investment or event (in the perception of key stakeholders) can reduce trust in the Group's integrity and competence. The 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 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 Group conducts its business activities, or the 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 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 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 Group (see "iv) Operational risk" above).

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

viii) Legal risk and legal, competition and regulatory matters

The Group conducts activities in a highly regulated global 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 Group's businesses and business practices. In each case, this exposes the Group and its employees to the risk of loss or the imposition of penalties, damages or fines from the failure of members of the Group to meet their respective legal obligations, including legal or contractual requirements. Legal risk may arise in relation to any number of the material existing and emerging risks identified above.

A breach of applicable legislation and/or regulations by the Group or its employees could result in criminal prosecution, regulatory censure, potentially significant fines and other sanctions in the jurisdictions in which the Group operates. Where clients, customers or other third parties are harmed by the Group's conduct, this may also give rise to civil legal proceedings, including class actions. Other legal disputes may also arise between the 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 Group being liable to third parties or may result in the Group's rights not being enforced as intended.

Details of legal, competition and regulatory matters to which the Group is currently exposed are set out in Note 26. In addition to matters specifically described in Note 26, the Group is engaged in various other legal proceedings which arise in the ordinary course of business. The Group is also subject to requests for information, investigations and other reviews by regulators, governmental and other public bodies in connection with business activities in which the Group is, or has been, engaged.

The outcome of legal, competition and regulatory matters, both those to which the Group is currently exposed and any others which may arise in the future, is difficult to predict. In connection with such matters, the Group may incur significant expense, regardless of the ultimate outcome, and any such matters could expose the Group to any of the following 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 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 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 Group's business, results of operations, financial condition and prospects.

Climate change risk management

Overview

The 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 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 Enterprise Risk Management Framework (ERMF), 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, Risk management section)
3. Developing a carbon methodology to assess risk within high emitting sectors (see Barclays PLC Climate-related financial disclosures 2020, Strategy section).

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

Organisation and structure

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

Two new roles were introduced in 2020: a Group Head of Public Policy and Corporate Responsibility, reporting to the CEO; and a 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 management – Policy

Financial and Operational Risks:

The 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 BRC. The policy was implemented in 2020, including being embedded across 28 policies and standards.

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

Risk	Measurement approach
Credit Risk	Credit Risk Materiality Matrix (Climate Lens): assesses the climate change risk of wholesale counterparties to which the Group is exposed across elevated risk sectors. Scenario Analysis: a first-generation cashflow 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. Flood Risk: the impact of flooding on the Barclays Bank UK Group mortgage credit risk is based on house price expectations in locations that are at risk of increased flooding in the future due to climate change. These updated house prices are then incorporated within existing stress testing and planning models to estimate potential future credit losses and capital requirements. 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. Carbon Emissions Model - BlueTrack™: has been developed to support Barclays' portfolio transition in line with the Paris Agreement.
Market Risk	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.
Treasury and Capital Risk	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
Operational Risk	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

Linking with ESG and Reputation Risk:

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

Overview

The credit risk that the Group faces arises from wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts with clients; trading activities, including: debt securities, settlement balances with market counterparties, FVOCI (Fair Value through Other Comprehensive Income) 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 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;
- 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 entities, 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 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 each legal entity are accountable to the relevant Legal Entity CRO, who reports to the 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 a legal entity Senior Credit Officer. For exposures in excess of the legal entity Senior Credit Officer's authority, approval by Group Senior Credit Officer/Board Risk Committee is also required. The Group Credit Risk Committee, attended by legal entity Senior Credit Officers, provides a formal mechanism for the Group Senior Credit Officer to exercise the highest level of credit authority over the most material Group single name exposures.

Credit risk mitigation

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

Collateral

The 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 Group also often seeks to enter into a margin agreement (e.g. Credit Support Annex) with counterparties with which the 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 Group subject to an agreement to return them for a fixed price; and
- **financial guarantees and similar off-balance sheet commitments:** cash collateral may be held against these arrangements.

Risk transfer

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

- if the risk is transferred to a counterparty which is more creditworthy than the original counterparty, then overall credit risk is reduced
- where recourse to the first counterparty remains, both counterparties must default before a loss materialises. This is less likely than the default of either counterparty individually so credit risk is reduced.

Detailed policies are in place to appropriately recognise and record credit risk mitigation. For more information, refer to pages 177 to 179 of the Barclays PLC Pillar 3 Report 2020 (unaudited).

Governance and oversight of ECLs under IFRS 9

The Group's organisational structure and internal governance processes oversee the estimation of ECL across several areas, including: i) setting requirements in policy, including key assumptions and the application of key judgements; ii) the design and execution of models; and iii) review of ECL results.

i) Impairment policy requirements are set and reviewed regularly, at a minimum annually, to maintain adherence to accounting standards. Key judgements inherent in policy, including the estimated life of revolving credit facilities and the quantitative criteria for assessing the significant increase in credit risk (SICR), are separately supported by analytical study. In particular, the quantitative thresholds used for assessing SICR are subject to a number of internal validation criteria, particularly in retail portfolios where thresholds decrease as the origination PD of each facility increases. Key policy requirements are also typically aligned to the Group's credit risk management strategy and practices, for example, wholesale customers that are risk managed on an individual basis are assessed for ECL on an individual basis upon entering Stage 3; furthermore, key internal risk management indicators of high risk are used to set SICR policy, for example, retail customers identified as High Risk Management Accounts are automatically deemed to have met the SICR criteria.

ii) ECL is estimated in line with internal policy requirements using models which are validated by a qualified independent party to the model development area, the Independent Validation Unit (IVU), before first use and at a minimum annually thereafter. Each model is designated an owner who is responsible for:

- Model maintenance: monitoring of model performance including backtesting by comparing predicted ECL versus flow into stage 3 and coverage ratios; proposing material changes for independent IVU approval; and recalibrating model parameters on more timely data; and
- Proposing post-model adjustments (PMA) to address model weaknesses or to account for situations where known or expected risk factors and information have not been considered in the modelling process. Each PMA above an absolute and relative threshold is approved by the IVU for a set time period (usually a maximum of six months) together with a plan for remediation where related to a model deficiency. The most material PMAs are also approved by the CRO.

Models must also assess ECL across a range of future economic conditions. These economic scenarios are generated via an independent model and ultimately set by the Senior Scenario Review Committee. Economic scenarios are regenerated at a minimum annually, to align with the Group's medium term planning exercise, but also if the external consensus of the UK or US economy materially worsen. Each model used in the estimation of ECL, including key inputs, are governed by a series of internal controls, which include the validation of completeness and accuracy of data in golden source systems, documented data transformations and documented lineage of data transfers between systems.

iii) The Group Impairment Committee, formed of members from both Finance and Risk and attended by both the Group Finance Director and the Group CRO, is responsible for overseeing impairment policy and practice across the Group and will approve impairment results. Reported results and key messages are communicated to the BAC, which has an oversight role and provides challenge of key assumptions, including the basis of the scenarios adopted. Impairment results are then factored into management decision making, including but not limited to, business planning, risk appetite setting and portfolio management.

Market risk management (audited)

The risk of loss arising from potential adverse changes in the value of the 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 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 Barclays International 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 supports 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 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 BRC recommends market risk appetite to the Board for their approval. The Market Risk Principal Risk Lead (PR Lead) is responsible for the Market Risk Control Framework and, under delegated authority from the Group CRO, agrees with the business CROs a limit framework within the context of the approved market risk appetite.

The MRC reviews and makes recommendations concerning the 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 PR 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.

The head of each business is accountable for all market risks associated with its activities, while the head of the market risk team covering each business is responsible for implementing the risk control framework for market risk.

For more information on market risk management, refer to the Barclays PLC Pillar 3 Report 2020 (unaudited).

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.

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 the market risk performance section for a review of management VaR in 2020.

Treasury and capital risk management

This comprises:

Liquidity risk: The risk that the 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.

Capital risk: The risk that the 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 the Group's pension plans.

Interest rate risk in the banking book: The risk that the 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 Treasury function manages treasury and capital risk exposure on a day-to-day basis with the Group Treasury Committee acting as the principal management body. The 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.

Liquidity risk management (audited)

Overview
The efficient management of liquidity is essential to the Group 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 typical 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 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 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 Board. The control framework incorporates a range of ongoing business management tools to monitor, limit and stress test the Group's balance sheet, contingent liabilities and the recovery plan. Limit setting and transfer pricing are tools that are designed to control the level of liquidity risk taken and drive the appropriate mix of funds. Together, these tools reduce the likelihood that a liquidity stress event could lead to an inability to meet Group's obligations as they fall due.

The Board approves the Group funding plan, internal stress tests, regulatory stress test results, recovery plan and Liquidity Risk Appetite. The Group Treasury Committee is responsible for monitoring and managing liquidity risk in line with the Group's funding management objectives, funding plan and risk appetite. The 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 Board Risk Committee reviews the risk profile, and annually reviews risk appetite and the impact of stress scenarios on the Group funding plan/forecast in order to agree the Group'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 Group and 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 Treasury and Capital Risk function provides oversight of capital risk and is an independent risk function that reports to the Group CRO. Production of the Barclays 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 Group and 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 Group's objectives.

The Board approves the Group capital plan, internal stress tests and results of regulatory stress tests, and the Group recovery plan. The Group Treasury Committee is responsible for monitoring and managing capital risk in line with the Group's capital management objectives, capital plan and risk frameworks. The Treasury and Capital Risk Committee monitors and reviews the capital risk profile and control environment, providing second line oversight of the management of capital risk. The BRC reviews the risk profile, and annually reviews risk appetite and the impact of stress scenarios on the Group capital plan/forecast in order to agree the Group's projected capital adequacy.

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

Pension risk

The 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 Group monitors the pension risks arising from its defined benefit pension schemes and works with Trustees to address shortfalls. In these circumstances, the Group could be required or might choose to make extra contributions to the pension fund. The 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 Group's policy to remain within the defined risk appetite, hedging strategies are executed to mitigate the risks. However, the 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.
- **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 Barclays. 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 entity ALCOs, together with the Group Treasury Committee, are responsible for monitoring and managing IRRBB risk in line with the Group's management objectives and risk frameworks. The GRC 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 Group's banking books.

In addition, the 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 the 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 Group's strategy, the stated risk appetite and stakeholder needs.

The 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 BRC or the BAC. In addition, specific reports are prepared by Operational Risk on a regular basis for the GRC and the BRC.

Legal entities, 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 Group Head of Operational Risk is responsible for establishing, owning and maintaining an appropriate group-wide Operational Risk Framework and for overseeing the portfolio of operational risk across the Group.

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 the 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
Barclays also recognises that there are certain threats/risk drivers that are more thematic and have the potential to impact the Group's strategic

objectives. These are risk themes which require an overarching and integrated risk management approach. The Group's risk themes include Cyber, Data, and Resilience.

For definitions of the Group's operational risk categories and risk themes, refer to the management of operational risk section in the Barclays PLC Pillar 3 Report 2020.

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 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 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 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 Group CRO and operates a global framework. Implementation of best practice standards is a central objective of the Group.

The key model risk management activities include:

- Correctly identifying models across all relevant areas of the Group, and recording models in the Group Models Database (GMD), the 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 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 Group manages and measures its conduct risk profile. The Group Chief Compliance Officer is accountable for developing, maintaining and overseeing a group-wide CRMF. This includes defining and owning the relevant conduct risk policies which detail the control objectives, principles and other core requirements for the activities of the Group. 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 achieve the right conduct outcomes and evolve a conduct-focused culture.

The governance of conduct risk within the 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 and the Barclays Bank UK Group Risk Committee are the primary second line governance committees for the oversight of the Conduct Risk Profile. The risk committees' responsibilities include the identification and discussion of any emerging conduct risks exposures in their respective entities.

Reputation risk management

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

Overview

A reduction of trust in the Group's integrity and competence may reduce the attractiveness of the Group to stakeholders and could lead to negative publicity, loss of revenue, regulatory or legislative action, loss of existing and potential client business, reduced workforce morale and difficulties in recruiting talent. Ultimately it may destroy shareholder value.

Organisation, roles and responsibilities

Barclays Group ExCo is the most senior executive body responsible for reviewing and monitoring the effectiveness of the Group's management of reputation risk.

The Group Chief Compliance Officer is accountable for developing a Reputation Risk Management Framework (RRMF), and the Group Head of Corporate Relations is responsible for developing a reputation risk policy and associated standards, including tolerances against which data is monitored, reported on and escalated, as required. The RRMF sets out what is required to manage reputation risk across the Group.

The primary responsibility for identifying and managing reputation risk and adherence to the control requirements sits with the business and support functions where the risk arises.

Barclays Bank Group and Barclays Bank UK Group are required to operate within established reputation risk appetite, and their component businesses prepare reports for their respective Risk and Board Risk Committees highlighting their most significant current and potential reputation risks and issues and how they are being managed. These reports are a key internal source of information for the quarterly reputation risk reports which are prepared for Barclays Group ExCo and the Board.

Legal risk management

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

Overview

The 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 the 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, the Group operates with a level of residual legal risk, for which the Group has limited tolerance.

Organisation, roles and responsibilities

The 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 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 Group. The Legal Function does not sit in any of the Three Lines of Defence but supports them all.

The Group General Counsel is responsible for maintaining a 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 Group Risk Committee is the most senior executive body responsible for reviewing and monitoring the effectiveness of risk management across the Group. Escalation paths from this committee exist to the Barclays PLC Board Risk Committee.

Credit risk: summary of contents

All disclosures in this section are unaudited unless otherwise stated.

Overview

Credit risk represents a significant risk to the 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.

Credit risk disclosures include many of the recommendations of the Taskforce on Disclosures about Expected Credit Losses (DECL) and it is expected that relevant disclosures will continue to be developed in future periods.

The impact of the COVID-19 pandemic has increased the level of judgement that management have 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 page 123 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.

Summary of performance in the period

Credit impairment charges increased to £4,838m (2019 £1,912m) due to the deterioration in economic outlook driven by the COVID-19 global pandemic. The current year charge is broadly driven by £2,323m of non-default provision for potential future customer and client stress and £800m of single name deterioration. The Expected Credit Loss (ECL) provision remains highly uncertain as the economic impact of the global pandemic continues to evolve. The Group loan loss rate was 138bps (2019: 55bps).

Refer to the credit risk management section for details of governance, policies and procedures.

Key metrics

Increase in impairment allowances of

£2,769m

Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements of the allowance, increased by £2,769m to £9,399m (2019: £6,630m). The increase is driven by Barclays International £1,828m, Barclays UK £855m, and Head Office £86m. Refer to the Expected Credit Losses section for further details.

Maximum exposure and effects of netting, collateral and risk transfer

Basis of preparation

The following tables present a reconciliation between the maximum exposure and its net exposure to credit risk, reflecting the financial effects of risk mitigation reducing the 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 Group would have to pay if the guarantees were to be called upon. For loan commitments and other credit related commitments that are irrevocable over the life of the respective facilities, 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 Group mitigates the credit risk to which it is exposed through netting and set-off, collateral and risk transfer. Further detail on the Group's policies to each of these forms of credit enhancement is presented on pages 177 to 179 of the Barclays PLC Pillar 3 Report 2020 (unaudited).

Overview

As at 31 December 2020, the Group's net exposure to credit risk, after taking into account credit risk mitigation, increased by 10% to £876.8bn. Overall, the extent to which the Group holds mitigation against its total exposure increased to 46% (2019: 43%).

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 Group's net exposure to credit risk is driven by increases in cash held at central banks, cash collateral and settlement balances, trading portfolio assets, derivative financial instruments, financial assets at fair value through other comprehensive income, and off-balance sheet loan commitments. 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. Further analysis on the credit quality of assets is presented in the approach to management and representation of credit quality section.

Collateral obtained

Where collateral has been obtained in the event of default, the 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 Group as at 31 December 2020, as a result of the enforcement of collateral, was £6m (2019: £6m).

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

As at 31 December 2020	Maximum exposure £m	Netting and set-off £m	Cash collateral £m	Non-cash collateral £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	191,127	-	-	-	-	191,127
Cash collateral and settlement balances	101,367	-	-	-	-	101,367
Loans and advances at amortised cost:						
Home loans	159,647	-	(284)	(159,203)	(85)	75
Credit cards, unsecured loans and other retail lending	40,813	-	(967)	(3,825)	(195)	35,826
Wholesale loans	142,172	(6,988)	(62)	(37,103)	(23,963)	74,056
Total loans and advances at amortised cost	342,632	(6,988)	(1,313)	(200,131)	(24,243)	109,957
Of which credit-impaired (Stage 3):						
Home loans	*1,813*	-	*(14)*	*(1,796)*	-	*3*
Credit cards, unsecured loans and other retail lending	*921*	-	*(14)*	*(237)*	*(2)*	*668*
Wholesale loans	*2,525*	-	*(4)*	*(872)*	*(232)*	*1,417*
Total credit-impaired loans and advances at amortised cost	*5,259*	-	*(32)*	*(2,905)*	*(234)*	*2,088*
Reverse repurchase agreements and other similar secured lending	9,031	-	-	(9,031)	-	-
Trading portfolio assets:						
Debt securities	56,482	-	-	(391)	-	56,091
Traded loans	8,348	-	-	(374)	-	7,974
Total trading portfolio assets	64,830	-	-	(765)	-	64,065
Financial assets at fair value through the income statement:						
Loans and advances	30,879	-	(9)	(23,677)	-	7,193
Debt securities	1,693	-	-	(292)	-	1,401
Reverse repurchase agreements	137,616	-	(672)	(136,537)	-	407
Other financial assets	343	-	-	-	-	343
Total financial assets at fair value through the income statement	170,531	-	(681)	(160,506)	-	9,344
Derivative financial instruments	302,446	(233,080)	(43,291)	(4,773)	(6,409)	14,893
Financial assets at fair value through other comprehensive income	77,927	-	-	(106)	(1,385)	76,436
Other assets	850	-	-	-	-	850
Total on-balance sheet	1,260,741	(240,068)	(45,285)	(375,312)	(32,037)	568,039
Off-balance sheet:						
Contingent liabilities	21,609	-	(1,095)	(2,135)	(282)	18,097
Loan commitments	333,049	-	(128)	(40,714)	(1,520)	290,687
Total off-balance sheet	354,658	-	(1,223)	(42,849)	(1,802)	308,784
Total	1,615,399	(240,068)	(46,508)	(418,161)	(33,839)	876,823

Off-balance sheet exposures are shown gross of provisions of £1,064m (2019: £322m). See Note 25 for further details. In addition to the above, the Group holds forward starting reverse repos with notional contract amounts of £34.6bn (2019: £31.1bn). The balances are fully collateralised. Wholesale loans and advances at amortised cost include £12.1bn of BBLs, CBILs and CLBILs extended in 2020 and supported by UK government guarantees £11.5bn, which are included within the Risk transfer column in the table. For further information on credit risk mitigation techniques, refer to the Credit risk management section.

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

As at 31 December 2019	Maximum exposure £m	Netting and set-off £m	Cash collateral £m	Non-cash collateral £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	150,258	-	-	-	-	150,258
Cash collateral and settlement balances	83,256	-	-	-	-	83,256
Loans and advances at amortised cost:						
Home loans	154,479	-	(294)	(153,939)	(70)	176
Credit cards, unsecured loans and other retail lending	55,296	-	(778)	(5,283)	(258)	48,977
Wholesale loans	129,340	(7,636)	(148)	(39,981)	(12,071)	69,504
Total loans and advances at amortised cost	339,115	(7,636)	(1,220)	(199,203)	(12,399)	118,657
Of which credit-impaired (Stage 3):						
Home loans	*1,809*	-	*(2)*	*(1,785)*	*(14)*	*8*
Credit cards, unsecured loans and other retail lending	*1,074*	-	*(12)*	*(250)*	*(2)*	*810*
Wholesale loans	*1,812*	-	*(9)*	*(909)*	*(20)*	*874*
Total credit-impaired loans and advances at amortised cost	*4,695*	-	*(23)*	*(2,944)*	*(36)*	*1,692*
Reverse repurchase agreements and other similar secured lending	3,379	-	-	(3,379)	-	-
Trading portfolio assets:						
Debt securities	52,739	-	-	(423)	-	52,316
Traded loans	5,378	-	-	(134)	-	5,244
Total trading portfolio assets	58,117	-	-	(557)	-	57,560
Financial assets at fair value through the income statement:						
Loans and advances	22,692	-	(14)	(16,580)	(57)	6,041
Debt securities	5,249	-	-	-	-	5,249
Reverse repurchase agreements	96,887	-	(1,132)	(95,736)	-	19
Other financial assets	763	-	-	-	-	763
Total financial assets at fair value through the income statement	125,591	-	(1,146)	(112,316)	(57)	12,072
Derivative financial instruments	229,236	(175,998)	(33,411)	(5,511)	(5,564)	8,752
Financial assets at fair value through other comprehensive income	64,727	-	-	(305)	(1,051)	63,371
Other assets	1,375	-	-	-	-	1,375
Total on-balance sheet	1,055,054	(183,634)	(35,777)	(321,271)	(19,071)	495,301
Off-balance sheet:						
Contingent liabilities	24,527	-	(400)	(4,412)	(159)	19,556
Loan commitments	334,455	-	(84)	(47,008)	(1,950)	285,413
Total off-balance sheet	358,982	-	(484)	(51,420)	(2,109)	304,969
Total	1,414,036	(183,634)	(36,261)	(372,691)	(21,180)	800,270

Expected Credit Losses

Loans and advances at amortised cost by stage

The table below presents an analysis of loans and advances at amortised cost by gross exposure, impairment allowance, impairment charge and coverage ratio by stage allocation and business segment as at 31 December 2020. Also included are off-balance sheet loan commitments and financial guarantee contracts by gross exposure and impairment allowance and coverage ratio by stage allocation as at 31 December 2020.

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.

Loans and advances at amortised cost by stage (audited)

	Gross exposure				Impairment allowance				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure
As at 31 December 2020	£m	£m	£m	£m	£m	£m	£m	£m	£m
Barclays UK	153,250	23,896	2,732	179,878	332	1,509	1,147	2,988	176,890
Barclays International[a]	21,048	5,500	1,992	28,540	396	1,329	1,205	2,930	25,610
Head Office	4,267	720	844	5,831	4	51	380	435	5,396
Total Barclays Group retail	178,565	30,116	5,568	214,249	732	2,889	2,732	6,353	207,896
Barclays UK	31,918	4,325	1,126	37,369	13	129	116	258	37,111
Barclays International[a]	79,911	16,565	2,270	98,746	288	546	859	1,693	97,053
Head Office	570	-	33	603	-	-	31	31	572
Total Barclays Group wholesale[b]	112,399	20,890	3,429	136,718	301	675	1,006	1,982	134,736
Total loans and advances at amortised cost	290,964	51,006	8,997	350,967	1,033	3,564	3,738	8,335	342,632
Off-balance sheet loan commitments and financial guarantee contracts[c]	289,939	52,891	2,330	345,160	256	758	50	1,064	344,096
Total[d]	580,903	103,897	11,327	696,127	1,289	4,322	3,788	9,399	686,728

	Coverage ratio				Loan impairment charge and loan loss rate	
	Stage 1	Stage 2	Stage 3	Total	Loan impairment charge	Loan loss rate
As at 31 December 2020	%	%	%	%	£m	bps
Barclays UK	0.2	6.3	42.0	1.7	1,070	59
Barclays International[a]	1.9	24.2	60.5	10.3	1,680	589
Head Office	0.1	7.1	45.0	7.5	91	156
Total Barclays Group retail	0.4	9.6	49.1	3.0	2,841	133
Barclays UK	-	3.0	10.3	0.7	154	41
Barclays International[a]	0.4	3.3	37.8	1.7	914	93
Head Office	-	-	93.9	5.1	-	-
Total Barclays Group wholesale[b]	0.3	3.2	29.3	1.4	1,068	78
Total loans and advances at amortised cost	0.4	7.0	41.5	2.4	3,909	111
Off-balance sheet loan commitments and financial guarantee contracts[c]	0.1	1.4	2.1	0.3	776	
Other financial assets subject to impairment[d]					153	
Total[e]	0.2	4.2	33.4	1.4	4,838	

Notes
a Private Banking have refined the methodology to classify £5bn of their exposure between Wholesale and Retail during the year.
b Includes Wealth and Private Banking exposures measured on an individual customer exposure basis, and excludes Business Banking exposures that are managed on a collective basis. The net impact is a difference in total exposure of £7,551m of balances reported as wholesale loans *in* the Loans and advances at amortised cost by product disclosure.
c Excludes loan commitments and financial guarantees of £9.5bn carried at fair value.
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 and other assets. These have a total gross exposure of £180.3bn and impairment allowance of £165m. This comprises £11m ECL on £175.7bn Stage 1 assets, £9m on £4.4bn Stage 2 fair value through other comprehensive income assets, other assets, cash collateral and settlement assets and £145m on £154m Stage 3 other assets.
e The loan loss rate is 138bps after applying the total impairment charge of £4,838m.

Loans and advances at amortised cost by stage (audited)

	Gross exposure				Impairment allowance				
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure
As at 31 December 2019	£m	£m	£m	£m	£m	£m	£m	£m	£m
Barclays UK	143,097	23,198	2,446	168,741	198	1,277	974	2,449	166,292
Barclays International	27,886	4,026	1,875	33,787	352	774	1,359	2,485	31,302
Head Office	4,803	500	826	6,129	5	36	305	346	5,783
Total Barclays Group retail	175,786	27,724	5,147	208,657	555	2,087	2,638	5,280	203,377
Barclays UK	27,891	2,397	1,124	31,412	16	38	108	162	31,250
Barclays International	92,615	8,113	1,615	102,343	136	248	447	831	101,512
Head Office	2,974	-	37	3,011	-	-	35	35	2,976
Total Barclays Group wholesale[a]	123,480	10,510	2,776	136,766	152	286	590	1,028	135,738
Total loans and advances at amortised cost	299,266	38,234	7,923	345,423	707	2,373	3,228	6,308	339,115
Off-balance sheet loan commitments and financial guarantee contracts[b]	321,140	19,185	935	341,260	97	170	55	322	340,938
Total[c]	620,406	57,419	8,858	686,683	804	2,543	3,283	6,630	680,053

	Coverage ratio				Loan impairment charge and loan loss rate	
	Stage 1	Stage 2	Stage 3	Total	Loan impairment charge	Loan loss rate
As at 31 December 2019	%	%	%	%	£m	bps
Barclays UK	0.1	5.5	39.8	1.5	661	39
Barclays International	1.3	19.2	72.5	7.4	999	296
Head Office	0.1	7.2	36.9	5.6	27	44
Total Barclays Group retail	0.3	7.5	51.3	2.5	1,687	81
Barclays UK	0.1	1.6	9.6	0.5	33	11
Barclays International	0.1	3.1	27.7	0.8	113	11
Head Office	-	-	94.6	1.2	-	-
Total Barclays Group wholesale[a]	0.1	2.7	21.3	0.8	146	11
Total loans and advances at amortised cost	0.2	6.2	40.7	1.8	1,833	53
Off-balance sheet loan commitments and financial guarantee contracts[b]	-	0.9	5.9	0.1	71	
Other financial assets subject to impairment[c]					8	
Total[d]	0.1	4.4	37.1	1.0	1,912	

Notes
a Included in the above analysis are Wealth and Private Banking exposures measured on an individual customer exposure basis, and excludes Business Banking exposures that are managed on a collective basis. The net impact is a difference in total exposure of £6,434m of balances reported as wholesale loans in the Loans and advances at amortised cost by product disclosure.
b Excludes loan commitments and financial guarantees of £17.7bn carried at fair value.
c 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 and other assets. These have a total gross exposure of £149.3bn and impairment allowance of £24m. This comprises £12m ECL on £148.5bn Stage 1 assets £2m on £0.8bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement balances and £10m on £10m Stage 3 other assets.
d The loan loss rate is 55bps after applying the total impairment charge of £1,912m.

Loans and advances at amortised cost by product (audited)

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

Loans and advances at amortised cost by product (audited)

		Stage 2					
As at 31 December 2020	Stage 1	Not past due	<=30 days past due	>30 days past due	Total	Stage 3	Total
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	138,639	16,651	1,785	876	19,312	2,234	160,185
Credit cards, unsecured loans and other retail lending	33,021	9,470	544	306	10,320	3,172	46,513
Wholesale loans	119,304	19,501	1,097	776	21,374	3,591	144,269
Total	290,964	45,622	3,426	1,958	51,006	8,997	350,967
Impairment allowance							
Home loans	33	57	13	14	84	421	538
Credit cards, unsecured loans and other retail lending	680	2,382	180	207	2,769	2,251	5,700
Wholesale loans	320	650	50	11	711	1,066	2,097
Total	1,033	3,089	243	232	3,564	3,738	8,335
Net exposure							
Home loans	138,606	16,594	1,772	862	19,228	1,813	159,647
Credit cards, unsecured loans and other retail lending	32,341	7,088	364	99	7,551	921	40,813
Wholesale loans	118,984	18,851	1,047	765	20,663	2,525	142,172
Total	289,931	42,533	3,183	1,726	47,442	5,259	342,632
Coverage ratio	%	%	%	%	%	%	%
Home loans	-	0.3	0.7	1.6	0.4	18.8	0.3
Credit cards, unsecured loans and other retail lending	2.1	25.2	33.1	67.6	26.8	71.0	12.3
Wholesale loans	0.3	3.3	4.6	1.4	3.3	29.7	1.5
Total	0.4	6.8	7.1	11.8	7.0	41.5	2.4
As at 31 December 2019							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	135,713	14,733	1,585	725	17,043	2,155	154,911
Credit cards, unsecured loans and other retail lending	46,012	9,759	496	504	10,759	3,409	60,180
Wholesale loans	117,541	9,374	374	684	10,432	2,359	130,332
Total	299,266	33,866	2,455	1,913	38,234	7,923	345,423
Impairment allowance							
Home loans	22	37	14	13	64	346	432
Credit cards, unsecured loans and other retail lending	542	1,597	159	251	2,007	2,335	4,884
Wholesale loans	143	284	9	9	302	547	992
Total	707	1,918	182	273	2,373	3,228	6,308
Net exposure							
Home loans	135,691	14,696	1,571	712	16,979	1,809	154,479
Credit cards, unsecured loans and other retail lending	45,470	8,162	337	253	8,752	1,074	55,296
Wholesale loans	117,398	9,090	365	675	10,130	1,812	129,340
Total	298,559	31,948	2,273	1,640	35,861	4,695	339,115
Coverage ratio	%	%	%	%	%	%	%
Home loans	-	0.3	0.9	1.8	0.4	16.1	0.3
Credit cards, unsecured loans and other retail lending	1.2	16.4	32.1	49.8	18.7	68.5	8.1
Wholesale loans	0.1	3.0	2.4	1.3	2.9	23.2	0.8
Total	0.2	5.7	7.4	14.3	6.2	40.7	1.8

Loans and advances at amortised cost by selected sectors

The table below presents a breakdown of loans and advances at amortised cost and the impairment allowance, with gross exposure and stage allocation for selected industry sectors within the wholesale loans portfolio. The industry sectors have been selected based upon the level of management focus they have received following the onset of the COVID-19 pandemic. The credit risk industry concentration disclosure in the Analysis of the concentration of credit risk section represents all the industry categories and the below only covers a subset of that table.

The gross loans and advances to selected sectors have increased over the year as a result of additional drawdowns on committed credit lines provided by the bank. Overall limits and exposures have remained broadly stable over the year whilst provisions have increased in light of the heightened stress. The wholesale portfolio also benefits from a hedge protection programme that enables effective risk management against systemic losses.

Loans and advances at amortised cost by selected sectors

	Gross exposure				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2020	£m	£m	£m	£m	£m	£m	£m	£m
Air travel	**367**	**525**	**56**	**948**	**9**	**27**	**23**	**59**
Hospitality and leisure	**4,440**	**2,387**	**313**	**7,140**	**53**	**115**	**61**	**229**
Oil and gas	**1,754**	**854**	**465**	**3,073**	**31**	**27**	**140**	**198**
Retail	**3,907**	**1,153**	**283**	**5,343**	**78**	**51**	**108**	**237**
Shipping	**308**	**389**	**12**	**709**	**2**	**30**	**1**	**33**
Transportation	**1,148**	**253**	**125**	**1,526**	**19**	**10**	**57**	**86**
Total	**11,924**	**5,561**	**1,254**	**18,739**	**192**	**260**	**390**	**842**
Total of Wholesale exposures	**10%**	**26%**	**35%**	**13%**	**60%**	**37%**	**37%**	**40%**

	Gross exposure				Impairment allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
As at 31 December 2019	£m	£m	£m	£m	£m	£m	£m	£m
Air travel	194	31	26	251	-	-	24	24
Hospitality and leisure	4,321	851	199	5,371	8	18	29	55
Oil and gas	2,539	612	136	3,287	8	24	47	79
Retail	3,395	777	207	4,379	11	24	85	120
Shipping	357	52	7	416	1	-	3	4
Transportation	873	82	89	1,044	5	5	54	64
Total	11,679	2,405	664	14,748	33	71	242	346
Total of Wholesale exposures	10%	23%	28%	11%	23%	24%	44%	35%

A £0.2bn 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. An additional £0.1bn adjustment is held against undrawn exposure which does not appear in the table.

The coverage ratio for selected sectors has increased from 2.3% as at 31 December 2019 to 4.5% as at 31 December 2020.

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. An explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired is included in Note 7. 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)

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure £m	ECL £m	Gross exposure £m	ECL £m	Gross exposure £m	ECL £m	Gross exposure £m	ECL £m
Home loans								
As at 1 January 2020	135,713	22	17,043	64	2,155	346	154,911	432
Transfers from Stage 1 to Stage 2	(8,724)	(1)	8,724	1	-	-	-	-
Transfers from Stage 2 to Stage 1	4,618	14	(4,618)	(14)	-	-	-	-
Transfers to Stage 3	(308)	-	(420)	(10)	728	10	-	-
Transfers from Stage 3	47	1	219	2	(266)	(3)	-	-
Business activity in the year	22,548	7	714	2	4	-	23,266	9
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(6,195)	(9)	(841)	42	(57)	105	(7,093)	138
Final repayments	(9,060)	(1)	(1,509)	(3)	(308)	(15)	(10,877)	(19)
Disposals[c]	-	-	-	-	-	-	-	-
Write-offs[d]	-	-	-	-	(22)	(22)	(22)	(22)
As at 31 December 2020[e]	138,639	33	19,312	84	2,234	421	160,185	538
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	46,012	542	10,759	2,007	3,409	2,335	60,180	4,884
Transfers from Stage 1 to Stage 2	(6,571)	(134)	6,571	134	-	-	-	-
Transfers from Stage 2 to Stage 1	3,080	482	(3,080)	(482)	-	-	-	-
Transfers to Stage 3	(712)	(25)	(1,162)	(398)	1,874	423	-	-
Transfers from Stage 3	76	39	67	12	(143)	(51)	-	-
Business activity in the year	5,598	67	324	83	59	28	5,981	178
Changes to models used for calculation[a]	-	13	-	296	-	-	-	309
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[b]	(9,678)	(229)	(2,706)	1,174	(10)	1,353	(12,394)	2,298
Final repayments	(3,291)	(67)	(270)	(37)	(204)	(84)	(3,765)	(188)
Disposals[c]	(1,493)	(8)	(183)	(20)	(204)	(144)	(1,880)	(172)
Write-offs[d]	-	-	-	-	(1,609)	(1,609)	(1,609)	(1,609)
As at 31 December 2020[e]	33,021	680	10,320	2,769	3,172	2,251	46,513	5,700
Wholesale loans								
As at 1 January 2020	117,541	143	10,432	302	2,359	547	130,332	992
Transfers from Stage 1 to Stage 2	(12,531)	(35)	12,531	35	-	-	-	-
Transfers from Stage 2 to Stage 1	4,121	40	(4,121)	(40)	-	-	-	-
Transfers to Stage 3	(1,137)	(4)	(875)	(58)	2,012	62	-	-
Transfers from Stage 3	471	22	247	13	(718)	(35)	-	-
Business activity in the year	27,863	46	2,336	149	634	85	30,833	280
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	13,828	130	3,811	339	(64)	799	17,575	1,268
Final repayments	(28,458)	(22)	(2,977)	(29)	(299)	(59)	(31,734)	(110)
Disposals[c]	(2,394)	-	(10)	-	-	-	(2,404)	-
Write-offs[d]	-	-	-	-	(333)	(333)	(333)	(333)
As at 31 December 2020[e]	119,304	320	21,374	711	3,591	1,066	144,269	2,097

Notes

a Changes to models used for calculation include a £309m adjustment which largely represents model remediation to correct for over recovery of debt in UK unsecured lending. 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 Transfers and risk parameters change has seen an ECL increase which is materially driven by stage migration in response to the macroeconomic scenario updates, partially offset by a net release in ECL of £0.6bn due to a reclassification of £2bn gross loans and advances from Stage 2 to Stage 1 in credit cards and unsecured loans. The reclassification followed a review of back-testing of results which indicated that origination probability of default characteristics were unnecessarily moving Sage 1 accounts into Stage 2.

c The £1.9bn disposals reported within Credit cards, unsecured loans and other retail lending portfolio include £1.7bn sale of motor financing business within the Barclays Partner Finance business and £0.2bn relate to debt sales undertaken during the year. The £2.4bn disposal reported within Wholesale loans include sale of debt securities as part of Group Treasury Operations.

d In 2020, gross write-offs amounted to £1,964m (2019: £1,883m) and post write-off recoveries amounted to £35m (2019: £124m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £1,929m (2019: £1,759m).

e 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 and other assets. These have a total gross exposure of £180.3bn (December 2019: £149.3bn) and impairment allowance of £165m (December 2019: £24m). This comprises £11m ECL (December 2019: £12m) on £175.7bn Stage 1 assets (December 2019: £148.5bn), £9m (December 2019: £2m) on £4.4bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2019: £0.8bn) and £145m (December 2019: £10m) on £154m Stage 3 other assets (December 2019: £10m).

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
Home loans	*128*
Credit cards, unsecured loans and other retail lending	*2,597*
Wholesale loans	*1,438*
ECL movement excluding assets derecognised due to disposals and write-offs	***4,163***
Recoveries and reimbursements[a]	**(399)**
Exchange and other adjustments[b]	**145**
Impairment charge on loan commitments and financial guarantees	**776**
Impairment charge on other financial assets[c]	**153**
Income statement charge for the period	**4,838**

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 £35m.
b Includes foreign exchange and interest and fees in suspense.
c 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 and other assets. These have a total gross exposure of £180.3bn (December 2019: £149.3bn) and impairment allowance of £165m (December 2019: £24m). This comprises £11m ECL (December 2019: £12m) on £175.7bn Stage 1 assets (December 2019: £148.5bn), £9m (December 2019: £2m) on £4.4bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2019: £0.8bn) and £145m (December 2019: £10m) on £154m Stage 3 other assets (December 2019: £10m).

Loan commitments and financial guarantees (audited)

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure £m	ECL £m	Gross exposure £m	ECL £m	Gross exposure £m	ECL £m	Gross exposure £m	ECL £m
Home loans								
As at 1 January 2020	**9,542**	**-**	**500**	**-**	**4**	**-**	**10,046**	**-**
Net transfers between stages	**(82)**	**-**	**78**	**-**	**4**	**-**	**-**	**-**
Business activity in the year	**7,975**	**-**	**-**	**-**	**-**	**-**	**7,975**	**-**
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	**(5,332)**	**-**	**(27)**	**-**	**(2)**	**-**	**(5,361)**	**-**
Limit management and final repayments	**(242)**	**-**	**(35)**	**-**	**(1)**	**-**	**(278)**	**-**
As at 31 December 2020	**11,861**	**-**	**516**	**-**	**5**	**-**	**12,382**	**-**
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	**125,759**	**35**	**6,238**	**71**	**250**	**14**	**132,247**	**120**
Net transfers between stages	**(5,477)**	**43**	**4,725**	**(40)**	**752**	**(3)**	**-**	**-**
Business activity in the year	**5,214**	**2**	**158**	**3**	**2**	**1**	**5,374**	**6**
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	**1,298**	**(22)**	**1,636**	**272**	**(671)**	**15**	**2,263**	**265**
Limit management and final repayments	**(12,423)**	**(3)**	**(640)**	**(1)**	**(104)**	**(4)**	**(13,167)**	**(8)**
As at 31 December 2020	**114,371**	**55**	**12,117**	**305**	**229**	**23**	**126,717**	**383**
Wholesale loans								
As at 1 January 2020	**185,839**	**62**	**12,447**	**99**	**681**	**41**	**198,967**	**202**
Net transfers between stages	**(28,325)**	**67**	**27,319**	**(72)**	**1,006**	**5**	**-**	**-**
Business activity in the year	**42,917**	**32**	**4,708**	**102**	**774**	**2**	**48,399**	**136**
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	**13,637**	**47**	**(44)**	**338**	**(69)**	**(20)**	**13,524**	**365**
Limit management and final repayments	**(50,361)**	**(7)**	**(4,172)**	**(14)**	**(296)**	**(1)**	**(54,829)**	**(22)**
As at 31 December 2020	**163,707**	**201**	**40,258**	**453**	**2,096**	**27**	**206,061**	**681**

Loans and advances at amortised cost (audited)

	Stage 1 Gross exposure £m	Stage 1 ECL £m	Stage 2 Gross exposure £m	Stage 2 ECL £m	Stage 3 Gross exposure £m	Stage 3 ECL £m	Total Gross exposure £m	Total ECL £m
Home loans								
As at 1 January 2019	130,066	31	18,206	82	2,476	351	150,748	464
Transfers from Stage 1 to Stage 2	(9,051)	(1)	9,051	1	-	-	-	-
Transfers from Stage 2 to Stage 1	8,000	28	(8,000)	(28)	-	-	-	-
Transfers to Stage 3	(199)	-	(510)	(15)	709	15	-	-
Transfers from Stage 3	43	2	294	3	(337)	(5)	-	-
Business activity in the year	24,935	3	734	2	3	-	25,672	5
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(6,931)	(38)	(843)	27	(214)	24	(7,988)	13
Final repayments	(10,427)	(2)	(1,827)	(4)	(454)	(13)	(12,708)	(19)
Disposals[b]	(723)	(1)	(62)	(4)	(2)	-	(787)	(5)
Write-offs[c]	-	-	-	-	(26)	(26)	(26)	(26)
As at 31 December 2019[d]	135,713	22	17,043	64	2,155	346	154,911	432
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	45,785	528	12,229	2,304	3,760	2,511	61,774	5,343
Transfers from Stage 1 to Stage 2	(3,604)	(72)	3,604	72	-	-	-	-
Transfers from Stage 2 to Stage 1	4,522	701	(4,522)	(701)	-	-	-	-
Transfers to Stage 3	(857)	(21)	(1,264)	(448)	2,121	469	-	-
Transfers from Stage 3	144	103	28	14	(172)	(117)	-	-
Business activity in the year	9,664	120	704	123	89	39	10,457	282
Changes to models used for calculation[a]	-	16	-	(110)	-	(7)	-	(101)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(5,975)	(779)	351	806	373	1,836	(5,251)	1,863
Final repayments	(3,667)	(54)	(371)	(53)	(290)	(74)	(4,328)	(181)
Disposals[b]	-	-	-	-	(777)	(627)	(777)	(627)
Write-offs[c]	-	-	-	-	(1,695)	(1,695)	(1,695)	(1,695)
As at 31 December 2019[d]	46,012	542	10,759	2,007	3,409	2,335	60,180	4,884
Wholesale loans								
As at 1 January 2019	105,375	129	13,012	329	2,267	505	120,654	963
Transfers from Stage 1 to Stage 2	(3,419)	(11)	3,419	11	-	-	-	-
Transfers from Stage 2 to Stage 1	5,213	84	(5,213)	(84)	-	-	-	-
Transfers to Stage 3	(501)	(2)	(650)	(19)	1,151	21	-	-
Transfers from Stage 3	473	35	205	25	(678)	(60)	-	-
Business activity in the year	40,837	51	1,757	27	31	-	42,625	78
Changes to models used for calculation[a]	-	(9)	-	(19)	-	-	-	(28)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	5,929	(104)	321	85	122	334	6,372	315
Final repayments	(34,081)	(30)	(2,419)	(53)	(372)	(91)	(36,872)	(174)
Disposals[b]	(2,285)	-	-	-	-	-	(2,285)	-
Write-offs[c]	-	-	-	-	(162)	(162)	(162)	(162)
As at 31 December 2019[d]	117,541	143	10,432	302	2,359	547	130,332	992

Notes

a Changes to models used for calculation include a £101m 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 £777m disposal reported within Credit cards, unsecured loans and other retail lending portfolio relates to debt sales undertaken during the year. Finally, disposals of £2,285m within Wholesale loans relate to the sale of debt securities as part of the Group's Treasury operations.

c In 2019, gross write-offs amounted to £1,883m (2018: £1,891m) and post write-off recoveries amounted to £124m (2018: £195m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £1,759m (2018: £1,696m).

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 and other assets. These have a total gross exposure of £149.3bn (December 2018: £129.9bn) and impairment allowance of £24m (December 2018: £12m). This comprises £12m ECL (December 2018: £10m) on £148.5bn Stage 1 assets (December 2018: £129.3bn), £2m (December 2018: £2m) on £0.8bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2018: £0.6bn) and £10m (December 2018: £nil) on £10m Stage 3 other assets (December 2018: £nil).

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
Home loans	*(1)*
Credit cards, unsecured loans and other retail lending	*1,863*
Wholesale loans	*191*
ECL movement excluding assets derecognised due to disposals and write-offs	*2,053*
Recoveries and reimbursements	(124)
Exchange and other adjustments[a]	(96)
Impairment charge on loan commitments and financial guarantees	71
Impairment charge on other financial assets[b]	8
Income statement charge for the period	1,912

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 and other assets. These have a total gross exposure of £149.3bn (December 2018: £129.9bn) and impairment allowance of £24m (December 2018: £12m). This comprises £12m ECL (December 2018: £10m) on £148.5bn Stage 1 assets (December 2018: £129.3bn), £2m (December 2018: £2m) on £0.8bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2018: £0.6bn) 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 exposure	ECL	Gross exposure	ECL	Gross exposure	ECL	Gross exposure	ECL
	£m	£m	£m	£m	£m	£m	£m	£m
Home loans								
As at 1 January 2019	6,948	-	546	-	13	-	7,507	-
Net transfers between stages	(39)	-	47	-	(8)	-	-	-
Business activity in the year	2,848	-	-	-	-	-	2,848	-
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1	-	(40)	-	-	-	(39)	-
Limit management and final repayments	(216)	-	(53)	-	(1)	-	(270)	-
As at 31 December 2019	9,542	-	500	-	4	-	10,046	-
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	124,611	41	9,016	65	267	20	133,894	126
Net transfers between stages	117	44	(1,082)	(43)	965	(1)	-	-
Business activity in the year	14,619	2	218	1	6	6	14,843	9
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(1,151)	(48)	(1,172)	54	(874)	(9)	(3,197)	(3)
Limit management and final repayments	(12,437)	(4)	(742)	(6)	(114)	(2)	(13,293)	(12)
As at 31 December 2019	125,759	35	6,238	71	250	14	132,247	120
Wholesale loans								
As at 1 January 2019	178,430	58	12,564	85	404	2	191,398	145
Net transfers between stages	(875)	7	580	(8)	295	1	-	-
Business activity in the year	53,685	22	2,779	22	16	-	56,480	44
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(487)	(1)	1,190	36	232	41	935	76
Limit management and final repayments	(44,914)	(24)	(4,666)	(36)	(266)	(3)	(49,846)	(63)
As at 31 December 2019	185,839	62	12,447	99	681	41	198,967	202

Stage 2 decomposition

Loans and advances at amortised cost[a]

As at 31 December	2020 Gross exposure £m	2020 Impairment allowance £m	2019 Gross exposure £m	2019 Impairment allowance £m
Quantitative test	**36,754**	**3,252**	24,034	2,059
Qualitative test	**11,865**	**273**	12,733	278
30 days past due backstop	**2,387**	**39**	1,467	36
Total Stage 2	**51,006**	**3,564**	38,234	2,373

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 PD has deteriorated more than a pre-determined amount since origination during the year driven by changes in macroeconomic 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 predominantly include £8.5bn (2019: £9.3bn) in Barclays UK of which £7.1bn (2019: £7.4bn) relates to UK Home Finance, £1.0bn (2019: £1.1bn) relates to Business Banking and £0.1bn (2019: £0.4bn) relates to Barclaycard UK. A further £3.3bn (2019: £3.4bn) relates to Barclays International of which £2bn (2019: £1.7bn) relates to Corporate and Investment Bank, £0.3bn (2019: £0.9bn) relates to Barclaycard International and £0.7bn (2019: £0.7bn) relates to Private Bank.

A small number of other accounts (1% of impairment allowances and 5% 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 the 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 Gross exposure £m	2020 Impairment allowance £m	2019 Gross exposure £m	2019 Impairment allowance £m
Exposures not charged-off including within cure period[a]	**3,773**	**831**	3,540	857
Exposures individually assessed or in recovery book[b]	**5,224**	**2,907**	4,383	2,371
Total Stage 3	**8,997**	**3,738**	7,923	3,228

Notes
a Includes £2.6bn (2019: £2.5bn) 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)[a]

	2020		2019	
	Management adjustments to impairment allowances	Proportion of total impairment allowances	Management adjustments to impairment allowances	Proportion of total impairment allowancesb
As at 31 December	£m	%	£m	%
Home loans	**131**	**24.3**	57	13.2
Credit cards, unsecured loans and other retail lending	**1,234**	**20.3**	308	6.2
Wholesale loans	**23**	**0.8**	(25)	(2.1)
Total	**1,388**	**14.8**	340	5.1

Management adjustments to models for impairment charges (audited)[a]

	Impairment allowance pre management adjustments[c]	Economic uncertainty adjustments	Other adjustments	Total impairment allowance
As at 31 December 2020	£m	£m	£m	£m
Home loans	**407**	**21**	**110**	**538**
Credit cards, unsecured loans and other retail lending	**4,849**	**1,625**	**(391)**	**6,083**
Wholesale loans	**2,755**	**421**	**(398)**	**2,778**
Total	**8,011**	**2,067**	**(679)**	**9,399**

Notes
a Positive values relate to an increase in impairment allowance.
b The 2019 comparative figures have been restated to impairment allowance on both drawn and undrawn exposures.
c Includes £6.8bn of modelled ECL, £0.9bn of individually assessed impairments and £0.3bn 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 both US cards (2020: 2.5%; 2019: 2.7%) and UK cards (2020: 1.7%; 2019: 1.7%). A similar phenomenon is observed in wholesale, where the average risk profile of the portfolio has broadly remained stable during the year and has not deteriorated in line with the macroeconomic 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 £2.1bn broadly comprised the following:
- Use of expert judgment to adjust the probability of default £0.7bn to pre-COVID levels to reflect the impact of temporary support measures on underlying customer behaviour, partially offset by government guarantees £(0.1)bn which are materially against BBLs;
- Adjusting macroeconomic variables deemed temporarily influenced by support measures, enabling models to consume the expected stress £1.2bn;
- 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. This adjustment is materially in response to the increased stress in these sectors not captured through the ECL models.

Other adjustments

Home loans: The low average LTV nature of the UK Home Loans portfolio means that modelled ECL estimates are low in all but the most severe economic scenarios. An adjustment is held to maintain an appropriate level of ECL.

Credit cards, unsecured loans and other retail lending: Includes a net release in ECL of £0.6bn due to a reclassification of £2bn gross loans and advances from Stage 2 to Stage 1 in credit cards and unsecured loans. The reclassification followed a review of back-testing of results which indicated that origination probability of default characteristics were unnecessarily moving Stage 1 accounts into Stage 2.

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 £340m in 2019 largely comprises a £210m PMA to compensate for over-recovery of debt in UK unsecured lending, and subsequently fixed within the underlying model; and £150m 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 probabilities of default (PD), loss given default (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 semi-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.

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, 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 below show the key consensus macroeconomic variables used in the five scenarios (3 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. 5-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.

Baseline average macroeconomic variables used in the calculation of ECL

As at 31 December 2020	2021 %	2022 %	2023 %	Expected Worst Point %
UK GDP[a]	6.3	3.3	2.6	1.2
UK unemployment[b]	6.7	6.4	5.8	7.4
UK HPI[c]	2.4	2.3	5.0	0.6
UK bank rate	-	(0.1)	-	(0.1)
US GDP[a]	3.9	3.1	2.9	1.0
US unemployment[d]	6.9	5.7	5.6	7.5
US HPI[e]	2.8	4.7	4.7	0.7
US federal funds rate	0.3	0.3	0.3	0.3

As at 31 December 2019	2020 %	2021 %	2022 %	Expected Worst Point %
UK GDP[a]	1.3	1.5	1.6	0.3
UK unemployment[b]	4.1	4.2	4.2	4.2
UK HPI[c]	1.9	3.1	3.6	0.3
UK bank rate	0.6	0.5	0.8	0.5
US GDP[a]	2.1	1.9	1.9	0.5
US unemployment[d]	3.6	3.9	4.0	4.0
US HPI[e]	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

As at 31 December 2020	2021 %	2022 %	2023 %	Expected Worst Point %
UK GDP[a]	(3.9)	6.5	2.6	(11.0)
UK unemployment[b]	8.0	9.3	7.8	10.1
UK HPI[c]	(13.6)	(10.8)	0.5	(23.0)
UK bank rate	(0.2)	(0.2)	(0.1)	(0.2)
US GDP[a]	(2.4)	3.6	2.1	(6.0)
US unemployment[d]	13.4	11.9	10.1	13.7
US HPI[e]	(17.2)	(0.7)	0.6	(17.8)
US federal funds rate	0.3	0.3	0.3	0.3

As at 31 December 2019	2020 %	2021 %	2022 %	Expected Worst Point %
UK GDP[a]	1.3	1.5	1.6	0.3
UK unemployment[b]	4.1	4.2	4.2	4.2
UK HPI[c]	1.9	3.1	3.6	0.3
UK bank rate	0.6	0.5	0.8	0.5
US GDP[a]	2.1	1.9	1.9	0.5
US unemployment[d]	3.6	3.9	4.0	4.0
US HPI[e]	3.4	2.9	2.8	1.0
US federal funds rate	1.7	1.5	1.7	1.5

Downside 1 average macroeconomic variables used in the calculation of ECL

As at 31 December 2020	2021 %	2022 %	2023 %	Expected Worst Point %
UK GDP[a]	**0.1**	**6.6**	**3.2**	**(7.0)**
UK unemployment[b]	**7.3**	**8.0**	**6.9**	**8.4**
UK HPI[c]	**(6.7)**	**(3.5)**	**1.7**	**(10.0)**
UK bank rate	**(0.1)**	**(0.1)**	**-**	**(0.1)**
US GDP[a]	**0.4**	**3.6**	**2.3**	**(3.0)**
US unemployment[d]	**11.0**	**8.9**	**6.9**	**11.5**
US HPI[e]	**(5.9)**	**1.8**	**2.6**	**(5.9)**
US federal funds rate	**0.3**	**0.3**	**0.3**	**0.3**

As at 31 December 2019	2020 %	2021 %	2022 %	Expected Worst Point %
UK GDP[a]	0.6	0.3	0.6	0.1
UK unemployment[b]	4.7	5.7	5.7	5.8
UK HPI[c]	(2.6)	(4.1)	(1.7)	(8.2)
UK bank rate	1.7	2.8	2.8	0.8
US GDP[a]	1.2	0.4	0.8	0.2
US unemployment[d]	4.0	5.1	5.3	5.4
US HPI[e]	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

As at 31 December 2020	2021 %	2022 %	2023 %	Expected Worst Point %
UK GDP[a]	**12.2**	**5.3**	**3.9**	**5.0**
UK unemployment[b]	**6.2**	**5.5**	**4.8**	**7.4**
UK HPI[c]	**6.6**	**10.4**	**10.8**	**1.1**
UK bank rate	**0.1**	**0.3**	**0.3**	**0.1**
US GDP[a]	**7.1**	**4.6**	**4.0**	**3.4**
US unemployment[d]	**5.5**	**4.3**	**4.1**	**6.1**
US HPI[e]	**8.8**	**9.1**	**8.9**	**1.7**
US federal funds rate	**0.3**	**0.4**	**0.6**	**0.3**

As at 31 December 2019	2020 %	2021 %	2022 %	Expected Worst Point %
UK GDP[a]	3.0	4.0	3.4	0.9
UK unemployment[b]	3.7	3.4	3.5	3.9
UK HPI[c]	6.8	10.8	9.9	1.0
UK bank rate	0.6	0.5	0.5	0.5
US GDP[a]	3.4	4.2	3.6	1.0
US unemployment[d]	3.3	3.0	3.0	3.5
US HPI[e]	7.4	7.6	7.2	1.6
US federal funds rate	1.7	1.5	1.5	1.5

Upside 1 average macroeconomic variables used in the calculation of ECL

As at 31 December 2020	2021 %	2022 %	2023 %	Expected Worst Point %
UK GDP[a]	**9.3**	**3.9**	**3.4**	**3.5**
UK unemployment[b]	**6.4**	**6.0**	**5.2**	**7.4**
UK HPI[c]	**4.6**	**6.1**	**6.1**	**0.8**
UK bank rate	**0.1**	**0.1**	**0.3**	**0.1**
US GDP[a]	**5.5**	**4.0**	**3.7**	**2.1**
US unemployment[d]	**6.0**	**4.8**	**4.6**	**6.7**
US HPI[e]	**6.8**	**6.7**	**6.3**	**1.4**
US federal funds rate	**0.3**	**0.3**	**0.5**	**0.3**

As at 31 December 2019	2020 %	2021 %	2022 %	Expected Worst Point %
UK GDP[a]	2.2	2.8	2.5	0.6
UK unemployment[b]	3.9	3.8	3.9	4.0
UK HPI[c]	5.0	7.0	6.8	0.7
UK bank rate	0.6	0.5	0.5	0.5
US GDP[a]	2.8	3.3	2.9	0.8
US unemployment[d]	3.5	3.6	3.7	3.7
US HPI[e]	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 %
As at 31 December 2020					
Scenario probability weighting	**20.2**	**24.2**	**24.7**	**15.5**	**15.4**
As at 31 December 2019					
Scenario probability weighting	10.1	23.1	40.8	22.7	3.3

Specific bases shows 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.

Macroeconomic variables used in the calculation of ECL (specific bases)[a] (audited)

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

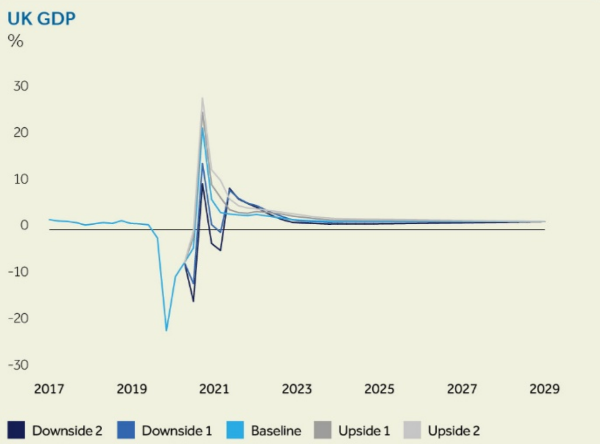
Macroeconomic variables used in the calculation of ECL (5-year averages)[a] (audited)

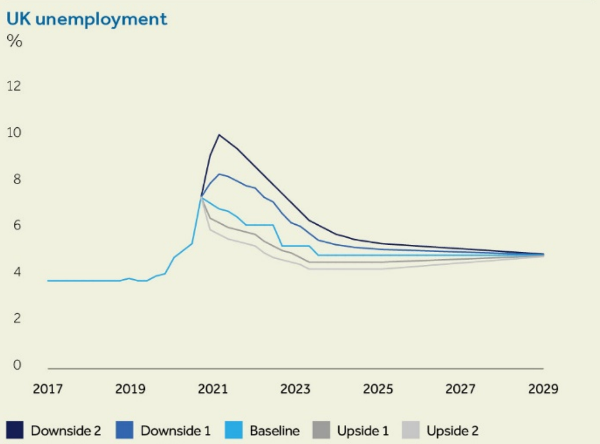
	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
As at 31 December 2020					
UK GDP[e]	**2.5**	**1.6**	**0.7**	**0.1**	**(0.9)**
UK unemployment[f]	**5.0**	**5.3**	**5.7**	**6.5**	**7.2**
UK HPI[g]	**8.2**	**5.5**	**3.6**	**(0.2)**	**(3.6)**
UK bank rate[f]	**0.3**	**0.2**	**-**	**-**	**(0.1)**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

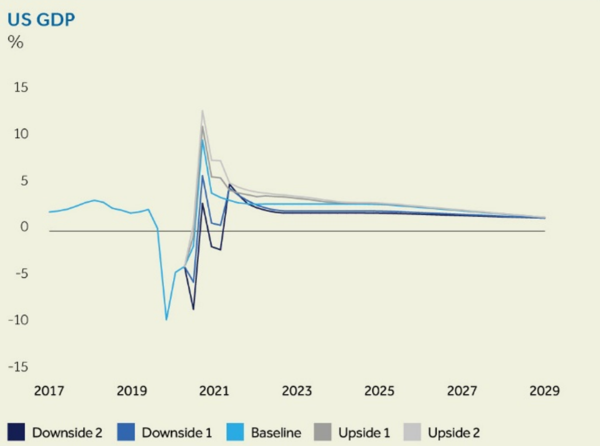
Notes
a UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index; US GDP = Real GDP growth seasonally adjusted; US unemployment = US civilian unemployment rate 16-year+; US HPI = FHFA house price index.
b Maximum growth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

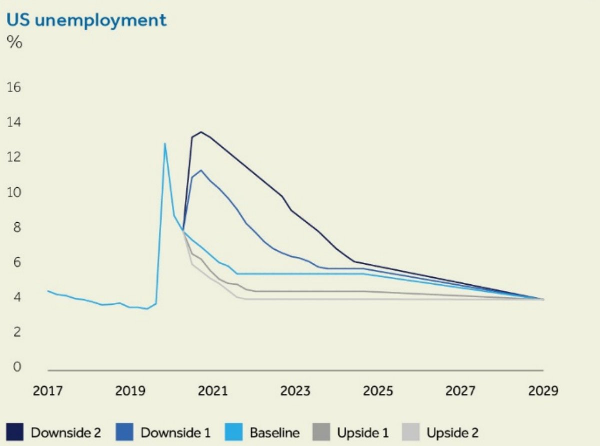
2019 data presented on a revised, simplified basis for ease of comparison.

The graphs below plot the historical data for GDP growth rate and unemployment rate in the UK and US as well as the forecasted data under each of the five scenarios.









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 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 (£13m 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 in the Management adjustments to models for impairment section.

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 both UK and US GDP. Unemployment in UK markets rises towards 10% and US markets rises towards 14% 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 £27bn 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.

	Scenarios					
As at 31 December 2020	**Weighted**	**Upside 2**	**Upside 1**	**Baseline**	**Downside 1**	**Downside 2**
Stage 1 Model Exposure (£m)						
Home loans	131,422	134,100	133,246	132,414	130,547	128,369
Credit cards, unsecured loans and other retail lending	51,952	53,271	52,932	51,995	50,168	48,717
Wholesale loans	149,099	155,812	154,578	152,141	144,646	131,415
Stage 1 Model ECL (£m)						
Home loans	6	4	5	6	14	42
Credit cards, unsecured loans and other retail lending	392	316	340	372	415	415
Wholesale loans	262	242	258	249	278	290
Stage 1 Coverage (%)						
Home loans	-	-	-	-	-	-
Credit cards, unsecured loans and other retail lending	0.8	0.6	0.6	0.7	0.8	0.9
Wholesale loans	0.2	0.2	0.2	0.2	0.2	0.2
Stage 2 Model Exposure (£m)						
Home loans	19,180	16,502	17,356	18,188	20,055	22,233
Credit cards, unsecured loans and other retail lending	13,399	10,572	11,579	13,176	16,477	19,322
Wholesale loans	32,677	25,963	27,198	29,635	37,130	50,361
Stage 2 Model ECL (£m)						
Home loans	37	31	32	33	42	63
Credit cards, unsecured loans and other retail lending	2,207	1,618	1,837	2,138	2,865	3,564
Wholesale loans	1,410	952	1,047	1,223	1,771	2,911
Stage 2 Coverage (%)						
Home loans	0.2	0.2	0.2	0.2	0.2	0.3
Credit cards, unsecured loans and other retail lending	16.5	15.3	15.9	16.2	17.4	18.4
Wholesale loans	4.3	3.7	3.8	4.1	4.8	5.8
Stage 3 Model Exposure (£m)						
Home loans	1,778	1,778	1,778	1,778	1,778	1,778
Credit cards, unsecured loans and other retail lending	2,585	2,585	2,585	2,585	2,585	2,585
Wholesale loans[a]	2,211	2,211	2,211	2,211	2,211	2,211
Stage 3 Model ECL (£m)						
Home loans	307	282	286	290	318	386
Credit cards, unsecured loans and other retail lending	2,003	1,947	1,972	2,001	2,055	2,078
Wholesale loans[a]	146	128	134	141	157	184
Stage 3 Coverage (%)						
Home loans	17.3	15.9	16.1	16.3	17.9	21.7
Credit cards, unsecured loans and other retail lending	77.5	75.3	76.3	77.4	79.5	80.4
Wholesale loans[a]	6.6	5.8	6.1	6.4	7.1	8.3
Total Model ECL (£m)						
Home loans	350	317	323	329	374	491
Credit cards, unsecured loans and other retail lending	4,602	3,881	4,149	4,511	5,335	6,057
Wholesale loans[a]	1,818	1,322	1,439	1,613	2,206	3,385
Total ECL	6,770	5,520	5,911	6,453	7,915	9,933

Note
a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £902m is reported as individually assessed impairments in the table below.

Reconciliation to total ECL	**£m**
Total model ECL	6,770
ECL from individually assessed impairments	902
ECL from non-modelled and other management adjustments[a]	1,727
Total ECL	9,399

Note
a Includes £1.4bn of post model adjustments and £0.3bn 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 5%, largely driven by credit card losses which have more linear loss profiles than UK home loans and wholesale loan positions.

Home loans: Total weighted ECL of £350m represents a 6% increase over the Baseline ECL (£329m), and coverage ratios remain steady across the Upside scenarios, Baseline and Downside 1 scenario. However, total ECL increases in the Downside 2 scenario to £491m, driven by a significant fall in UK HPI (18.3%) reflecting the non-linearity of the UK portfolio.

Credit cards, unsecured loans and other retail lending: Total weighted ECL of £4,602m represents a 2% increase over the Baseline ECL (£4,511m) reflecting the range of economic scenarios used, mainly impacted by Unemployment and other key retail variables. Total ECL increases to £6,057m under the Downside 2 scenario, mainly driven by Stage 2, where coverage rates increase to 18.4% from a weighted scenario approach of 16.5% and circa £6bn 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 £1,818m represents a 13% increase over the Baseline ECL (£1,613m) reflecting the range of economic scenarios used, with exposures in the Investment Bank particularly sensitive to the Downside 2 scenario.

	Scenarios					
As at 31 December 2019	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model Exposure (£m)						
Home loans	137,929	139,574	138,992	138,249	136,454	132,505
Credit cards, unsecured loans and other retail lending	68,619	69,190	69,012	68,388	68,309	67,015
Wholesale loans	160,544	162,717	162,058	161,111	157,720	143,323
Stage 1 Model ECL (£m)						
Home loans	6	4	5	5	7	19
Credit cards, unsecured loans and other retail lending	505	490	495	495	511	528
Wholesale loans	209	162	174	188	271	297
Stage 1 Coverage (%)						
Home loans	-	-	-	-	-	-
Credit cards, unsecured loans and other retail lending	0.7	0.7	0.7	0.7	0.7	0.8
Wholesale loans	0.1	0.1	0.1	0.1	0.2	0.2
Stage 2 Model Exposure (£m)						
Home loans	16,889	15,245	15,826	16,570	18,364	22,314
Credit cards, unsecured loans and other retail lending	13,406	11,449	12,108	13,075	15,663	19,615
Wholesale loans	15,947	13,773	14,433	15,380	18,770	33,168
Stage 2 Model ECL (£m)						
Home loans	41	33	34	36	47	170
Credit cards, unsecured loans and other retail lending	1,844	1,412	1,562	1,771	2,384	4,285
Wholesale loans	414	285	323	374	579	1,427
Stage 2 Coverage (%)						
Home loans	0.2	0.2	0.2	0.2	0.3	0.8
Credit cards, unsecured loans and other retail lending	13.8	12.3	12.9	13.5	15.2	21.8
Wholesale loans	2.6	2.1	2.2	2.4	3.1	4.3
Stage 3 Model Exposure (£m)						
Home loans	1,670	1,670	1,670	1,670	1,670	1,670
Credit cards, unsecured loans and other retail lending	3,008	3,008	3,008	3,008	3,008	3,008
Wholesale loans[a]	1,489	1,489	1,489	1,489	1,489	1,489
Stage 3 Model ECL (£m)						
Home loans	268	262	264	266	272	316
Credit cards, unsecured loans and other retail lending	2,198	2,154	2,174	2,195	2,235	2,292
Wholesale loans[a]	118	111	114	117	127	128
Stage 3 Coverage (%)						
Home loans	16.0	15.7	15.8	15.9	16.3	18.9
Credit cards, unsecured loans and other retail lending	73.1	71.6	72.3	73.0	74.3	76.2
Wholesale loans[a]	7.9	7.4	7.6	7.9	8.5	8.6
Total Model ECL (£m)						
Home loans	315	299	303	307	326	505
Credit cards, unsecured loans and other retail lending	4,547	4,056	4,231	4,461	5,130	7,105
Wholesale loans[a]	741	558	611	679	977	1,852
Total ECL	5,603	4,913	5,145	5,447	6,433	9,462

Note
a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £419m is reported as individually assessed impairments in the table below.

Reconciliation to total ECL[a]	£m
Total model ECL	5,603
ECL from individually assessed impairments	419
ECL from non-modelled and other management adjustments	608
Total ECL	6,630

Note
a The table has been re-presented to separately show the impact of individually assessed impairments of £419m. This was included in the Barclays PLC Annual Report 2019 with non-modelled and other adjustments of £268m. Non-modelled and other adjustments are now disclosed within the other management adjustments category of £608m.

Staging sensitivity (audited)

An increase of 1% (£3,510m) of total gross exposure into Stage 2 (from Stage 1), would result in an increase in ECL impairment allowance of £232m 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).

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. The 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. Further detail on the Group policies with regard to managing concentration risk is presented in the Barclays PLC Pillar 3 Report 2020 (unaudited).

Geographic concentrations

As at 31 December 2020, the geographic concentration of the Group's assets remained broadly consistent with 2019. Exposure is concentrated in the UK 39% (2019: 40%), in the Americas 33% (2019: 34%) and Europe 21% (2019: 20%).

Credit risk concentrations by geography (audited)

	United Kingdom £m	Americas £m	Europe £m	Asia £m	Africa and Middle East £m	Total £m
As at 31 December 2020						
On-balance sheet:						
Cash and balances at central banks	**66,459**	**36,063**	**69,963**	**17,987**	**655**	**191,127**
Cash collateral and settlement balances	**33,893**	**27,287**	**30,121**	**9,558**	**508**	**101,367**
Loans and advances at amortised cost	**262,231**	**41,094**	**24,949**	**10,728**	**3,630**	**342,632**
Reverse repurchase agreements and other similar secured lending	**10**	**152**	**373**	**8,285**	**211**	**9,031**
Trading portfolio assets	**9,829**	**31,000**	**17,107**	**5,948**	**946**	**64,830**
Financial assets at fair value through the income statement	**34,229**	**88,327**	**25,709**	**14,742**	**7,524**	**170,531**
Derivative financial instruments	**93,430**	**90,801**	**101,102**	**14,532**	**2,581**	**302,446**
Financial assets at fair value through other comprehensive income	**10,672**	**27,504**	**28,607**	**11,006**	**138**	**77,927**
Other assets	**608**	**185**	**57**	**-**	**-**	**850**
Total on-balance sheet	**511,361**	**342,413**	**297,988**	**92,786**	**16,193**	**1,260,741**
Off-balance sheet:						
Contingent liabilities	**5,876**	**10,122**	**3,809**	**1,222**	**580**	**21,609**
Loan commitments	**112,561**	**175,926**	**38,836**	**4,169**	**1,557**	**333,049**
Total off-balance sheet	**118,437**	**186,048**	**42,645**	**5,391**	**2,137**	**354,658**
Total	**629,798**	**528,461**	**340,633**	**98,177**	**18,330**	**1,615,399**
As at 31 December 2019						
On-balance sheet:						
Cash and balances at central banks	51,477	28,273	54,632	15,130	746	150,258
Cash collateral and settlement balances	27,431	23,595	26,008	5,385	837	83,256
Loans and advances at amortised cost	257,459	46,569	25,599	6,275	3,213	339,115
Reverse repurchase agreements and other similar secured lending	1,005	15	1,056	470	833	3,379
Trading portfolio assets	11,550	27,621	13,397	4,786	763	58,117
Financial assets at fair value through the income statement	29,001	70,849	11,286	12,534	1,921	125,591
Derivative financial instruments	69,844	63,344	83,165	11,189	1,694	229,236
Financial assets at fair value through other comprehensive income	9,444	23,052	24,443	7,665	123	64,727
Other assets	1,170	126	79	-	-	1,375
Total on-balance sheet	458,595	283,267	239,628	63,434	10,130	1,055,054
Off-balance sheet:						
Contingent liabilities	7,539	10,838	3,862	1,562	726	24,527
Loan commitments	105,350	188,109	36,033	3,166	1,797	334,455
Total off-balance sheet	112,889	198,947	39,895	4,728	2,523	358,982
Total	571,484	482,214	279,523	68,162	12,653	1,414,036

Industry concentrations

The concentration of the Group's assets by industry remained broadly consistent year on year. As at 31 December 2020, total assets concentrated in banks and other financial institutions was 40% (2019: 36%), predominantly within derivative financial instruments. The proportion of the overall balance concentrated in governments and central banks was 21% (2019: 19%), cards, unsecured loans and other personal lending was 10% (2019: 10%) and in home loans remained stable at 11% (2019: 12%). Further details on material and emerging risks can be found on pages 91 to 101.

Credit risk concentrations by industry (audited)

	Banks	Other financial institutions	Manufacturing	Construction and property	Government and central bank	Energy and water	Wholesale and retail distribution and leisure	Business and other services	Home loans	Cards, unsecured loans and other personal lending	Other	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2020												
On-balance sheet:												
Cash and balances at central banks	56	84	-	-	190,981	-	-	6	-	-	-	191,127
Cash collateral and settlement balances	17,986	67,305	375	35	13,946	871	30	575	-	-	244	101,367
Loans and advances at amortised cost	8,133	22,062	8,142	26,125	28,445	4,722	12,569	19,538	159,647	41,312	11,937	342,632
Reverse repurchase agreements and other similar secured lending	706	7,964	-	-	361	-	-	-	-	-	-	9,031
Trading portfolio assets	2,743	11,464	4,104	516	35,902	3,052	1,883	2,625	-	-	2,541	64,830
Financial assets at fair value through the income statement	21,824	131,943	608	5,668	5,530	13	64	3,712	971	-	198	170,531
Derivative financial instruments	155,767	116,526	4,126	2,725	11,649	3,288	1,235	2,361	-	-	4,769	302,446
Financial assets at fair value through other comprehensive income	18,829	5,843	1	425	51,955	-	-	733	-	-	141	77,927
Other assets	439	224	6	12	1	10	18	98	-	34	8	850
Total on-balance sheet	226,483	363,415	17,362	35,506	338,770	11,956	15,799	29,648	160,618	41,346	19,838	1,260,741
Off-balance sheet:												
Contingent liabilities	1,150	5,501	3,187	1,260	1,678	3,223	1,005	2,283	-	155	2,167	21,609
Loan commitments	1,813	53,936	39,638	14,002	1,398	25,780	17,165	24,554	12,385	119,807	22,571	333,049
Total off-balance sheet	2,963	59,437	42,825	15,262	3,076	29,003	18,170	26,837	12,385	119,962	24,738	354,658
Total	229,446	422,852	60,187	50,768	341,846	40,959	33,969	56,485	173,003	161,308	44,576	1,615,399
As at 31 December 2019												
On-balance sheet:												
Cash and balances at central banks	7	73	-	-	150,178	-	-	-	-	-	-	150,258
Cash collateral and settlement balances	16,599	55,262	516	64	9,251	536	51	642	-	-	335	83,256
Loans and advances at amortised cost	8,788	20,473	8,323	24,403	23,847	5,346	10,031	17,125	154,479	55,232	11,068	339,115
Reverse repurchase agreements and other similar secured lending	1,172	2,134	-	-	73	-	-	-	-	-	-	3,379
Trading portfolio assets	2,872	9,049	2,787	1,053	33,092	2,996	842	3,158	-	-	2,268	58,117
Financial assets at fair value through the income statement	10,747	97,849	634	6,909	5,353	45	-	3,569	358	-	127	125,591
Derivative financial instruments	125,323	83,285	2,049	2,273	7,811	3,077	562	1,520	-	2	3,334	229,236
Financial assets at fair value through other comprehensive income	18,596	4,370	-	286	40,763	-	-	430	-	-	282	64,727
Other assets	897	322	1	5	2	7	2	109	-	18	12	1,375
Total on-balance sheet	185,001	272,817	14,310	34,993	270,370	12,007	11,488	26,553	154,837	55,252	17,426	1,055,054
Off-balance sheet:												
Contingent liabilities	1,250	8,043	3,549	703	1,981	3,318	1,072	2,831	-	109	1,671	24,527
Loan commitments	1,909	47,815	42,148	14,358	1,704	29,877	14,711	22,932	10,060	124,841	24,100	334,455
Total off-balance sheet	3,159	55,858	45,697	15,061	3,685	33,195	15,783	25,763	10,060	124,950	25,771	358,982
Total	188,160	328,675	60,007	50,054	274,055	45,202	27,271	52,316	164,897	180,202	43,197	1,414,036

The 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 in the Expected Credit Losses section.

The following internal measures are used to determine credit quality for loans:

Default Grade	Retail and Wholesale lending Probability of default	Credit Quality Description
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%	Credit Impaired

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.

For loans that are not past due, these 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 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.

Loans that are past due are monitored closely, with impairment allowances raised as appropriate and in line with the Group's impairment policies.

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 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 Group will use its own internal ratings for the securities.

Balance sheet credit quality

The following tables present the credit quality of the Group's assets exposed to credit risk.

Overview

As at 31 December 2020, the ratio of the Group's on-balance sheet assets classified as strong (0.0 to <0.60%) remained stable at 87% (2019: 86%) of total assets exposed to credit risk. Further analysis of debt securities by issuer and issuer type and netting and collateral arrangements on derivative financial instruments is presented in the Analysis of debt securities section and Analysis of derivatives section.

Balance sheet credit quality (audited)

	PD range				PD range			
	0.0 to <0.60%	0.60 to <11.35%	11.35 to 100%	Total	0.0 to <0.60%	0.60 to <11.35%	11.35 to 100%	Total
	£m	£m	£m	£m	%	%	%	%
As at 31 December 2020								
Cash and balances at central banks	**191,127**	**-**	**-**	**191,127**	**100**	**-**	**-**	**100**
Cash collateral and settlement balances	**90,633**	**10,725**	**9**	**101,367**	**89**	**11**	**-**	**100**
Loans and advances at amortised cost:								
Home loans	**150,748**	**6,310**	**2,589**	**159,647**	**94**	**4**	**2**	**100**
Credit cards, unsecured and other retail lending	**15,870**	**22,427**	**2,516**	**40,813**	**39**	**55**	**6**	**100**
Wholesale loans	**105,968**	**31,538**	**4,666**	**142,172**	**75**	**22**	**3**	**100**
Total loans and advances at amortised cost	**272,586**	**60,275**	**9,771**	**342,632**	**79**	**18**	**3**	**100**
Reverse repurchase agreements and other similar secured lending	**9,019**	**12**	**-**	**9,031**	**100**	**-**	**-**	**100**
Trading portfolio assets:								
Debt securities	**51,395**	**4,871**	**216**	**56,482**	**91**	**9**	**-**	**100**
Traded loans	**704**	**5,107**	**2,537**	**8,348**	**9**	**61**	**30**	**100**
Total trading portfolio assets	**52,099**	**9,978**	**2,753**	**64,830**	**81**	**15**	**4**	**100**
Financial assets at fair value through the income statement:								
Loans and advances	**16,467**	**14,369**	**43**	**30,879**	**53**	**47**	**-**	**100**
Debt securities	**1,126**	**521**	**46**	**1,693**	**66**	**31**	**3**	**100**
Reverse repurchase agreements	**95,376**	**41,566**	**674**	**137,616**	**70**	**30**	**-**	**100**
Other financial assets	**330**	**13**	**-**	**343**	**96**	**4**	**-**	**100**
Total financial assets at fair value through the income statement	**113,299**	**56,469**	**763**	**170,531**	**67**	**33**	**-**	**100**
Derivative financial instruments	**282,617**	**19,352**	**477**	**302,446**	**94**	**6**	**-**	**100**
Financial assets at fair value through other comprehensive income	**77,919**	**8**	**-**	**77,927**	**100**	**-**	**-**	**100**
Other assets	**778**	**68**	**4**	**850**	**92**	**8**	**-**	**100**
Total on-balance sheet	**1,090,077**	**156,887**	**13,777**	**1,260,741**	**87**	**12**	**1**	**100**
As at 31 December 2019								
Cash and balances at central banks	150,258	-	-	150,258	100	-	-	100
Cash collateral and settlement balances	73,122	10,134	-	83,256	88	12	-	100
Loans and advances at amortised cost:								
Home loans	146,269	5,775	2,435	154,479	94	4	2	100
Credit cards, unsecured and other retail lending	20,750	31,425	3,121	55,296	38	56	6	100
Wholesale loans	97,854	28,150	3,336	129,340	75	22	3	100
Total loans and advances at amortised cost	264,873	65,350	8,892	339,115	78	19	3	100
Reverse repurchase agreements and other similar secured lending	3,290	89	-	3,379	97	3	-	100
Trading portfolio assets:								
Debt securities	49,117	3,479	143	52,739	93	7	-	100
Traded loans	864	3,219	1,295	5,378	16	60	24	100
Total trading portfolio assets	49,981	6,698	1,438	58,117	86	12	2	100
Financial assets at fair value through the income statement:								
Loans and advances	14,467	7,993	232	22,692	64	35	1	100
Debt securities	4,806	413	30	5,249	91	8	1	100
Reverse repurchase agreements	62,475	34,232	180	96,887	65	35	-	100
Other financial assets	757	6	-	763	99	1	-	100
Total financial assets at fair value through the income statement	82,505	42,644	442	125,591	66	34	-	100
Derivative financial instruments	216,103	13,012	121	229,236	94	6	-	100
Financial assets at fair value through other comprehensive income	64,727	-	-	64,727	100	-	-	100
Other assets	1,242	133	-	1,375	90	10	-	100
Total on-balance sheet	906,101	138,060	10,893	1,055,054	86	13	1	100

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), including relative movement in probability of default since initial recognition. There is therefore no direct relationship between credit quality and IFRS 9 stage classification.

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

			Gross carrying amount				Allowance for ECL					
Grading	PD range %	Credit quality description	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
As at 31 December 2020												
1-3	0.0 to <0.05%	Strong	**82,312**	**3,095**	**-**	**85,407**	**6**	**35**	**-**	**41**	**85,366**	**-**
4-5	0.05 to <0.15%	Strong	**101,309**	**9,715**	**-**	**111,024**	**34**	**25**	**-**	**59**	**110,965**	**0.1**
6-8	0.15 to <0.30%	Strong	**30,697**	**6,263**	**-**	**36,960**	**47**	**64**	**-**	**111**	**36,849**	**0.3**
9-11	0.30 to <0.60%	Strong	**34,601**	**5,093**	**-**	**39,694**	**120**	**168**	**-**	**288**	**39,406**	**0.7**
12-14	0.60 to <2.15%	Satisfactory	**29,498**	**8,399**	**-**	**37,897**	**379**	**593**	**-**	**972**	**36,925**	**2.6**
15-19	2.15 to <10%	Satisfactory	**8,125**	**9,136**	**-**	**17,261**	**302**	**1,283**	**-**	**1,585**	**15,676**	**9.2**
19	10 to <11.35%	Satisfactory	**3,505**	**4,437**	**-**	**7,942**	**73**	**195**	**-**	**268**	**7,674**	**3.4**
20-21	11.35 to <100%	Higher Risk	**917**	**4,868**	**-**	**5,785**	**72**	**1,201**	**-**	**1,273**	**4,512**	**22.0**
22	100%	Credit Impaired	**-**	**-**	**8,997**	**8,997**	**-**	**-**	**3,738**	**3,738**	**5,259**	**41.5**
Total			**290,964**	**51,006**	**8,997**	**350,967**	**1,033**	**3,564**	**3,738**	**8,335**	**342,632**	**2.4**
As at 31 December 2019												
1-3	0.0 to <0.05%	Strong	91,993	1,615	-	93,608	13	13	-	26	93,582	-
4-5	0.05 to <0.15%	Strong	92,668	7,704	-	100,372	12	12	-	24	100,348	-
6-8	0.15 to <0.30%	Strong	29,187	4,444	-	33,631	23	5	-	28	33,603	0.1
9-11	0.30 to <0.60%	Strong	34,515	2,932	-	37,447	91	16	-	107	37,340	0.3
12-14	0.60 to <2.15%	Satisfactory	35,690	4,341	-	40,031	210	187	-	397	39,634	1.0
15-19	2.15 to <10%	Satisfactory	9,041	9,190	-	18,231	232	981	-	1,213	17,018	6.7
19	10 to <11.35%	Satisfactory	5,235	3,629	-	8,864	62	104	-	166	8,698	1.9
20-21	11.35 to <100%	Higher Risk	937	4,379	-	5,316	64	1,055	-	1,119	4,197	21.0
22	100%	Credit Impaired	-	-	7,923	7,923	-	-	3,228	3,228	4,695	40.7
Total			299,266	38,234	7,923	345,423	707	2,373	3,228	6,308	339,115	1.8

Credit risk profile by internal PD grade for contingent liabilities (audited)[a]

Grading	PD range %	Credit quality description	Gross carrying amount Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Allowance for ECL Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
As at 31 December 2020												
1-3	0.0 to <0.05%	Strong	**6,178**	**189**	**-**	**6,367**	**1**	**-**	**-**	**1**	**6,366**	**-**
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**	**3**	**-**	**6**	**1,627**	**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	**40**	**769**	**-**	**809**	**-**	**61**	**-**	**61**	**748**	**7.5**
22	100%	Credit Impaired	**-**	**-**	**654**	**654**	**-**	**-**	**10**	**10**	**644**	**1.5**
Total			**17,256**	**3,470**	**654**	**21,380**	**44**	**228**	**10**	**282**	**21,098**	**1.3**
As at 31 December 2019												
1-3	0.0 to <0.05%	Strong	6,947	118	-	7,065	3	-	-	3	7,062	-
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	117	282	-	399	-	30	-	30	369	7.5
22	100%	Credit Impaired	-	-	355	355	-	-	5	5	350	1.4
Total			22,380	1,749	355	24,484	27	57	5	89	24,395	0.4

Credit risk profile by internal PD grade for loan commitments (audited)[a]

Grading	PD range %	Credit quality description	Gross carrying amount Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Allowance for ECL Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
As at 31 December 2020												
1-3	0.0 to <0.05%	Strong	**60,525**	**5,525**	**-**	**66,050**	**4**	**2**	**-**	**6**	**66,044**	**-**
4-5	0.05 to <0.15%	Strong	**74,860**	**6,322**	**-**	**81,182**	**12**	**16**	**-**	**28**	**81,154**	**-**
6-8	0.15 to <0.30%	Strong	**51,255**	**6,719**	**-**	**57,974**	**17**	**47**	**-**	**64**	**57,910**	**0.1**
9-11	0.30 to <0.60%	Strong	**43,650**	**6,950**	**-**	**50,600**	**17**	**72**	**-**	**89**	**50,511**	**0.2**
12-14	0.60 to <2.15%	Satisfactory	**30,994**	**9,908**	**-**	**40,902**	**119**	**131**	**-**	**250**	**40,652**	**0.6**
15-19	2.15 to <10%	Satisfactory	**5,702**	**4,971**	**-**	**10,673**	**27**	**113**	**-**	**140**	**10,533**	**1.3**
19	10 to <11.35%	Satisfactory	**4,886**	**5,129**	**-**	**10,015**	**11**	**25**	**-**	**36**	**9,979**	**0.4**
20-21	11.35 to <100%	Higher Risk	**811**	**3,897**	**-**	**4,708**	**5**	**124**	**-**	**129**	**4,579**	**2.7**
22	100%	Credit Impaired	**-**	**-**	**1,676**	**1,676**	**-**	**-**	**40**	**40**	**1,636**	**2.4**
Total			**272,683**	**49,421**	**1,676**	**323,780**	**212**	**530**	**40**	**782**	**322,998**	**0.2**
As at 31 December 2019												
1-3	0.0 to <0.05%	Strong	85,908	1,025	-	86,933	2	1	-	3	86,930	-
4-5	0.05 to <0.15%	Strong	70,112	1,889	-	72,001	5	1	-	6	71,995	-
6-8	0.15 to <0.30%	Strong	53,340	1,019	-	54,359	8	1	-	9	54,350	-
9-11	0.30 to <0.60%	Strong	44,097	1,592	-	45,689	13	1	-	14	45,675	-
12-14	0.60 to <2.15%	Satisfactory	36,112	3,955	-	40,067	30	26	-	56	40,011	0.1
15-19	2.15 to <10%	Satisfactory	4,913	3,857	-	8,770	8	55	-	63	8,707	0.7
19	10 to <11.35%	Satisfactory	3,662	2,106	-	5,768	4	7	-	11	5,757	0.2
20-21	11.35 to <100%	Higher Risk	616	1,993	-	2,609	-	21	-	21	2,588	0.8
22	100%	Credit Impaired	-	-	580	580	-	-	50	50	530	8.6
Total			298,760	17,436	580	316,776	70	113	50	233	316,543	0.1

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

Analysis of specific portfolios and asset types

This section provides an analysis of principal portfolios and businesses, in particular, home loans, credit cards, unsecured loans and other retail lending.

Secured home loans
The UK home loans portfolio comprises first lien home loans and accounts for 93% (2019: 92%) of the Group's total home loan balances.

Home loans principal portfolios

	Barclays UK	
As at 31 December	2020	2019
Gross loans and advances (£m)	**148,343**	143,259
90 day arrears rate, excluding recovery book (%)	**0.2**	0.2
Annualised gross charge-off rates - 180 days past due (%)	**0.6**	0.6
Recovery book proportion of outstanding balances (%)	**0.6**	0.5
Recovery book impairment coverage ratio (%)[a]	**3.2**	5.2

Note
a 2019 numbers have been restated to factor in Wealth accounts to align with 2020 figures.

Within the UK home loans portfolio:

- Gross loans and advances increased by £5.1bn (3.6%) following increases across both Residential (3.1%) and Buy to Let (BTL) (6.6%) books.
- Owner-occupied interest-only home loans comprised 22.1% (2019: 23.4%) of total balances.
- The average balance weighted LTV on owner occupied loans dropped to 49.9% (2019: 50.2%). The primary driver of the decrease in the LTV of the portfolio was strong UK house price growth through 2020 particularly following the buoyant purchase market in Q3 and Q4. In addition, new high LTV lending was greatly reduced.
- BTL home loans comprised 14.0% (2019: 13.6%) of total balances. In BTL, the average balance weighted LTV dropped to 55.3% (2019: 56.5%) primarily driven by positive house price growth in 2020.

Home loans principal portfolios - distribution of balances by LTV[a]

	Distribution of balances				Distribution of impairment allowance				Coverage ratio			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Barclays UK	%	%	%	%	%	%	%	%	%	%	%	%
As at 31 December 2020												
<=75%	**75.7**	**11.6**	**0.6**	**87.9**	**17.9**	**15.0**	**19.0**	**51.9**	**-**	**0.1**	**1.8**	**-**
>75% and <=90%	**10.8**	**0.8**	**-**	**11.6**	**9.7**	**14.8**	**7.6**	**32.1**	**0.1**	**1.2**	**16.0**	**0.2**
>90% and <=100%	**0.4**	**-**	**-**	**0.4**	**0.8**	**1.5**	**2.2**	**4.5**	**0.1**	**2.6**	**35.7**	**0.7**
>100%	**0.1**	**-**	**-**	**0.1**	**0.7**	**3.4**	**7.4**	**11.5**	**0.7**	**10.3**	**69.1**	**8.0**
As at 31 December 2019												
<=75%	76.0	10.7	0.7	87.4	4.2	15.4	28.5	48.1	-	0.1	2.2	-
>75% and <=90%	10.4	0.7	-	11.1	2.7	11.5	12.6	26.8	-	0.9	19.7	0.1
>90% and <=100%	1.3	0.1	-	1.4	0.8	2.5	4.9	8.2	-	1.8	54.4	0.3
>100%	0.1	-	-	0.1	0.2	4.1	12.6	16.9	0.2	8.7	107.4	9.0

Note
a Portfolio marked to market based on the most updated valuation including recovery book balances. Updated valuations reflect the application of the latest HPI available as at 31 December 2020.

Home loans principal portfolios - average LTV

	Barclays UK	
As at 31 December	2020	2019
Overall portfolio LTV(%):		
Balance weighted	**50.7**	51.1
Valuation weighted[a]	**37.6**	37.9
For >100% LTVs:		
Balances (£m)	**129**	160
Marked to market collateral (£m)	**112**	140
Average LTV: balance weighted (%)	**138.2**	133.5
Average LTV: valuation weighted (%)	**120.6**	119.7
Balances in recovery book (%)	**10.8**	10.0

Home loans principal portfolios - new lending

	Barclays UK	
As at 31 December	**2020**	**2019**
New bookings (£m)	**22,776**	25,530
New home loan proportion above >90% LTV (%)	**2.6**	4.2
Average LTV on new home loans: balance weighted (%)	**67.5**	67.9
Average LTV on new home loans: valuation weighted (%)[a]	**59.6**	59.8

Note
a 2019 numbers have been restated to factor in Wealth accounts to align with 2020 figures.

New bookings reduced by 10.8% with a decrease in new flows across both portfolios: 6.1% decrease in owner occupied and 34.8% decrease in the BTL portfolio. This decrease was driven by supply and demand effects of the COVID-19 pandemic. Demand was impacted by a significant shrinking of the market in Q2 although this was partially offset by a resurgent Q3 and Q4. High LTV supply was reduced by credit management actions.

During 2020, a total of 128k payment holidays were provided to customers. At 31 December 2020, the book value of the portfolio where payment holidays remain in place was £2.2bn, representing 1.5% of the portfolio.

Head Office: Italian home loans and advances at amortised cost reduced to £5.7bn (2019: £6.0bn) and continue to run-off since new bookings ceased in 2016. The portfolio is secured on residential property with an average balance weighted mark to market LTV of 62.1% (2019: 64.4%). 90-day arrears remained broadly stable at 1.7% (2019: 1.8%) and gross charge-off rate increased to 1.0% (2019: 0.8%). At 31 December 2020, the book value of the portfolio where payment holidays remain in place was £181.7m, representing 3.2% of the portfolio

Credit cards, unsecured loans and other retail lending

The principal portfolios listed below accounted for 84% (2019: 87%) of the Group's total credit cards, unsecured loans and other retail lending.

Credit cards, unsecured loans and other retail lending principal portfolios

	Gross loans and advances	30 day arrears, excluding recovery book	90 day arrears, excluding recovery book	Annualised gross write-off rate	Annualised net write-off rate
	£m	%	%	%	%
As at 31 December 2020					
Barclays UK					
UK cards	**11,911**	**1.7**	**0.8**	**2.9**	**2.9**
UK personal loans	**4,591**	**2.3**	**1.2**	**3.4**	**3.1**
Barclays Partner Finance[a]	**2,469**	**0.5**	**0.3**	**1.1**	**1.1**
Barclays International					
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**
As at 31 December 2019					
Barclays UK					
UK cards	16,457	1.7	0.8	1.6	1.6
UK personal loans	6,139	2.1	1.0	3.2	2.9
Barclays International					
US cards	22,041	2.7	1.4	4.5	4.4
Barclays Partner Finance[a]	4,134	0.9	0.3	1.7	1.7
Germany consumer lending[b]	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.
b 2019 Germany consumer lending numbers have been restated to include the Fundy unsecured portfolio and other adjustments to write off rates.

UK cards: 30 and 90 day arrears rates remained stable at 1.7% and 0.8% respectively, despite balances reducing by c.£4.5bn. Delinquency rates initially increased as some customers missed payments prior to payment holidays being initiated. Subsequently payment holidays and government support schemes were introduced which, coupled with significantly lower spend and balance growth activities, resulted in suppressed flows into delinquency cycles. Upon exit from payment holidays the majority of customers were able to resume making payments. During 2020, a total of 178k payment holidays were provided to customers. At 31 December 2020, the book value of the portfolio where payment holidays remain in place was £93m, representing 0.8% of the portfolio.

UK personal loans: 30 and 90 day arrears rates both increased by 0.2% to 2.3% and 1.2% respectively driven by a 25% reduction in overall balances, coupled with a higher flow in to delinquency of customers previously granted a payment holiday. During 2020, a total of 84k payment holidays were provided to customers. At 31 December 2020, the book value of the portfolio where payment holidays remain in place was £85.4m, representing 1.9% of the portfolio.

Barclays Partner Finance: 30 day arrears rate reduced to 0.5% (2019: 0.9%) due to the sale of the motor financing business and the impact of payment holidays however the vast majority of these were exited and customers resumed making payments. A total of 17k payment holidays were provided to customers and 18k payment holidays were provided to motor financing business customers in the year. At 31 December 2020, the book value of the portfolio where payment holidays remain in place was £6.6m, representing 0.3% of the portfolio.

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.

Exposure to UK commercial real estate (CRE)

The UK CRE portfolio includes property investment, development, trading and house builders but excludes social housing and contractors.

UK CRE summary

	2020	2019
As at 31 December		
UK CRE loans and advances (£m)	**9,969**	9,051
Stage 3 balances (£m)	**384**	254
Stage 3 balances as % of UK CRE balances (%)	**3.9**	2.8
Impairment allowances (£m)	**99**	52
Stage 3 coverage ratio (%)	**19.7**	7.5
Total collateral (£m)[a]	**26,240**	26,876
Year ended 31 December		
Impairment charge (£m)	**47**	6

Note
a Based on the most recent valuation assessment.

Maturity analysis of exposure to UK CRE

	Contractual maturity of UK CRE loans and advances at amortised cost							
	Stage 3 balances	Not more than six months	Over six months but not more than one year	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 loans and advances
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
2020	**384**	**171**	**132**	**398**	**3,227**	**4,357**	**1,299**	**9,969**
2019	254	146	111	377	3,088	3,687	1,388	9,051

Forbearance

Forbearance measures consist of concessions towards a debtor that is experiencing or about to experience difficulties in meeting their financial commitments ('financial difficulties').

Analysis of forbearance[a]

	Gross balances				Impairment allowances			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2020								
Barclays UK	**59**	**144**	**374**	**577**	**3**	**77**	**106**	**186**
Barclays International	**1**	**2**	**350**	**353**	**-**	**1**	**198**	**199**
Head Office	**-**	**-**	**126**	**126**	**-**	**-**	**18**	**18**
Total retail	**60**	**146**	**850**	**1,056**	**3**	**78**	**322**	**403**
Barclays UK	**-**	**48**	**534**	**582**	**-**	**3**	**54**	**57**
Barclays International	**-**	**1,373**	**1,460**	**2,833**	**-**	**86**	**564**	**650**
Head Office	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total wholesale	**-**	**1,421**	**1,994**	**3,415**	**-**	**89**	**618**	**707**
Group total	**60**	**1,567**	**2,844**	**4,471**	**3**	**167**	**940**	**1,110**
As at 31 December 2019								
Barclays UK	-	147	298	445	-	35	92	127
Barclays International	-	2	225	227	-	1	158	159
Head Office	-	-	130	130	-	-	8	8
Total retail	-	149	653	802	-	36	258	294
Barclays UK	-	47	449	496	-	4	31	35
Barclays International	-	918	1,016	1,934	-	37	226	263
Head Office	-	-	-	-	-	-	-	-
Total wholesale	-	965	1,465	2,430	-	41	257	298
Group total	-	1,114	2,118	3,232	-	77	515	592

Note
a For 2020 year end, there has been a standardisation of the definition of forbearance across the Group. 2019 balances have not been restated.

Balances on forbearance programmes increased 38% as a limited range of clients across Corporate and Investment Bank, some impacted by the COVID-19 pandemic, proceeded through restructuring.

Retail balances on forbearance increased 32%, reflecting an increase in Barclays UK and Barclays International.

Wholesale balances subject to forbearance rose to £3.4bn (2019: £2.4bn) with higher exposure in Corporate Bank and Investment Bank of £624m and £312m respectively. Impairment allowances rose to £707m (2019: £298m) following a small number of material single name charges in the year. Barclays International accounted for 83% of wholesale forbearance with corporate cases representing 82% of all forborne balances.

Retail forbearance programmes

Forbearance on the Group's principal retail portfolios is presented below. The principal portfolios account for 100% (2019: 100%) of total retail forbearance balances.

Analysis of key portfolios in forbearance programmes[a]

	Gross balances on forbearance programmes		Marked to market LTV of forbearance balances: balance weighted	Marked to market LTV of forbearance balances: valuation weighted	Impairment allowances marked against balances on forbearance programmes	Total balances on forbearance programmes coverage ratio
	Total	% of gross retail loans and advances				
	£m	%	%	%	£m	%
As at 31 December 2020						
Barclays UK						
UK home loans	**135**	**0.1**	**40.2**	**29.0**	**2**	**1.4**
UK cards	**384**	**3.2**	**n/a**	**n/a**	**151**	**39.3**
UK personal loans	**54**	**1.2**	**n/a**	**n/a**	**31**	**57.6**
Barclays partner finance[b]	**4**	**0.1**	**n/a**	**n/a**	**2**	**49.0**
Barclays International						
US cards	**286**	**1.7**	**n/a**	**n/a**	**155**	**54.2**
Germany consumer lending	**67**	**1.9**	**n/a**	**n/a**	**44**	**65.0**
Head Office						
Italian home loans	**126**	**2.2**	**59.2**	**43.2**	**18**	**14.5**
As at 31 December 2019						
Barclays UK						
UK home loans	137	0.1	42.7	31.0	-	-
UK cards	254	1.5	n/a	n/a	97	38.2
UK personal loans	54	0.9	n/a	n/a	30	55.3
Barclays International						
US cards	183	0.8	n/a	n/a	131	71.6
Barclays partner finance[b]	3	0.1	n/a	n/a	2	66.7
Germany consumer lending	37	1.0	n/a	n/a	23	60.9
Head Office						
Italian home loans	130	2.2	60.6	44.9	8	5.9

Notes
a For 2020 year end, there has been a standardisation of the definition of forbearance across the Group. 2019 balances have not been restated
b On 1 April 2020, the Barclays Partner Finance business moved from Barclays International to Barclays UK. The 2019 comparative figures have not been restated.

UK home loans: Forbearance balances reduced to £135m (2019: 137m) due to availability of payment holidays for those in short term financial difficulties due to the COVID-19 pandemic. The use of payment holidays does not necessitate the reclassification of assets as forborne.

UK cards: Gross balances on forbearance programmes increased to £384m (2019: £254m) due to increasing numbers of customers utilising breathing space during the pandemic and £101m due to the impact of the standardisation of the definition of forbearance.

UK personal loans: Gross balances on forbearance programmes remained stable at £54m (2019: £54m) due to the impact of customers utilising temporary COVID-19 relief instead of longer term forbearance options offset by £9m due to the impact of the standardisation of the definition of forbearance.

Barclays Partner Finance: Gross balances on forbearance programmes remained broadly stable.

US cards: Forbearance balances increased to £286m (2019: £183m) due to the impact of the standardisation of the definition of forbearance of £143m partially offset by the impact of fewer forbearance enrolments.

Germany consumer lending: Forbearance balances increased to £67m (2019: £37m) due to the impact of the standardisation of the definition of forbearance.

Italian home loans: Forbearance balances reduced to £126m (2019: £130m) due to a natural exit from forbearance status as the portfolio is in run-off.

Wholesale forbearance programmes

The tables below detail balance information for wholesale forbearance cases.

Analysis of wholesale balances in forbearance programmes[a]

	Gross balances on forbearance programmes		Impairment allowances marked against balances on forbearance programmes	Total balances on forbearance programmes coverage ratio
	Total balances	% of gross wholesale loans and advances		
	£m	%	£m	%
As at 31 December 2020				
Barclays UK	**582**	**1.6**	**57**	**9.8**
Barclays International	**2,833**	**2.9**	**650**	**22.9**
Total	**3,415**	**2.5**	**707**	**20.7**
As at 31 December 2019				
Barclays UK	496	1.6	35	7.1
Barclays International	1,934	1.9	263	13.6
Total	2,430	1.8	298	12.3

Note
a For 2020 year end, there has been a standardisation of the definition of forbearance across the Group. 2019 balances have not been restated.

Analysis of debt securities

Debt securities include government securities held as part of the Group's treasury management portfolio for liquidity and regulatory purposes, and are for use on a continuing basis in the activities of the Group.

The following tables provide an analysis of debt securities held by the Group for trading and investment purposes by issuer type, and where the Group held government securities exceeding 10% of shareholders' equity. Further information on the credit quality of debt securities is presented in the Balance sheet credit quality section.

Debt securities

	2020		2019	
As at 31 December	£m	%	£m	%
Of which issued by:				
Governments and other public bodies	**105,496**	**66.0**	91,058	65.1
Corporate and other issuers	**39,733**	**24.9**	39,231	28.1
US agency	**8,742**	**5.5**	4,480	3.2
Mortgage and asset backed securities	**5,745**	**3.6**	5,084	3.6
Total	**159,716**	**100.0**	139,853	100.0

Government securities

	Fair value	
	2020	2019
As at 31 December	£m	£m
United States	**30,363**	32,145
United Kingdom	**23,873**	28,010
Japan	**16,258**	6,679

Analysis of derivatives

The tables below set out the fair values of the derivative assets together with the value of those assets subject to enforceable counterparty netting arrangements for which the Group holds offsetting liabilities and eligible collateral.

Derivative assets (audited)

	2020			2019		
	Balance sheet assets	Counterparty netting	Net exposure	Balance sheet assets	Counterparty netting	Net exposure
As at 31 December	£m	£m	£m	£m	£m	£m
Foreign exchange	85,115	68,108	17,007	56,606	44,284	12,322
Interest rate	172,334	128,072	44,262	142,468	106,589	35,879
Credit derivatives	4,605	3,584	1,021	8,215	6,589	1,626
Equity and stock index	38,972	32,183	6,789	20,806	17,517	3,289
Commodity derivatives	1,420	1,133	287	1,141	1,019	122
Total derivative assets	302,446	233,080	69,366	229,236	175,998	53,238
Cash collateral held			43,291			33,411
Net exposure less collateral			26,075			19,827

Derivative asset exposures would be £276bn (2019: £209bn) lower than reported under IFRS if netting were permitted for assets and liabilities with the same counterparty or for which the Group holds cash collateral. Similarly, derivative liabilities would be £276bn (2019: £212bn) lower reflecting counterparty netting and collateral placed. In addition, non-cash collateral of £5bn (2019: £6bn) was held in respect of derivative assets. The Group received collateral from clients in support of over the counter derivative transactions. These transactions are generally undertaken under International Swaps and Derivative Association (ISDA) agreements governed by either UK or New York law.

The table below sets out the fair value and notional amounts of OTC derivative instruments by type of collateral arrangement.

Derivatives by collateral arrangement

	2020			2019		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Unilateral in favour of Barclays						
Foreign exchange	28,431	618	(532)	32,441	398	(422)
Interest rate	6,580	982	(10)	5,202	859	(13)
Credit derivatives	227	2	-	338	3	(1)
Equity and stock index	860	17	(77)	158	5	(27)
Total unilateral in favour of Barclays	36,098	1,619	(619)	38,139	1,265	(463)
Unilateral in favour of counterparty						
Foreign exchange	16,420	545	(1,003)	11,230	424	(1,206)
Interest rate	36,973	3,524	(4,543)	44,360	3,094	(4,210)
Credit derivatives	287	-	-	116	-	(1)
Equity and stock index	451	146	(22)	494	298	(40)
Total unilateral in favour of counterparty	54,131	4,215	(5,568)	56,200	3,816	(5,457)
Bilateral arrangement						
Foreign exchange	5,154,176	79,337	(77,919)	4,484,380	51,571	(51,001)
Interest rate	13,267,129	161,909	(155,453)	12,303,652	131,700	(128,096)
Credit derivatives	365,757	3,348	(3,490)	390,790	5,034	(4,923)
Equity and stock index	453,990	15,376	(18,399)	210,267	8,925	(11,178)
Commodity derivatives	4,235	89	(100)	7,269	294	(210)
Total bilateral arrangement	19,245,287	260,059	(255,361)	17,396,358	197,524	(195,408)
Uncollateralised derivatives						
Foreign exchange	269,417	4,277	(4,589)	379,741	4,117	(4,216)
Interest rate	250,857	4,583	(2,131)	284,168	4,697	(1,668)
Credit derivatives	18,629	324	(419)	8,142	216	(474)
Equity and stock index	10,850	3,268	(7,596)	21,131	1,400	(4,540)
Commodity derivatives	9	-	(10)	58	9	(46)
Total uncollateralised derivatives	549,762	12,452	(14,745)	693,240	10,439	(10,944)
Total OTC derivative assets/(liabilities)	19,885,278	278,345	(276,293)	18,183,937	213,044	(212,272)

Risk review
Risk performance
Market risk

Summary of contents

All disclosures in this section are unaudited unless otherwise stated.

Overview

This section contains key statistics describing the market risk profile of the Group. The market risk management section provides a description of management VaR.

Measures of market risk in the 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 £32m in 2020 (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 on management measures of market risk. Refer to the market risk management section of the Barclays PLC Pillar 3 Report 2020 (unaudited) for more detail on management measures and the differences when compared to regulatory measures.

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 Treasury and it is calculated with a one-day holding period.

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.

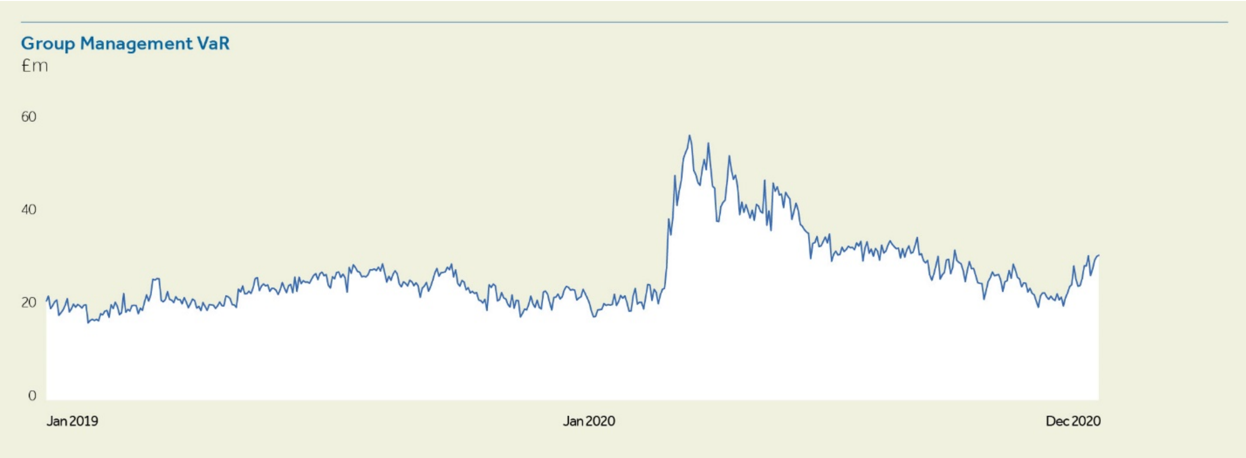
The daily average, maximum and minimum values of management VaR

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

	2020			2019		
	Average	High[a]	Low[a]	Average	High[a]	Low[a]
For the year ended 31 December	£m	£m	£m	£m	£m	£m
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	10	16	7	8	11	6
Spread risk	5	9	3	4	5	3
Foreign exchange risk	5	7	2	3	5	2
Commodity risk	1	1	-	1	2	-
Inflation risk	2	3	1	2	3	1
Diversification effect[a]	(34)	n/a	n/a	(23)	n/a	n/a
Total management VaR	32	57	18	23	29	17

Note
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.

Group Management VaR (£m)



Business scenario stresses

As part of the 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 an associated global recession.

Treasury and Capital risk: summary of contents

Interest rate risk in the banking book performance

A description of the non-traded market risk framework is provided.

The Group discloses a sensitivity analysis on pre-tax net interest income for non-trading financial assets and liabilities. The analysis is carried out by business unit and currency.

The Group measures some non-traded market risks, in particular prepayment, recruitment, and residual risk using an economic capital methodology.

The Group discloses the overall impact of a parallel shift in interest rates on other comprehensive income and cash flow hedges.

The Group measures the volatility of the value of the FVOCI instruments in the liquidity pool through non-traded market risk VaR.

Liquidity risk

All disclosures in this section are unaudited unless otherwise stated.

Overview

The Group has a comprehensive key risk control framework for managing the Group's liquidity risk. The Liquidity Framework meets the PRA's standards and is designed to maintain liquidity resources that are sufficient in amount and quality, and a funding profile that is appropriate to meet the liquidity risk appetite. The Liquidity Framework is delivered via a combination of policy formation, review and governance, analysis, stress testing, limit setting and monitoring.

This section provides an analysis of the Group's: (i) summary of performance, (ii) liquidity risk stress testing, iii) liquidity pool, (iv) funding structure and funding relationships, (v) credit ratings, and (vi) contractual maturity of financial assets and liabilities.

For further detail on liquidity risk governance and framework, refer to page 194 to 197 of the Barclays PLC Pillar 3 Report 2020 (unaudited).

Summary of performance

The liquidity pool at £266bn (December 2019: £211bn) reflects the Group's prudent approach to liquidity management. The Liquidity Coverage Ratio (LCR) remained well above the 100% regulatory requirement at 162% (December 2019: 160%), equivalent to a surplus of £99bn (December 2019: £78bn). The increase in the liquidity pool, LCR and surplus over the year was driven by a 16% growth in deposits, which was largely a consequence of government and central bank policy response to the COVID-19 pandemic. The reduction in Q420 reflects actions taken to manage down surplus liquidity proactively as the prevailing uncertainty from earlier in the year abated.

During the year, the Group issued £7.9bn of minimum requirement for own funds and eligible liabilities (MREL) instruments in a range of tenors and currencies.

Barclays Bank PLC continued to issue in the shorter-term and medium-term markets and Barclays Bank UK PLC continued to issue in the shorter-term markets and maintains an active secured funding programme. This funding capacity enables the respective entities maintain their stable and diversified funding bases.

The Group's reliance on short-term wholesale funding, as measured by the proportion of wholesale funding maturing in less than one year was broadly flat year-on-year. At 31 December 2020, it was 29% (December 2019: 28%).

Key metrics

Liquidity Coverage Ratio

162%

Liquidity risk stress testing

Under the Liquidity Framework, the Group has established a liquidity risk appetite (LRA) together with the appropriate limits for the management of the liquidity risk. This is the level of liquidity risk the Group chooses to take in pursuit of its business objectives and in meeting its regulatory obligations. The Group sets its internal liquidity risk appetite based on internal liquidity risk assessments and, external regulatory requirements namely the Capital Requirements Regulation (CRR) LCR as amended by CRR II.

Liquidity risk appetite

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 should a stress occur.

As part of the LRA, the Group runs three short-term liquidity stress scenarios, aligned to the PRA's prescribed stresses:

- 90 day market-wide stress event
- 30 day Barclays-specific stress event
- combined 30 day market-wide and Barclays-specific stress event

Key LRA assumptions

For the year ended 31 December 2020

Drivers of Liquidity Risk	LRA Combined stress – key assumptions
Wholesale Secured and Unsecured Funding Risk	- Zero rollover of maturing wholesale unsecured funding - Loss of repo capacity on non-extremely liquid repos at contractual maturity date - Roll of repo for extremely liquid repo at wider haircut at contractual maturity date - Withdrawal of contractual buyback obligations, excess client futures margin, Prime Brokerage (PB) client cash and overlifts - Haircuts applied to the market value of marketable assets held in the liquidity buffer
Retail and Corporate Funding Risk	- Retail and Corporate deposit outflows as counterparties seek to diversify their deposit balances
Intraday Liquidity Risk	- Liquidity held to meet increased intraday liquidity usage due to payment and receipts volatility, loss of unsecured credit lines and haircuts applied to collateral values used to back secured creditlines, in a stress
Intra-Group Liquidity Risk	- Liquidity support for material subsidiaries. Surplus liquidity held within certain subsidiaries is not taken as a benefit to the wider Group
Cross-Currency Liquidity Risk	- Deterioration in FX market capacity that may result in restriction in net currency positions
Off-Balance Sheet Liquidity Risk	- Drawdown on committed facilities based on facility and counterparty type - Collateral outflows due to a two-notch credit rating downgrade - Increase in the Group's initial margin requirement across all major exchanges - Variation margin outflows from collateralised risk positions - Outflow of collateral owing but not called - Loss of internal sources of funding within the PB synthetics business
Franchise-Viability Risk	- Liquidity held to enable the firm to meet select non-contractual obligations to ensure market confidence in the firm is maintained, including debt buy-backs, swap tear-ups and incresed prime brokerage margin debits
Funding Concentration Risk	- Liquidity held against largest wholesale funding counterparty refusing to roll

As at 31 December 2020, the Group held eligible liquid assets well in excess of 100% of net stress outflows of the 30 day combined scenario, which has the highest net outflows of the three short-term liquidity stress scenarios.

The Group also runs a long term liquidity stress test, which measures the anticipated outflows over a 12-month market-wide scenario. As at 31 December 2020, the Group remained compliant with this internal metric.

Liquidity regulation

The Group monitors its position against the LCR, and the Net Stable Funding Ratio (NSFR) as defined in the CRR, as amended by CRR II[b].

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. The NSFR has been developed to promote a sustainable maturity structure of assets and liabilities.

The original LCR Delegated Act underwent a revision in April 2020[a]. The key areas which were updated include rules around the recognition of securitisations as High Quality Liquid Assets (requiring them to be simple, transparent and standardised) as well as an update to the stressed inflow/outflow rates for repurchase agreements, reverse repurchase agreements and collateral swaps. These revisions were consistent with the requirements of the Basel standards.

Detailed NSFR provisions were contained in CRR II. Barclays expects all its entities in scope of NSFR requirements to be compliant at their respective date of implementation.

Regulatory developments and impact of the UK's withdrawal from the European Union

LCR

The European Union (Withdrawal) Act 2018[c] ensures "direct EU legislation" operative in the UK immediately before "exit day" (31 December 2020) continues to be in force unless otherwise specified. This ensures that the LCR provisions operative in the UK before "exit day" contained in the CRR (as amended by CRR II) and LCR Delegated Act continue to apply in the UK subject to the temporary transitional powers (TTP) available to UK regulators to delay or phase-in on-shoring changes.

The relief made available under the TTP extends to the recognition of EU member states' sovereign debt as Level 1 HQLA[d] up to 31 March 2022 unless the relevant equivalence decision is made earlier.

NSFR

The NSFR rules were not operative in the UK prior to "exit day" and therefore they were not automatically on-shored into UK domestic law and the UK is under no direct obligation to align to the requirements contained in CRR II. Instead the NSFR will be subject to implementation by the UK's PRA.

In November 2020 the PRA published a joint statement with HM Treasury and the Financial Conduct Authority[e] that the implementation of the outstanding provisions of CRR II in the UK would be moved from June 2021 to January 2022. The PRA intends to consult during the course of 2021 which will determine how closely implementation of the NSFR in the UK will align with the EU requirements of CRR II.

This does not apply to Barclays Bank Ireland (BBI) which remains subject to the NSFR requirements as set out in CRR II due to be implemented in June 2021.

Notes
a Commission Delegated Regulation (EU) 2015/61 of 10 October 2014 to supplement Regulation (EU) No 575/2013 of the European Parliament and Council with regard to liquidity coverage requirement for Credit Institutions, as it forms part of domestic law by virtue of section 3 of the European Union (Withdrawal) Act 2018, and as amended from time to time.
b Capital Requirements Regulation II (CRRII): Regulation (EU) No 575/2013 as amended by Regulation (EU) 2019/87.
c Section 3 of the European Union (Withdrawal) Act 2018.
d Part 15 of "Capital Requirements Regulation: Guidance on the PRA's use of the transitional direction".
e Joint statement on the implementation of prudential reforms in the Financial Services Bill.

Liquidity coverage ratio

The external LCR requirement is prescribed by the regulator taking into account the relative stability of different sources of funding and potential incremental funding requirements in a stress.

As at 31 December	2020 £bn	2019 £bn
Eligible liquidity buffer	**258**	206
Net stress outflows	**(159)**	(128)
Surplus	**99**	78
Liquidity coverage ratio	**162%**	160%

As part of the LRA, Barclays also establishes the minimum LCR limit. The Group plans to maintain its surplus to the internal and regulatory stress requirements at an efficient level, while continuously assessing risks to market funding conditions and its liquidity position and taking actions to manage the size of the liquidity pool as appropriate.

Liquidity pool

The Group liquidity pool as at 31 December 2020 was £266bn (2019: £211bn). During 2020, the month-end liquidity pool ranged from £218bn to £332bn (2019: £211bn to £256bn), and the month-end average balance was £287bn (2019: £235bn). The liquidity pool is held unencumbered and is intended to offset stress outflows. It comprises the following cash and unencumbered assets.

Composition of the Group liquidity pool as at 31 December 2020

		Liquidity pool of which CRR LCR eligible[c]			2019
	Liquidity pool	Cash	Level 1	Level 2A	Liquidity pool
	£bn	£bn	£bn	£bn	£bn
Cash and deposits with central banks[a]	**197**	**192**	**-**	**-**	153
Government bonds[b]					
AAA to AA-	**31**	**-**	**29**	**1**	31
A+ to A-	**13**	**-**	**6**	**7**	2
BBB+ to BBB-	**1**	**-**	**1**	**-**	3
Total government bonds	**45**	**-**	**36**	**8**	36
Other					
Government guaranteed issuers, PSEs and GSEs	**10**	**-**	**8**	**1**	9
International organisations and MDBs	**6**	**-**	**5**	**-**	7
Covered bonds	**8**	**-**	**6**	**2**	6
Other	**-**	**-**	**-**	**-**	-
Total other	**24**	**-**	**19**	**3**	22
Total as at 31 December 2020	**266**	**192**	**55**	**11**	211
Total as at 31 December 2019	211	150	50	3	

Notes
a Includes cash held at central banks and surplus cash at central banks related to payment schemes. Of which over 98% (2019: over 98%) was placed with the Bank of England, US Federal Reserve, European Central Bank, Bank of Japan and Swiss National Bank.
b Of which over 78% (2019: over 79%) comprised UK, US, French, German, Japanese, Swiss and Dutch securities.
c The LCR eligible liquidity pool is adjusted for trapped liquidity and other regulatory deductions. It also incorporates other CRR (as amended by CRR II) qualifying assets that are not eligible under Barclays' internal risk appetite.

The Group liquidity pool is well diversified by major currency and the Group monitors LRA stress scenarios for major currencies.

Liquidity pool by currency

	USD	EUR	GBP	Other	Total
	£bn	£bn	£bn	£bn	£bn
Liquidity pool as at 31 December 2020	**60**	**50**	**80**	**76**	**266**
Liquidity pool as at 31 December 2019	52	42	67	50	211

Management of the liquidity pool

The composition of the liquidity pool is subject to limits set by the Board and the independent liquidity risk, credit risk and market risk functions. In addition, the investment of the liquidity pool is monitored for concentration risk by issuer, currency and asset type. Given the returns generated by these highly liquid assets, the risk and reward profile is continuously managed.

As at 31 December 2020, 64% (2019: 67%) of the liquidity pool was located in Barclays Bank PLC, 23% (2019: 20%) in Barclays Bank UK PLC and 7% (2019: 6%) in Barclays Bank Ireland PLC. The residual portion of the liquidity pool is held outside of these entities, predominantly in the US subsidiaries, to meet entity-specific stress outflows and local regulatory requirements. To the extent the use of this portion of the liquidity pool is restricted due to local regulatory requirements, it is assumed to be unavailable to the rest of the Group in calculating the LCR.

Contingent liquidity

In addition to the Group liquidity pool, the Group has access to other unencumbered assets which provide a source of contingent liquidity. While these are not relied on in the Group's LRA, a portion of these assets may be monetised in a stress to generate liquidity through their use as collateral for secured funding or through outright sale.

In a Barclays-specific, market-wide or combined liquidity stress, liquidity available via market sources could be severely disrupted. In circumstances where market liquidity is unavailable or available only at significantly elevated prices, the Group could generate liquidity via central bank facilities. To this end, as at 31 December 2020, the Group had £99.2bn (December 2019: 79.7bn) of assets prepositioned at various central banks.

For more detail on the Group's other unencumbered assets, see pages 221 to 223 of the Barclays PLC Pillar 3 Report 2020 (unaudited).

Funding structure and funding relationships

The basis for sound liquidity risk management is a funding structure that reduces the probability of a liquidity stress leading to an inability to meet funding obligations as they fall due. The Group's overall funding strategy is to develop a diversified funding base (geographically, by type and by counterparty) and maintain access to a variety of alternative funding sources, to provide protection against unexpected fluctuations, while minimising the cost of funding.

Within this, the Group aims to align the sources and uses of funding. As such, retail and corporate loans and advances are largely funded by deposits in the relevant entities, with the surplus primarily funding the liquidity pool. The majority of reverse repurchase agreements are matched by repurchase agreements. Derivative liabilities and assets are largely matched. A substantial proportion of balance sheet derivative positions qualify for counterparty netting and the remaining portions are largely offset when netted against cash collateral received and paid. Wholesale debt and equity is used to fund residual assets.

These funding relationships are summarised below:

Assets	2020 £bn	2019 £bn
Loans and advances at amortised cost[a]	**335**	335
Group liquidity pool	**266**	211
Reverse repurchase agreements, trading portfolio assets, cash collateral and settlement balances	**376**	298
Derivative financial instruments	**302**	229
Other assets[b]	**71**	67
Total assets	**1,350**	1,140

Liabilities	2020 £bn	2019 £bn
Deposits at amortised cost	**481**	416
<1 Year wholesale funding	**43**	41
>1 Year wholesale funding	**102**	106
Repurchase agreements, trading portfolio liabilities, cash collateral and settlement balances	**324**	247
Derivative financial instruments	**301**	229
Other liabilities	**32**	35
Equity	**67**	66
Total liabilities	**1,350**	1,140

Notes
a Adjusted for liquidity pool debt securities reported at amortised costs of £8bn (December 2019: £4bn).
b Other assets include fair value assets that are not part of reverse repurchase agreements or trading portfolio assets, and other asset categories.

Deposit funding (audited)

Funding of loans and advances	2020			2019
	Loans and advances at amortised cost	Deposits at amortised cost	Loan: deposit ratio[a]	Loan: deposit ratio
As at 31 December 2020	£bn	£bn	%	%
Barclays UK	**214**	**240**	**89%**	96%
Barclays International	**123**	**241**	**51%**	63%
Head Office	**6**	**-**		
Barclays Group	**343**	**481**	**71%**	82%

Note
a The loan: deposit ratio is calculated as loans and advances at amortised cost divided by deposits at amortised cost.

As at 31 December 2020, £209bn (2019: £181bn) of total customer deposits were insured through the UK Financial Services Compensation Scheme (FSCS) and other similar schemes. In addition to these customer deposits £2bn (2019: £4bn) of other liabilities are insured by other governments.

Contractually current accounts are repayable on demand and savings accounts at short notice. In practice, their observed maturity is typically longer than their contractual maturity. Similarly, repayment profiles of certain types of assets e.g. mortgages, overdrafts and credit card lending, differ from their contractual profiles. The Group therefore assesses the behavioural maturity of both customer assets and liabilities to identify structural balance sheet funding gaps. In doing so, it applies quantitative modelling and qualitative assessments which take into account historical experience, current customer composition, and macroeconomic projections.

The Group's broad base of customers, numerically and by depositor type, helps protect against unexpected fluctuations in balances and hence provides a stable funding base for the Group's operations and liquidity needs.

Wholesale funding

Barclays Bank Group and Barclays Bank UK Group maintain access to a variety of sources of wholesale funds in major currencies, including those available from term investors across a variety of distribution channels and geographies, short-term funding markets and repo markets.

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.

Key sources of wholesale funding for Barclays Bank UK Group include money markets, certificates of deposit, commercial paper, covered bonds and other securitisations.

The Group expects to continue issuing public wholesale debt from Barclays PLC (the Parent company), in order to maintain compliance with indicative MREL requirements and maintain a stable and diverse funding base by type, currency and market. During the year, the Group issued £7.9bn of MREL instruments from Barclays PLC (the Parent company) in a range of different currencies and tenors.

Barclays Bank PLC continued to issue in the shorter-term and medium-term notes markets including a $1.75bn two year senior bond issuance in May, and repurchased a $1.5bn 7.625% Contingent Capital Notes in December. Barclays Bank UK PLC continued to issue in the shorter-term markets and maintains an active secured funding program. This funding capacity enables the respective entities maintain their stable and diversified funding bases.

As at 31 December 2020, the Group's total wholesale funding outstanding (excluding repurchase agreements) was £145.0bn (2019: £147.1bn), of which £17.1bn (2019: £19.6bn) was secured funding and £127.9bn (2019: £127.5bn) unsecured funding. Unsecured funding includes £54.8bn (2019: £51.1bn) of privately placed senior unsecured notes issued through a variety of distribution channels including intermediaries and private banks.

Wholesale funding of £42.7bn (2019: £40.6bn matures in less than one year, representing 29% (December 2019: 28%) of total wholesale funding outstanding. This includes £20.3bn (2019: £16.3bn) related to term funding[b]. Although not a requirement, the liquidity pool exceeded the wholesale funding maturing in less than one year by £223bn (2019: £170bn).

Barclays Bank Group and Barclays Bank UK Group also support 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 2020, Barclays repaid £11.2bn of TFS drawings early, reducing the outstanding drawn balance under TFS to £1.4bn as at 31 December 2020. Additionally, £6.6bn of TFSME and £2.2bn of TLTRO drawings during the year were outstanding at the year-end.

Maturity profile of wholesale funding[a,b]

	<1 month £bn	1-3 months £bn	3-6 months £bn	6-12 months £bn	<1 year £bn	1-2 years £bn	2-3 years £bn	3-4 years £bn	4-5 years £bn	>5 years £bn	Total £bn
Barclays PLC (the Parent company)											
Senior unsecured (Public benchmark)	**1.1**	**1.1**	**-**	**1.2**	**3.4**	**1.4**	**7.7**	**5.6**	**5.1**	**13.5**	**36.7**
Senior unsecured (Privately placed)	**0.1**	**-**	**-**	**0.1**	**0.2**	**-**	**0.2**	**0.2**	**-**	**0.7**	**1.3**
Subordinated liabilities	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.9**	**-**	**6.8**	**7.7**
Barclays Bank PLC (including subsidiaries)											
Certificates of deposit and commercial paper	**-**	**5.4**	**3.1**	**5.6**	**14.1**	**0.5**	**0.1**	**-**	**-**	**-**	**14.7**
Asset backed commercial paper	**1.4**	**5.0**	**0.7**	**-**	**7.1**	**-**	**-**	**-**	**-**	**-**	**7.1**
Senior unsecured (Public benchmark)	**-**	**0.5**	**0.1**	**0.1**	**0.7**	**1.3**	**0.1**	**1.1**	**-**	**0.9**	**4.1**
Senior unsecured (Privately placed)[c]	**0.8**	**2.3**	**2.2**	**4.2**	**9.5**	**7.1**	**6.4**	**3.9**	**4.9**	**21.7**	**53.5**
Asset backed securities	**-**	**-**	**-**	**0.5**	**0.5**	**0.8**	**0.4**	**0.5**	**0.2**	**1.4**	**3.8**
Subordinated liabilities	**1.4**	**0.2**	**3.2**	**0.3**	**5.1**	**2.2**	**-**	**0.1**	**-**	**1.2**	**8.6**
Barclays Bank UK PLC (including subsidiaries)											
Certificates of deposit and commercial paper	**-**	**0.9**	**0.2**	**0.1**	**1.2**	**-**	**-**	**-**	**-**	**-**	**1.2**
Senior unsecured (Public benchmark)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**
Covered bonds	**0.9**	**-**	**-**	**-**	**0.9**	**2.3**	**1.8**	**-**	**-**	**1.2**	**6.2**
Total as at 31 December 2020	**5.7**	**15.4**	**9.5**	**12.1**	**42.7**	**15.6**	**16.7**	**12.3**	**10.2**	**47.5**	**145.0**
Of which secured	**2.3**	**5.0**	**0.7**	**0.5**	**8.5**	**3.1**	**2.2**	**0.5**	**0.2**	**2.6**	**17.1**
Of which unsecured	**3.4**	**10.4**	**8.8**	**11.6**	**34.2**	**12.5**	**14.5**	**11.8**	**10.0**	**44.9**	**127.9**
Total as at 31 December 2019	4.5	11.6	9.4	15.1	40.6	19.8	12.1	15.1	11.6	47.9	147.1
Of which secured	1.6	5.3	2.3	0.5	9.7	0.9	2.5	2.4	0.9	3.2	19.6
Of which unsecured	2.9	6.3	7.1	14.6	30.9	18.9	9.6	12.7	10.7	44.7	127.5

Notes
a The composition of wholesale funds comprises the balance sheet reported financial liabilities at fair value, debt securities in issue and subordinated liabilities. It does not include participation in the central bank facilities reported within repurchase agreements and other similar secured borrowing.
b Term funding comprises public benchmark and privately placed senior unsecured notes, covered bonds, asset-backed securities and subordinated debt where the original maturity of the instrument was more than one year.
c Includes structured notes of £45.4bn, of which £8.7bn matures within one year.

Currency composition of wholesale debt

As at 31 December 2020, the proportion of wholesale funding by major currencies was as follows:

Currency composition of wholesale funding

	USD %	EUR %	GBP %	Other %
Certificates of deposit and commercial paper	**44**	**38**	**17**	**1**
Asset backed commercial paper	**78**	**13**	**9**	**-**
Senior unsecured (Public benchmark)	**57**	**21**	**15**	**7**
Senior unsecured (Privately placed)	**71**	**12**	**7**	**10**
Covered bonds / Asset backed securities	**34**	**29**	**37**	**-**
Subordinated liabilities	**52**	**25**	**21**	**2**
Total as at 31 December 2020	**61**	**20**	**13**	**6**
Total as at 31 December 2019	60	22	13	5

To manage cross currency refinancing risk, the Group manages to currency mismatch limits, which limit risk at specific maturities.

Contractual maturity of financial assets and liabilities

The table below 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 they 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.

Contractual maturity of financial assets and liabilities (audited)

As at 31 December 2020	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 nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years 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
Assets											
Cash and balances at central banks	190,347	182	598	-	-	-	-	-	-	-	191,127
Cash collateral and settlement balances	1,177	100,190	-	-	-	-	-	-	-	-	101,367
Loans and advances at amortised cost	14,098	11,970	8,388	4,956	5,234	25,392	22,133	36,286	47,944	166,231	342,632
Reverse repurchase agreements and other similar secured lending	150	8,698	-	-	-	-	183	-	-	-	9,031
Trading portfolio assets	127,950	-	-	-	-	-	-	-	-	-	127,950
Financial assets at fair value through the income statement	17,377	123,044	7,548	6,960	4,151	4,911	1,346	2,431	2,345	5,038	175,151
Derivative financial instruments	301,880	23	-	-	-	70	55	310	87	21	302,446
Financial assets at fair value through other comprehensive income	-	9,655	3,517	1,393	948	6,469	5,566	17,552	24,450	9,138	78,688
Other financial assets	357	451	19	22	-	1	-	-	-	-	850
Total financial assets	653,336	254,213	20,070	13,331	10,333	36,843	29,283	56,579	74,826	180,428	1,329,242
Other assets											20,272
Total assets											1,349,514
Liabilities											
Deposits at amortised cost	410,894	41,468	15,886	5,073	3,082	2,264	625	601	764	379	481,036
Cash collateral and settlement balances	1,900	83,523	-	-	-	-	-	-	-	-	85,423
Repurchase agreements and other similar secured borrowing	4	3,276	-	-	-	1,400	2,329	7,073	-	92	14,174
Debt securities in issue	-	16,344	4,048	5,100	1,937	5,780	10,402	13,608	12,721	5,856	75,796
Subordinated liabilities	-	1,589	3,209	294	-	2,192	14	989	6,915	1,139	16,341
Trading portfolio liabilities	47,405	-	-	-	-	-	-	-	-	-	47,405
Financial liabilities designated at fair value	15,555	172,153	8,677	5,067	2,938	8,594	6,939	8,580	8,344	12,918	249,765
Derivative financial instruments	299,795	1	49	-	-	79	67	185	196	403	300,775
Other financial liabilities	101	2,915	49	46	45	738	156	273	436	210	4,969
Total financial liabilities	775,654	321,269	31,918	15,580	8,002	21,047	20,532	31,309	29,376	20,997	1,275,684
Other liabilities											6,948
Total liabilities											1,282,632
Cumulative liquidity gap	(122,318)	(189,374)	(201,222)	(203,471)	(201,140)	(185,344)	(176,593)	(151,323)	(105,873)	53,558	66,882

Contractual maturity of financial assets and liabilities (audited)

As at 31 December 2019	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 nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years 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
Assets											
Cash and balances at central banks	149,383	766	109	-	-	-	-	-	-	-	150,258
Cash collateral and settlement balances	2,022	81,231	3	-	-	-	-	-	-	-	83,256
Loans and advances at amortised cost	14,824	10,944	13,108	7,738	7,031	21,771	22,478	37,408	40,702	163,111	339,115
Reverse repurchase agreements and other similar secured lending	13	3,097	-	-	-	77	190	-	-	2	3,379
Trading portfolio assets	114,195	-	-	-	-	-	-	-	-	-	114,195
Financial assets at fair value through the income statement	14,279	89,355	13,979	3,443	1,317	1,664	512	953	2,302	5,282	133,086
Derivative financial instruments	229,063	30	-	-	-	7	24	9	79	24	229,236
Financial assets at fair value through other comprehensive income	-	6,694	3,241	1,164	1,159	7,711	6,521	11,896	21,195	6,169	65,750
Other financial assets	895	441	25	-	14	-	-	-	-	-	1,375
Total financial assets	524,674	192,558	30,465	12,345	9,521	31,230	29,725	50,266	64,278	174,588	1,119,650
Other assets											20,579
Total assets											1,140,229
Liabilities											
Deposits at amortised cost	348,337	42,357	10,671	3,861	4,067	3,935	930	530	545	554	415,787
Cash collateral and settlement balances	3,053	64,275	13	-	-	-	-	-	-	-	67,341
Repurchase agreements and other similar secured borrowing	7	2,755	10	-	-	10,007	1,201	470	-	67	14,517
Debt securities in issue	-	12,795	6,560	4,147	3,123	8,387	3,325	18,189	14,342	5,501	76,369
Subordinated liabilities	-	207	78	75	832	4,979	3,266	1,075	5,979	1,665	18,156
Trading portfolio liabilities	36,916	-	-	-	-	-	-	-	-	-	36,916
Financial liabilities designated at fair value	13,952	127,939	10,890	6,519	3,798	6,981	6,235	7,706	7,127	13,179	204,326
Derivative financial instruments	228,617	1	-	8	-	36	42	42	88	370	229,204
Other financial liabilities	251	2,361	55	52	50	1,110	138	242	351	409	5,019
Total financial liabilities	631,133	252,690	28,277	14,662	11,870	35,435	15,137	28,254	28,432	21,745	1,067,635
Other liabilities											6,934
Total liabilities											1,074,569
Cumulative liquidity gap	(106,459)	(166,591)	(164,403)	(166,720)	(169,069)	(173,274)	(158,686)	(136,674)	(100,828)	52,015	65,660

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 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 these deposits provide stable funding for the Group's operations and liquidity needs because of the broad base of customers, both numerically and by depositor type
- 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.

Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the 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)

	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
As at 31 December 2020									
Deposits at amortised cost	**410,894**	**41,468**	**15,886**	**8,156**	**2,893**	**599**	**768**	**385**	**481,049**
Cash collateral and settlement balances	**1,900**	**83,523**	**-**	**-**	**-**	**-**	**-**	**-**	**85,423**
Repurchase agreements and other similar secured borrowing	**4**	**3,276**	**-**	**-**	**3,729**	**7,089**	**-**	**154**	**14,252**
Debt securities in issue	**-**	**16,368**	**4,058**	**7,061**	**16,684**	**14,715**	**14,882**	**9,852**	**83,620**
Subordinated liabilities	**-**	**1,597**	**3,328**	**311**	**2,498**	**1,152**	**8,578**	**1,587**	**19,051**
Trading portfolio liabilities	**47,405**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**47,405**
Financial liabilities designated at fair value	**15,555**	**172,186**	**8,683**	**8,007**	**15,604**	**8,586**	**8,369**	**20,835**	**257,825**
Derivative financial instruments	**299,795**	**1**	**49**	**-**	**147**	**187**	**204**	**443**	**300,826**
Other financial liabilities	**101**	**2,929**	**62**	**116**	**981**	**338**	**557**	**248**	**5,332**
Total financial liabilities	**775,654**	**321,348**	**32,066**	**23,651**	**42,536**	**32,666**	**33,358**	**33,504**	**1,294,783**
As at 31 December 2019									
Deposits at amortised cost	348,337	42,369	10,682	7,946	4,869	532	554	595	415,884
Cash collateral and settlement balances	3,053	64,297	13	-	-	-	-	-	67,363
Repurchase agreements and other similar secured borrowing	7	2,758	10	-	11,300	485	-	149	14,709
Debt securities in issue	-	12,850	6,589	7,305	12,330	19,132	16,657	9,398	84,261
Subordinated liabilities	-	207	78	950	9,822	1,286	7,192	3,025	22,560
Trading portfolio liabilities	36,916	-	-	-	-	-	-	-	36,916
Financial liabilities designated at fair value	13,952	128,064	11,020	10,609	13,507	8,054	7,519	19,392	212,117
Derivative financial instruments	228,617	2	-	8	80	45	99	378	229,229
Other financial liabilities	251	2,372	65	126	1,337	351	565	448	5,515
Total financial liabilities	631,133	252,919	28,457	26,944	53,245	29,885	32,586	33,385	1,088,554

Maturity of off-balance sheet commitments received and given

The table below presents the maturity split of the 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.

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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2020											
Guarantees, letters of credit and credit insurance	**26,368**	**86**	**37**	**68**	**8**	**18**	**14**	**47**	**40**	**25**	**26,711**
Other commitments received	**92**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**92**
Total off-balance sheet commitments received	**26,460**	**86**	**37**	**68**	**8**	**18**	**14**	**47**	**40**	**25**	**26,803**
As at 31 December 2019											
Guarantees, letters of credit and credit insurance	13,091	106	22	81	-	11	12	21	12	34	13,390
Other commitments received	91	-	-	-	-	-	-	-	-	-	91
Total off-balance sheet commitments received	13,182	106	22	81	-	11	12	21	12	34	13,481

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
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2020											
Contingent liabilities	**21,307**	**213**	**57**	**6**	**1**	**25**	**-**	**-**	**-**	**-**	**21,609**
Documentary credits and other short-term trade related transactions	**1,084**	**1**	**1**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,086**
Standby facilities, credit lines and other commitments	**330,499**	**564**	**93**	**123**	**95**	**160**	**199**	**202**	**21**	**7**	**331,963**
Total off-balance sheet commitments given	**352,890**	**778**	**151**	**129**	**96**	**185**	**199**	**202**	**21**	**7**	**354,658**
As at 31 December 2019											
Contingent liabilities	23,586	366	86	125	140	143	42	28	3	8	24,527
Documentary credits and other short-term trade related transactions	1,287	3	1	-	-	-	-	-	-	-	1,291
Standby facilities, credit lines and other commitments	328,623	1,133	792	973	639	269	98	273	139	225	333,164
Total off-balance sheet commitments given	353,496	1,502	879	1,098	779	412	140	301	142	233	358,982

Capital risk

All disclosures in this section are unaudited unless otherwise stated.

Overview

The CET1 ratio, among other metrics, is a measure of the capital strength and resilience of Barclays. Maintenance of our capital resources is vital in order to meet the overall regulatory capital requirement, to withstand the impact of the risks that may arise under normal and stressed conditions, and to cover current and forecast business needs and associated risks to provide a viable and sustainable business offering.

This section provides an overview of the Group's: (i) CET1 capital, leverage and own funds and eligible liabilities requirements; (ii) capital resources; (iii) risk weighted assets (RWAs); (iv) leverage ratios and exposures; and (v) own funds and eligible liabilities.

More details on monitoring and managing capital risk may be found in the risk management sections of the Barclays PLC Pillar 3 Report 2020 (unaudited).

Summary of performance in the period

The Group continues to be in excess of overall capital requirements, minimum leverage requirements and MREL requirements.

The CET1 ratio increased to 15.1% (December 2019: 13.8%).

CET1 capital increased by £5.5bn to £46.3bn reflecting resilient capital generation through £7.9bn of profit before tax, excluding credit impairment charges of £4.8bn, and a £1.0bn increase due to the cancellation of the full year 2019 dividend. These increases were partially offset by £0.9bn of AT1 coupons paid and the announced 1.0p full year 2020 dividend. The CET1 capital increase also reflects regulatory measures for IFRS 9 transitional relief, prudent valuation and qualifying software assets.

RWAs increased by £11.1bn to £306.2bn primarily due to higher market volatility, increased client activity and a reduction in credit quality within CIB, partially offset by lower consumer lending.

The average UK leverage ratio increased to 5.0% (December 2019: 4.5%) primarily driven by the increase in T1 capital. The average leverage exposure increased to £1,147bn (December 2019: £1,143bn) primarily driven by an increase in Securities Financing Transactions (SFTs) and Trading Portfolio Assets (TPAs) largely driven by an increase in secured lending and client activity within CIB, partially offset by the PRA's early adoption of CRR II settlement netting.

Key metrics

Common Equity Tier 1 ratio

15.1%

Average UK leverage ratio

5.0%

UK leverage ratio

5.3%

Own funds and eligible liabilities ratio as a percentage of CRR leverage exposures[a]

8.2%

Own funds and eligible liabilities ratio as a percentage of RWAs

33.6%

Note
a Fully loaded CRR leverage exposure is calculated without applying the transitional arrangements of the CRR as amended by CRR II.

Minimum capital requirements

The Group's Overall Capital Requirement for CET1 is 11.2% comprising a 4.5% Pillar 1 minimum, a 2.5% Capital Conservation Buffer (CCB), a 1.5% Global Systemically Important Institution (G-SII) buffer, a 2.7% Pillar 2A requirement and a 0.0% Countercyclical Capital Buffer (CCyB).

The Group's CCyB is based on the buffer rate applicable for each jurisdiction in which the Group has exposures. On 11 March 2020, the Financial Policy Committee (FPC) set the CCyB rate for UK exposures at 0% with immediate effect. The buffer rates set by other national authorities for non-UK exposures are not currently material. Overall, this results in a 0.0% CCyB for the Group.

The Group's Pillar 2A requirement as per the PRA's Individual Capital Requirement is 4.8% of which at least 56.25% needs to be met with CET1 capital, equating to approximately 2.7% of RWAs. The Pillar 2A requirement is subject to at least annual review and has been set as a nominal capital amount. This is based on a point in time assessment and the requirement (when expressed as a proportion of RWAs) will change depending on the total RWAs at each reporting period.

Minimum leverage requirements

The Group is subject to a leverage ratio requirement of 3.8% as at 31 December 2020. This comprises the 3.25% minimum requirement, a G-SII additional leverage ratio buffer (G-SII ALRB) of 0.53% and a countercyclical leverage ratio buffer of 0.0%. Although the leverage ratio is expressed in terms of T1 capital, 75% of the minimum requirement, equating to 2.4375%, needs to be met with CET1 capital. In addition, the G-SII ALRB must be covered solely with CET1 capital. The CET1 capital held against the 0.53% G-SII ALRB was £6.0bn.

Minimum requirements for own funds and eligible liabilities

The Group is required to meet the higher of: (i) the requirements set by the BoE based on RWAs and the higher of average and UK leverage exposures; and (ii) the requirements in CRR as amended by CRR II based on RWAs and CRR leverage exposures. The MREL requirements are subject to phased implementation and will be fully implemented by 1 January 2022.

On 19 January 2021 the BoE published indicative MREL requirements that show the Group's highest requirement in 2022 will be 7.70% of CRR leverage exposure, based on 30 September 2020 exposures. The BoE is currently reviewing the MREL calibration and intends to make any policy changes by the end of 2021. Separately, the FPC intends to review the UK leverage framework in 2021 and this, along with any MREL policy changes, may result in a different MREL requirement from 1 January 2022 than that which is currently proposed. CET1 capital cannot be counted towards both MREL and the capital buffers, meaning that the buffers will effectively be applied above MREL requirements.

Significant regulatory updates in the period

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 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 BoE and PRA are expected to review the UK legislation framework and any disclosures made by the Group will be subject to any resulting guidance.

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 non-deduction of prudently valued software assets from CET1 capital, the CRR leverage calculation to include additional settlement netting and limited changes to the calculation of RWAs. For UK leverage calculations, the PRA early adopted the CRR II settlement netting measure in April 2020.

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.

On 23 December 2020, a new regulatory technical standard on the prudential treatment of qualifying software assets was adopted into EU law replacing the CET1 capital deduction with prudential amortisation up to a 3-year period. Intangible assets that are no longer deducted are subject to 100% risk weight instead.

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 proposals include reverting to the previous treatment of 100% CET1 capital deduction for qualifying software assets by the end of 2021, meaning the benefit in the CET1 ratio is likely to be reversed in future periods.

Capital resources

Capital ratios[a,b,c]

As at 31 December	2020	2019
CET1	**15.1%**	13.8%
Tier 1 (T1)	**19.0%**	17.7%
Total regulatory capital	**22.1%**	21.6%

Capital resources (audited)

As at 31 December	2020 £m	2019 £m
Total equity excluding non-controlling interests per the balance sheet	**65,797**	64,429
Less: other equity instruments (recognised as AT1 capital)	**(11,172)**	(10,871)
Adjustment to retained earnings for foreseeable dividends and other equity coupons	**(204)**	(1,096)
Other regulatory adjustments and deductions		
Additional value adjustments (PVA)	**(1,146)**	(1,746)
Goodwill and intangible assets	**(6,914)**	(8,109)
Deferred tax assets that rely on future profitability excluding temporary differences	**(595)**	(479)
Fair value reserves related to gains or losses on cash flow hedges	**(1,575)**	(1,002)
Gains or losses on liabilities at fair value resulting from own credit	**870**	260
Defined benefit pension fund assets	**(1,326)**	(1,594)
Direct and indirect holdings by an institution of own CET1 instruments	**(50)**	(50)
Adjustment under IFRS 9 transitional arrangements	**2,556**	1,126
Other regulatory adjustments	**55**	(55)
CET1 capital	**46,296**	40,813
AT1 capital		
Capital instruments and related share premium accounts	**11,172**	10,871
Qualifying AT1 capital (including minority interests) issued by subsidiaries	**646**	687
Other regulatory adjustments and deductions	**(80)**	(130)
AT1 capital	**11,738**	11,428
T1 capital	**58,034**	52,241
T2 capital		
Capital instruments and related share premium accounts	**7,836**	7,650
Qualifying T2 capital (including minority interests) issued by subsidiaries	**1,893**	3,984
Credit risk adjustments (excess of impairment over expected losses)	**57**	16
Other regulatory adjustments and deductions	**(160)**	(250)
Total regulatory capital	**67,660**	63,641

Notes

a CET1, T1 and T2 capital, and RWAs 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, as is relevant for assessing against the conversion trigger in Barclays PLC AT1 securities, was 14.3%, with £43.7bn of CET1 capital and £305.3bn of RWAs calculated without applying the transitional arrangements of the CRR as amended by CRR II.

c The Group's 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.

Movement in CET1 capital

	2020 £m
Opening balance as at 1 January	**40,813**
Profit for the period attributable to equity holders	**2,383**
Own credit relating to derivative liabilities	**29**
Dividends and other equity coupons paid and foreseen	**35**
Increase in retained regulatory capital generated from earnings	**2,447**
Net impact of share schemes	**115**
Fair value through other comprehensive income reserve	**192**
Currency translation reserve	**(473)**
Other reserves	**(48)**
Decrease in other qualifying reserves	**(214)**
Pension remeasurements within reserves	**(111)**
Defined benefit pension fund asset deduction	**268**
Net impact of pensions	**157**
Additional value adjustments (PVA)	**600**
Goodwill and intangible assets	**1,195**
Deferred tax assets that rely on future profitability excluding those arising from temporary differences	**(116)**
Adjustment under IFRS 9 transitional arrangements	**1,430**
Other regulatory adjustments	**(16)**
Increase in regulatory capital due to adjustments and deductions	**3,093**
Closing balance as at 31 December	**46,296**

CET1 capital increased £5.5bn to £46.3bn (December 2019: £40.8bn).

£2.4bn of capital generated from profits, and a £1.0bn increase due to the cancellation of the full year 2019 dividend were partially offset by £0.9bn of AT1 coupons paid and £0.2bn dividends foreseen for the announced 2020 full year dividend. Other significant movements in the period were:

- A £0.5bn decrease in the currency translation reserve mainly driven by the depreciation of period end USD against GBP
- A £0.6bn increase due to a reduction in PVA which includes the temporary increase to diversification factors applied to certain additional valuation adjustments
- A £1.2bn increase due to a reduction in the goodwill and intangible assets deduction driven by a new regulatory technical standard replacing the deduction with prudential amortisation up to a 3-year period on qualifying software assets
- A £1.4bn increase in the IFRS 9 transitional relief after tax, following new impairment charges and the implementation of new regulatory measures which allow for 100% relief on increases in stage 1 and stage 2 impairment throughout 2020 and 2021

Risk weighted assets

Risk weighted assets (RWAs) by risk type and business

	Credit risk		Counterparty credit risk				Market risk		Operational risk	Total RWAs
	Std	IRB	Std	IRB	Settlement Risk	CVA	Std	IMA		
As at 31 December 2020	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Barclays UK	**7,360**	**54,340**	**394**	**-**	**-**	**136**	**72**	**-**	**11,359**	**73,661**
Corporate and Investment Bank	**24,660**	**73,792**	**12,047**	**20,280**	**246**	**2,351**	**13,123**	**22,363**	**23,343**	**192,205**
Consumer, Cards and Payments	**19,754**	**3,041**	**177**	**45**	**-**	**31**	**-**	**71**	**6,996**	**30,115**
Barclays International	**44,414**	**76,833**	**12,224**	**20,325**	**246**	**2,382**	**13,123**	**22,434**	**30,339**	**222,320**
Head Office	**4,153**	**6,869**	**-**	**-**	**-**	**-**	**-**	**-**	**(800)**	**10,222**
Barclays Group	**55,927**	**138,042**	**12,618**	**20,325**	**246**	**2,518**	**13,195**	**22,434**	**40,898**	**306,203**
As at 31 December 2019										
Barclays UK	5,189	57,455	235	-	-	23	178	-	11,821	74,901
Corporate and Investment Bank	25,749	62,177	12,051	16,875	276	2,470	12,854	17,626	21,475	171,553
Consumer, Cards and Payments	27,209	2,706	92	37	-	11	-	103	7,532	37,690
Barclays International	52,958	64,883	12,143	16,912	276	2,481	12,854	17,729	29,007	209,243
Head Office	5,104	5,754	-	-	-	-	-	-	129	10,987
Barclays Group	63,251	128,092	12,378	16,912	276	2,504	13,032	17,729	40,957	295,131

Movement analysis of risk weighted assets

	Credit risk	Counterparty credit risk	Market risk	Operational risk	Total RWAs
Risk weighted assets	£m	£m	£m	£m	£m
As at 31 December 2019	**191,343**	**32,070**	**30,761**	**40,957**	**295,131**
Book size	**(6,573)**	**2,232**	**9,188**	**(59)**	**4,788**
Acquisitions and disposals	**(165)**	**-**	**-**	**-**	**(165)**
Book quality	**9,081**	**1,365**	**-**	**-**	**10,446**
Model updates	**2,796**	**150**	**-**	**-**	**2,946**
Methodology and policy	**(851)**	**(110)**	**(4,320)**	**-**	**(5,281)**
Foreign exchange movement[a]	**(1,662)**	**-**	**-**	**-**	**(1,662)**
Total RWA movements	**2,626**	**3,637**	**4,868**	**(59)**	**11,072**
As at 31 December 2020	**193,969**	**35,707**	**35,629**	**40,898**	**306,203**

Note
a Foreign exchange movement does not include foreign exchange for counterparty credit risk or market risk.

Overall RWAs increased £11.1bn to £306.2bn (December 2019: £295.1bn). Significant movements in the period were:

Credit risk RWAs increased £2.6bn:

- A £6.6bn decrease in book size primarily due to lower consumer lending partially offset by growth in mortgages within BUK
- A £9.1bn increase in book quality due to a reduction in credit quality primarily within CIB
- A £2.8bn increase in model updates primarily due to modelled risk weight recalibrations
- A £0.9bn decrease in methodology and policy primarily due the application of revised SME discount factors under CRR II, partially offset by an increase due to the risk weighting of qualifying software assets that are no longer deducted from CET1 capital
- A £1.7bn decrease due to the depreciation of period end USD against GBP

Counterparty credit risk RWAs increased £3.6bn:

- A £2.2bn increase in book size primarily due to an increase in trading activities across SFTs and derivatives
- A £1.4bn increase in book quality primarily due to a reduction in credit quality within CIB

Market risk RWAs increased £4.9bn:

- A £9.2bn increase in book size primarily due to an increase in trading activities and higher market volatility
- A £4.3bn decrease in methodology and policy primarily due to the removal of a Risk Not In VaR (RNIV) and a reduction in pre COVID-19 VaR backtesting exceptions

Leverage ratios and exposures

The Group is required to disclose an average UK leverage ratio which is based on capital on the last day of each month in the quarter and an exposure measure for each day in the quarter. The Group is also required to disclose a UK leverage ratio based on capital and exposure on the last day of the quarter. Both approaches exclude qualifying claims on central banks from the leverage exposures and include the PRA's early adoption of CRR II settlement netting. The FPC intends to review the UK leverage framework in 2021.

Leverage ratios[a,b]

As at 31 December	2020 £m	2019 £m
Average UK leverage ratio	**5.0%**	4.5%
Average T1 capital[c]	**57,069**	51,823
Average UK leverage exposure	**1,146,919**	1,142,819
UK leverage ratio	**5.3%**	5.1%
CET1 capital	**46,296**	40,813
AT1 capital	**11,092**	10,741
T1 capital[c]	**57,388**	51,554
UK leverage exposure	**1,090,907**	1,007,721

UK leverage exposure

As at 31 December	2020 £m	2019 £m
Accounting assets		
Derivative financial instruments	**302,446**	229,236
Derivative cash collateral	**64,798**	56,589
Securities financing transactions (SFTs)	**164,034**	111,307
Loans and advances and other assets	**818,236**	743,097
Total IFRS assets	**1,349,514**	1,140,229
Regulatory consolidation adjustments	**(1,144)**	(1,170)
Derivatives adjustments		
Derivatives netting	**(272,275)**	(207,756)
Adjustments to cash collateral	**(57,414)**	(48,464)
Net written credit protection	**14,986**	13,784
Potential future exposure (PFE) on derivatives	**117,010**	119,118
Total derivatives adjustments	**(197,693)**	(123,318)
SFTs adjustments	**21,114**	18,339
Regulatory deductions and other adjustments	**(17,469)**	(11,984)
Weighted off-balance sheet commitments	**113,704**	105,289
Qualifying central bank claims	**(155,890)**	(119,664)
Settlement netting	**(21,229)**	-
UK leverage exposure	**1,090,907**	1,007,721

Notes
a Fully loaded average UK leverage ratio was 4.8%, with £54.6bn of T1 capital and £1,144bn of leverage exposure. Fully loaded UK leverage ratio was 5.0%, with £54.8bn of T1 capital and £1,088bn of leverage exposure. Fully loaded UK leverage ratios are calculated without applying the transitional arrangements of the CRR as amended by CRR II.
b Capital and leverage measures are calculated applying the transitional arrangements of the CRR as amended by CRR II.
c The T1 capital is calculated in line with the PRA Handbook.

The average UK leverage ratio increased to 5.0% (December 2019: 4.5%) primarily driven by the increase in T1 capital. The average leverage exposure increased to £1,147bn (December 2019: £1,143bn) primarily driven by an increase in SFTs and TPAs largely driven by an increase in secured lending and client activity within CIB, partially offset by the PRA's early adoption of CRR II settlement netting.

The UK leverage ratio increased to 5.3% (December 2019: 5.1%) primarily driven by an increase of £5.8bn in Tier 1 capital partially offset by an increase in the UK leverage exposure of £83.2bn.

The UK leverage exposure increase of £83.2bn was primarily driven by:

- A £52.7bn increase in SFTs and £75.1bn of loans advances and other; partially offset by
- A £36.2bn decrease due to the exemption of qualifying central bank claims; and
- A £21.2bn decrease due to the PRA's adoption of CRR II settlement netting

The Group also discloses a CRR leverage ratio[a] within its additional regulatory disclosures prepared in accordance with EBA guidelines on disclosure under Part Eight of the CRR (see 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/latest-financial-results).

Note
a CRR leverage ratio as amended by CRR II.

Minimum requirement for own funds and eligible liabilities

Own funds and eligible liabilities ratios[a,b]

	As a percentage of RWAs		As a percentage of CRR leverage exposure	
As at 31 December	**2020**	2019	**2020**	2019
Total Barclays PLC (the Parent company) own funds and eligible liabilities	**32.7%**	31.2%	**8.0%**	8.2%
Total own funds and eligible liabilities, including eligible Barclays Bank PLC instruments[c]	**33.6%**	32.8%	**8.2%**	8.6%

Own funds and eligible liabilities[a,b]

	2020	2019
	£m	£m
CET1 capital	**46,296**	40,813
AT1 capital instruments and related share premium accounts[d]	**11,092**	10,741
T2 capital instruments and related share premium accounts[d]	**7,733**	7,416
Eligible liabilities	**35,086**	33,025
Total Barclays PLC (the Parent company) own funds and eligible liabilities	**100,207**	91,995
Qualifying AT1 capital (including minority interests) issued by subsidiaries	**646**	687
Qualifying T2 capital (including minority interests) issued by subsidiaries	**1,893**	3,984
Total own funds and eligible liabilities, including eligible Barclays Bank PLC instruments[c]	**102,746**	96,666
Total RWAs	**306,203**	295,131
Total CRR leverage exposure[e]	**1,254,157**	1,126,259

Notes
a CET1, T1 and T2 capital, and RWAs 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 BoE has set external MREL based on the higher of RWAs and CRR or UK leverage exposures which could result in the binding measure changing in future periods. The 31 December 2020 Barclays PLC (the Parent company) own funds and eligible liabilities ratio as a percentage of the UK leverage exposure was 9.2% and as a percentage of the average UK leverage exposure was 8.7%.
c Own funds instruments issued by subsidiaries will not be counted towards MREL from 1 January 2022.
d Includes other AT1 capital regulatory adjustments and deductions of £80m (December 2019: £130m), and other T2 credit risk adjustments and deductions of £103m (December 2019: £234m).
e Fully loaded CRR leverage exposure is calculated without applying the transitional arrangements of the CRR as amended by CRR II.

Foreign exchange risk (audited)

The 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 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 Group's 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 CET1 capital.

The Group's strategy is to minimise the volatility of the capital ratios caused by foreign exchange movements, by matching the CET1 capital movements to the revaluation of the Group's foreign currency RWA exposures.

Functional currency of operations (audited)

	Foreign currency net investments £m	Borrowings which hedge the net investments £m	Derivatives which hedge the net investments £m	Structural currency exposures pre-economic hedges £m	Economic hedges £m	Remaining structural currency exposures £m
As at 31 December 2020						
USD	**24,204**	**(7,666)**	**(764)**	**15,774**	**(6,193)**	**9,581**
EUR	**5,275**	**(952)**	**(3)**	**4,320**	**(286)**	**4,034**
JPY	**582**	**-**	**-**	**582**	**-**	**582**
Other currencies	**2,020**	**(42)**	**(24)**	**1,954**	**-**	**1,954**
Total	**32,081**	**(8,660)**	**(791)**	**22,630**	**(6,479)**	**16,151**
As at 31 December 2019						
USD	25,607	(10,048)	(1,111)	14,448	(5,339)	9,109
EUR	3,068	(3)	-	3,065	(1,122)	1,943
JPY	533	-	-	533	-	533
Other currencies	2,001	-	(34)	1,967	-	1,967
Total	31,209	(10,051)	(1,145)	20,013	(6,461)	13,552

Economic hedges relate to exposures arising on foreign currency denominated preference share and AT1 instruments. These 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 £2.6bn to £16.2bn (2019: £13.6bn). Foreign currency net investments increased by £0.9bn to £32.1bn (2019: £31.2bn) driven predominantly by a £2.2bn increase in EUR, £0.1bn increase in other currencies offset by a £1.4bn decrease in USD. The hedges associated with these investments decreased by £1.7bn to £9.5bn (2019: £11.2bn).

Pension risk review

The UK Retirement Fund (UKRF) represents approximately 97% (2019: 97%) of the 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.

Refer to the Management of pension risk section in the Barclays PLC Pillar 3 Report 2020 (unaudited) for more information on how pension risk is managed.

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 are interest rates and equities. The split of scheme assets is shown within Note 33. The fair value of the UKRF assets was £33.9bn as at 31 December 2020 (2019: £31.4bn).

Liabilities

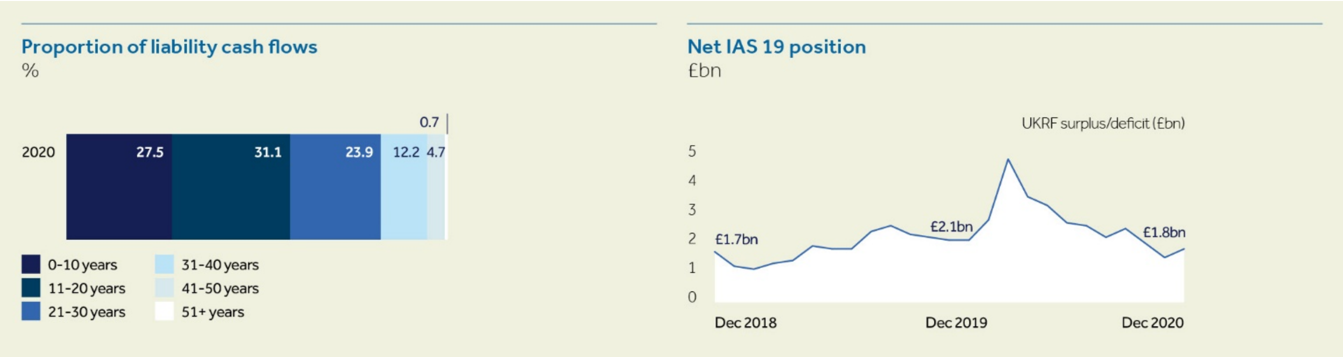
The UKRF retirement benefit obligations are a series of future cash flows with relatively long duration. On an IAS 19 basis these cash flows are sensitive to changes in the expected long-term price inflation rate (RPI) and the discount rate (GBP AA corporate bond yield):

- 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 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 assumptions, see Note 33 to the financial statements.

Proportion of liability cash flows



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 Bank 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 33 for the sensitivity of the UKRF to changes in key assumptions and further information on the structured transaction.

Risk measurement

In line with Barclays' 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 Board Risk Committee, the 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 33). 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 33 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 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.

Barclays defined benefit pension schemes affects capital in two ways:

- An IAS 19 deficit is treated as a liability on the Group's balance sheet. Movement in a deficit due to remeasurements, including actuarial losses, are recognised immediately through Other Comprehensive Income and as such reduces shareholders' equity and CET1 capital. An IAS 19 surplus is treated as an asset on the balance sheet and increases shareholders' equity; however, it is deducted for the purposes of determining CET1 capital.

- In the Group's statutory balance sheet an IAS 19 surplus or deficit is partially offset by a deferred tax liability or asset respectively. These may or may not be recognised for calculating CET1 capital depending on the overall deferred tax position of the Group at the particular time.

Pension risk is taken into account in the Pillar 2A capital assessment undertaken by the PRA at least annually. The Pillar 2A requirement forms part of the Group's Overall Capital Requirement for CET1 capital, Tier 1 capital and total capital. More detail on minimum regulatory requirements can be found in the Overall capital requirements section.

Interest rate risk in the banking book

All disclosures in this section 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 PLC Board Risk Committee as part of the limit monitoring framework.

For further detail on the interest rate risk in the banking book governance and framework refer to pages 199 to 200 of the Barclays PLC Pillar 3 Report 2020 (unaudited).

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 increased margin compression exposure is partially mitigated by hedging and potential margin decompression benefit on variable rate loans.

Key metrics

AEaR

-£408m

AEaR across the 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 as described on page 200 of the Barclays PLC Pillar 3 Report 2020 (unaudited). 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 recognize 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 business unit[a] (audited)

	Barclays UK	Barclays International	Head Office	Total
	£m	£m	£m	£m
As at 31 December 2020				
+25bps	**10**	**86**	**4**	**100**
-25bps	**(141)**	**(263)**	**(4)**	**(408)**
As at 31 December 2019				
+25bps	16	25	4	45
-25bps	(57)	(74)	(4)	(135)

Note
a The Group's customer banking book hedging activity is risk reducing from an NII sensitivity perspective. The hedges in place remove interest rate risk and smooth income over the medium term. The NII sensitivity for the Group at 31 December 2020 without hedging in place for +/-25bp rate shocks would be £177m/£(485)m respectively.

NII sensitivity asymmetry arises due to the current low level of interest rates 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.

Net interest income sensitivity (AEaR) by currency (audited)

	2020		2019	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
As at 31 December	£m	£m	£m	£m
GBP	**48**	**(313)**	38	(93)
USD	**48**	**(63)**	29	(32)
EUR	**10**	**(34)**	(10)	(20)
Other currencies	**(6)**	**2**	(12)	10
Total	**100**	**(408)**	45	(135)

Analysis of equity sensitivity

Equity sensitivity measures the overall impact of a +/- 25bps movement in interest rates on retained earnings, fair value through other comprehensive income (FVOCI), cash flow hedge reserves and pensions. 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.

Analysis of equity sensitivity (audited)

	2020		2019	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
As at 31 December	£m	£m	£m	£m
Net interest income	100	(408)	45	(135)
Taxation effects on the above	(27)	110	(11)	34
Effect on profit for the year	73	(298)	34	(101)
As percentage of net profit after tax	3.0%	(12.1%)	1.0%	(3.0%)
Effect on profit for the year (per above)	73	(298)	34	(101)
Fair value through other comprehensive income reserve	(437)	453	(321)	329
Cash flow hedge reserve	(570)	570	(534)	534
Taxation effects on the above	272	(276)	214	(216)
Effect on equity	(662)	449	(608)	546
As percentage of equity	(1.0%)	0.7%	(0.9%)	0.8%

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 flow directly through capital via the FVOCI reserve. The volatility of 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
For the year ended 31 December	£m	£m	£m	£m	£m	£m
Non-traded market value at risk (daily, 95%)	52	68	36	45	53	35

DVaR 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 Q3, which caused a downward trend in DVaR, and was stable in Q4.

All disclosures in this section are unaudited unless otherwise stated.

Overview

Operational risks are inherent in the 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 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 represent threats to the Group that extend across multiple risk types, and therefore require an integrated risk management approach.

For definitions of these risks refer to pages 202 to 203 of the Barclays PLC Pillar 3 Report 2020. In order to provide complete coverage of the potential adverse impacts on the 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 Group's operational risk profile, including events above the Group's reportable threshold, which have had a financial impact in 2020. The 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[a] increased to £212m (2019: £184m) while the number of recorded events for 2020 (2,381) increased slightly from the level for 2019 (2,165). The total operational risk losses for the year were mainly driven by events falling within the Execution, Delivery & Process Management and External Fraud categories, which tend to be high volume but low impact events.

Key metrics

79%

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

72%

of events by number are due to External Fraud

68%

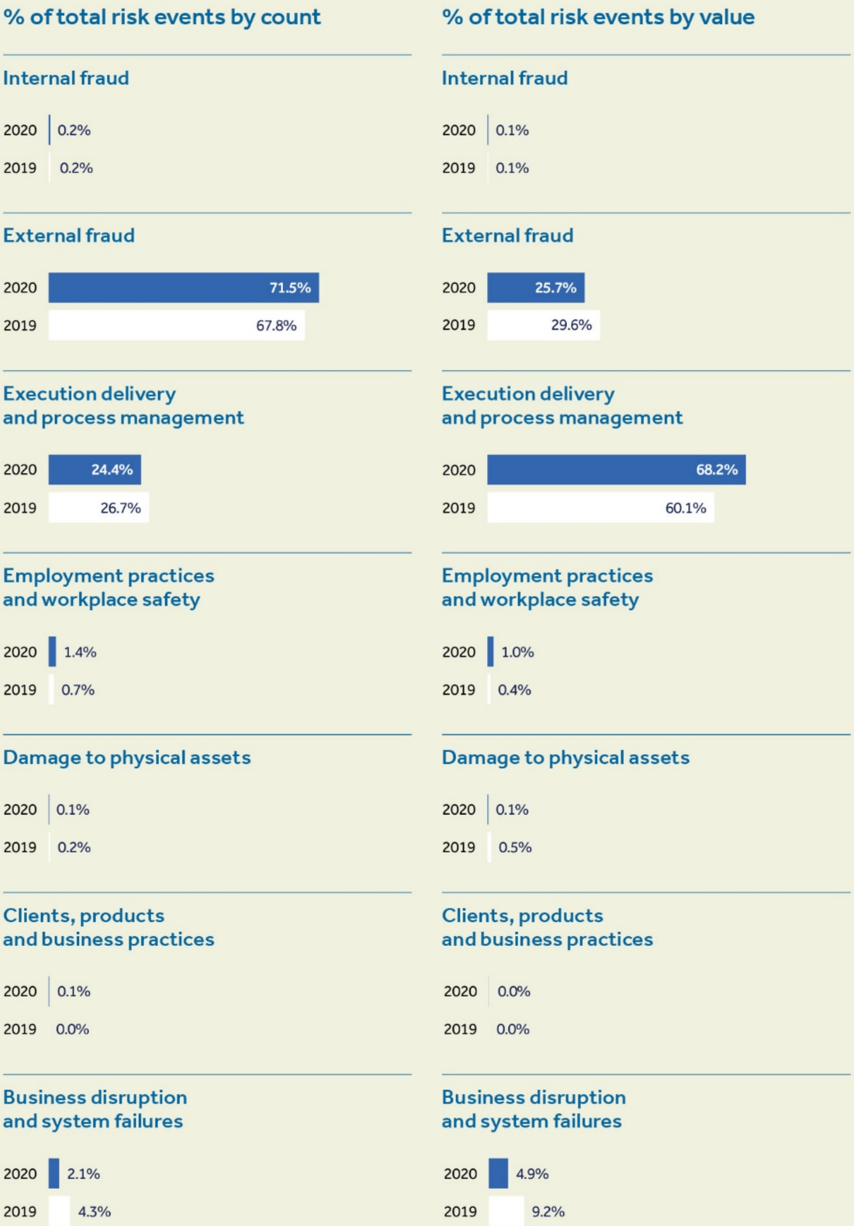
of losses are from events aligned to Execution, Delivery and Process Management

Operational risk profile

Within operational risk, there are a large number of smaller value risk events. In 2020, 79% (2019: 83%) of the 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 17% (2019: 18%) of the Group's total net operational risk losses. A small proportion of operational risk events have a material impact on the financial results of the Group.

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

Operational risk events by BASEL event category[a]



Note

a The data disclosed includes operational risk losses for reportable events having impact of > £10,000 and excludes events that are conduct or legal risk, aggregate and boundary events. A boundary event is an operational risk event that results in a credit risk impact. Due to the nature of risk events that keep evolving, prior year losses have been updated.

- Execution, Delivery and Process Management impacts remain the highest contributor to total losses increasing to £144m (2019: £111m) and accounting for 68% (2019: 60%) of total operational risk losses. 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 remained broadly stable year-on-year at 24% of total events by volume (2019: 27%).
- External Fraud remains the category with the highest frequency of events at 72% of total events in 2020 (2019: 68%). 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 remained stable at 26% of total 2020 losses (2019: 30%).
- Business Disruption and System Failures accounted for a reduced share of total impacts at 5% (2019: 9%), with actual losses down to £10m (2019: £17m) and volume of events fell down to 51 (2019: 93).

Investment continues to be made in improving the control environment across the 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 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 Group. The COVID-19 pandemic is the most severe global health emergency the World Health Organization (WHO) has ever declared. While overall, the Group proved to be resilient, the COVID-19 pandemic has caused disruption to the 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 Group experienced operational disruptions primarily during the 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 program 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 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 Group and its clients and customers. The 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 Bank's cyber-security risk exposure, see the operational risk management section.

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

All disclosures in this section are unaudited unless otherwise stated.

Model risk

Since the inception of model risk as a principal risk, key achievements to date include creating a firm 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 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;
- 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.

Conduct risk

Barclays is committed to continuing to drive the right culture throughout all levels of the organisation. The 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 Trading Entity Conduct Risk Dashboards are a key component of this.

The 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 coronavirus pandemic created new risks and heightened existing ones. To date, the 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, material conduct risks associated with strategic and financial plans were assessed.

Throughout 2020, conduct risks were raised by each business area for consideration by relevant Board level committees. These committees reviewed the risks raised and whether management's proposed actions were appropriate to mitigate the risks effectively.

The Group continued to incur costs in relation to litigation and conduct matters, refer to Note 26 Legal, competition and regulatory matters and Note 24 Provisions for further details. Costs include customer redress and remediation, as well as fines and settlements. Resolution of these matters remains a necessary and important part of delivering the Group's strategy and an ongoing commitment to improve oversight of culture and conduct.

Trading Entity Conduct Risk Dashboards, setting out key indicators in relation to Conduct and Financial Crime, are provided to the respective Board Risk Committees and senior management. These continue to be evolved and enhanced to allow effective oversight and decision-making. Barclays has operated at the overall set tolerance for conduct risk throughout 2020. The tolerance adherence is assessed by the business areas through key indicators, which are aggregated to provide an overall risk profile rating and reported to the relevant Trading Entity Board level Committees as part of the Conduct Risk Dashboard.

The Group remains focused on the continuous improvements being made to manage risk effectively with an emphasis on enhancing governance and management information to identify risk at earlier stages.

Reputation risk

Barclays is committed to identifying reputation risks and issues as early as possible and managing them appropriately. At a Group level throughout 2020, reputation risks and issues were overseen by the Board which reviews the processes and policies by which Barclays identifies and manages reputation risk. Within the Barclays Bank UK Group and the Barclays Bank Group reputation risks and issues were overseen by the respective risk and board risk committees. The top live and emerging reputation risks and issues within the Barclays Bank UK Group and the Barclays Bank Group are included within an over-arching quarterly report at the respective Board level.

The Board reviewed risks escalated by the businesses and considered whether management's proposed actions, for example attaching conditions to proposed client transactions or increased engagement with impacted stakeholders, were appropriate to mitigate the risks effectively. The Board also received regular updates with regard to key reputation risks and issues, including: Barclays' response to the pandemic; Barclays' association with sensitive sectors; access to banking; lending practices and the resilience of key Barclays systems and processes.

The Group continued to incur costs in relation to litigation and conduct matters, refer to Note 26 Legal, competition and regulatory matters and Note 24 Provisions for further details. Costs include customer redress and remediation, as well as fines and settlements. Resolution of these matters remains an ongoing commitment to improve oversight of culture and conduct and management of reputation.

In 2020, Corporate Relations received 695 referrals from across the businesses (498 referrals in 2019) for consideration. These referrals covered a variety of potentially controversial sectors and topics including, but not limited to, environmental and social risks.

As part of Barclays 2020 Medium Term Planning process, material reputation risks associated with strategic and financial plans were also assessed.

Legal risk

The 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 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 also been a re-write of the Group-wide legal risk mandatory training, reinforced by ongoing engagement with and education of the Group's businesses and functions by Legal Function colleagues.

Throughout 2020, the 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.

Supervision of the Group

The 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 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 Group globally. We focus particularly on UK, US and EU regulation due to the location of the Group's principal areas of business. Regulations elsewhere may also have a significant impact on the 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 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 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 and Barclays Bank UK PLC are authorised credit institutions and subject to prudential supervision by the PRA and subject to conduct regulation and supervision by the FCA. The 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 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 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 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 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 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 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 Group's EEA hub (Barclays Bank Ireland PLC). As a ring-fenced bank, Barclays Bank UK Group products are designed for customers within the UK. In light of the UK leaving the EU, Barclays Bank UK Group has continued to review the services offered to customers in the EEA, taking into account a number of factors, including the regulatory landscape across the EEA and, where relevant, feedback from EEA regulators. As a result, it has made the decision to exit certain products and services offered to EEA customers and closure processes are ongoing. Barclays Bank UK Group continues to keep its strategy under review for its remaining EEA customers.

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 Group to offer a restricted number of financial products and services to customers and clients based in the EEA, including permanent access to EU 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 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 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 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 Group's top-tier US holding company that holds substantially all of the 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 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.

The 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 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 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, the Group 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 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 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 Group.

The 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 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.

As part of its approach to ring fencing, the FPC established a framework to apply a firm-specific systemic risk buffer (SRB) which could be set between 0% and 3% of RWAs and which must be met solely with CET1 capital. The purpose of the SRB was to increase the capacity of ring-fenced bodies, such as Barclays Bank UK PLC, to absorb stress. The buffer rate applicable to the Group's ring-fenced sub-group was set at 1% with effect from August 2019. In response to the economic shock from COVID-19, the PRA and FPC held firms' SRB rates at their existing levels until December 2021. With the implementation of CRD V, the Other Systemically Important Institutions Buffer (O-SII buffer) replaced the SRB. As part of the implementation of CRD V, the PRA and FPC confirmed that the Barclays Bank UK PLC O-SII buffer would be held at the historic SRB rate of 1% until reassessment in December 2021, with any future adjustment to the O-SII buffer applicable from January 2023.

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 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 Group and certain of its members 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.

In addition, the BoE has the power to permanently write-down, or convert into equity, tier 1 capital instruments, tier 2 capital instruments and eligible liabilities at the point of non-viability of the bank.

The BoE's preferred approach for the resolution of the 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 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 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 Group, additional resolution or bankruptcy provisions may apply to certain 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 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 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 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 the 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 Group's overall resolution plan treats BUSL as a non-resolution entity, from issuing TLAC to entities other than those within the 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.

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 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 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.

Supervision and regulation

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 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 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 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 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.

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 the 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 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 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 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 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 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 review
Contents

A review of the Group's performance, including the key performance indicators, and the contribution of each of our businesses to the overall performance of the Group.

Key performance indicators

In assessing the financial performance of the Group, management uses a range of KPIs which focus on the Group's financial strength, the delivery of sustainable returns and cost management. Barclays continues to target greater than 10% RoTE over time. However, given the COVID-19 pandemic a meaningful improvement in returns versus 2019 was not possible due to the challenging operating environment. Cost discipline remains a priority and management continues to target a cost: income ratio lower than 60% over time.

Non-IFRS performance measures

The Group's management believes that the non-IFRS performance measures included in this document provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing the businesses' performance between financial periods, and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by management. However, any non-IFRS performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well. Refer to the non-IFRS performance measures section for further information and calculations of non-IFRS performance measures included throughout this section and the most directly comparable IFRS measures.

Definition	Why is it important and how the Group performed	
Common Equity Tier 1 (CET1) ratio Capital requirements are part of the regulatory framework governing how banks and depository institutions are supervised. Capital ratios express a bank's capital as a percentage of its RWAs as defined by the PRA. CET1 ratio is a measure of capital that is predominantly common equity defined by the CRR, as amended by CRR II.	The Group's capital management objective is to maximise shareholder value by prudently managing the level and mix of its capital to: ensure the Group and all of its subsidiaries are appropriately capitalised relative to their regulatory minimum and stressed capital requirements, support the Group's risk appetite, growth and strategic options, while seeking to maintain a robust credit proposition for the Group and its subsidiaries. The CET1 ratio increased to 15.1% (2019: 13.8%), reflecting headroom of 3.9% above the MDA hurdle of 11.2%. CET1 capital increased by £5.5bn to £46.3bn reflecting resilient capital generation through £7.9bn of profit before tax, excluding credit impairment charges of £4.8bn and a £1.0bn increase due to the cancellation of the full year 2019 dividend. These increases were partially offset by £0.9bn of AT1 coupons paid and the announced 1.0p full year 2020 dividend. The CET1 capital increase also reflects regulatory measures for IFRS 9 transitional relief, prudent valuation and qualifying software assets. RWAs increased by £11.1bn to £306.2bn primarily due to higher market volatility, increased client activity and a reduction in credit quality within CIB, partially offset by lower consumer lending. Group target: a CET1 ratio in the range of 13-14%.	**CET1 ratio** 15.1% 2019: 13.8% 2018: 13.2%

Financial review
Key performance indicators

Definition	Why is it important and how the Group performed	
Operating expenses Operating expenses excluding litigation and conduct.	Barclays views operating expenses as a key strategic area for banks; those who actively manage costs and control them effectively will gain a strong competitive advantage. Group total operating expenses decreased 10% to £13.9bn. The reduction reflected the non-recurrence of a £1.4bn PPI provision in the prior year. Group operating expenses increased 1% to £13.7bn, including structural cost actions and additional COVID-19 related costs, resulting in a cost: income ratio, excluding litigation and conduct of 63% (2019: 63%). Excluding structural cost actions of £0.4bn (2019: £0.1bn) and £0.1bn spend to date of Barclays' Community Aid Package, operating expenses would have been £13.3bn (2019: £13.4bn), reflecting disciplined cost management and efficiencies, resulting in a cost: income ratio of 61% (2019: 62%).	**Total operating expenses** £13.9bn 2019: £15.4bn 2018: £16.2bn **Operating expenses** £13.7bn 2019: £13.6bn 2018: £13.9bn[a]
Cost: income ratio Operating expenses divided by total income.	This is a measure management uses to assess the productivity of the business operations. Managing the cost base is a key execution priority for management and includes a review of all categories of discretionary spending and an analysis of how we can run the business to ensure that costs increase at a slower rate than income. The Group cost: income ratio, including litigation and conduct, reduced to 64% (2019: 71%) due to favourable income and the prior year including a PPI provision of £1.4bn. The Group cost: income ratio, excluding litigation and conduct, was stable at 63% (2019: 63%). As favourable income was offset by £0.4bn of structural cost actions and additional COVID-19 related costs. Group target: a cost: income ratio below 60% over time.	**Cost: income ratio** 64% 2019: 71% 2018: 77% **Cost: income ratio excluding litigation and conduct** 63% 2019: 63% 2018: 66%
Return on average shareholders' equity RoE is calculated as profit after tax attributable to ordinary shareholders, as a proportion of average shareholders' equity excluding non-controlling interests and other equity instruments.	This measure indicates the return generated by the management of the business based on shareholders' equity. RoE for the Group was 2.7% (2019: 4.5%).	**Group RoE** 2.7% 2019: 4.5% 2018: 3.1%
Return on average tangible shareholders' equity RoTE is calculated as profit after tax attributable to ordinary shareholders, as a proportion of average shareholders' equity excluding non-controlling interests and other equity instruments adjusted for the deduction of intangible assets and goodwill.	This measure indicates the return generated by the management of the business based on shareholders' tangible equity. Achieving a target RoTE demonstrates the organisation's ability to execute its strategy and align management's interests with the shareholders'. RoTE lies at the heart of the Group's capital allocation and performance management process. RoTE for the Group, excluding litigation and conduct, was 3.4% (2019: 9.0%) due to lower profit before tax including materially higher credit impairment charges relating to the COVID-19 pandemic and higher operating expenses, partially offset by favourable income. RoTE for the Group was 3.2% (2019: 5.3%) due to attributable profit of £1.5bn (2019: £2.5bn). The prior year included a PPI provision of £1.4bn. Group target: RoTE of greater than 10% over time.	**Group RoTE excluding litigation and conduct** 3.4% 2019: 9.0% 2018: 8.5% **Group RoTE** 3.2% 2019: 5.3% 2018: 3.6%

Note
a Group operating expenses, excluding litigation and conduct, and a GMP charge of £140m.

Financial review
Consolidated summary income statement

For the year ended 31 December	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Continuing operations					
Interest income	**11,892**	15,456	14,541	13,631	14,541
Interest expense	**(3,770)**	(6,049)	(5,479)	(3,786)	(4,004)
Net interest income	**8,122**	9,407	9,062	9,845	10,537
Fee and commission income	**8,641**	9,122	8,893	8,751	8,570
Fee and commission expense	**(2,070)**	(2,362)	(2,084)	(1,937)	(1,802)
Net fee and commission income	**6,571**	6,760	6,809	6,814	6,768
Other income	**7,073**	5,465	5,265	4,417	4,146
Total income	**21,766**	21,632	21,136	21,076	21,451
Credit impairment charges	**(4,838)**	(1,912)	(1,468)	(2,336)	(2,373)
Operating costs	**(13,434)**	(13,359)	(13,627)	(13,884)	(14,565)
UK bank levy	**(299)**	(226)	(269)	(365)	(410)
Operating expenses	**(13,733)**	(13,585)	(13,896)	(14,249)	(14,975)
GMP charge	**-**	-	(140)	-	-
Litigation and conduct	**(153)**	(1,849)	(2,207)	(1,207)	(1,363)
Total operating expenses	**(13,886)**	(15,434)	(16,243)	(15,456)	(16,338)
Other net income	**23**	71	69	257	490
Profit before tax	**3,065**	4,357	3,494	3,541	3,230
Tax charge	**(604)**	(1,003)	(911)	(2,066)	(865)
Profit after tax in respect of continuing operations	**2,461**	3,354	2,583	1,475	2,365
(Loss)/profit after tax in respect of discontinued operation	**-**	-	-	(2,195)	591
Non-controlling interests in respect of continuing operations	**(78)**	(80)	(234)	(249)	(346)
Non-controlling interests in respect of discontinued operation	**-**	-	-	(140)	(402)
Other equity instrument holders	**(857)**	(813)	(752)	(639)	(457)
Attributable profit/(loss)	**1,526**	2,461	1,597	(1,748)	1,751
Selected financial statistics					
Basic earnings/(loss) per share	**8.8p**	14.3p	9.4p	(10.3p)	10.4p
Diluted earnings/(loss) per share	**8.6p**	14.1p	9.2p	(10.1p)	10.3p
Dividend per ordinary share	**1.0p**	3.0p	6.5p	3.0p	4.5p
Return on average shareholders' equity	**2.7%**	4.5%	3.1%	(3.1%)	3.0%
Return on average tangible shareholders' equity	**3.2%**	5.3%	3.6%	(3.6%)	3.6%
Cost: income ratio	**64%**	71%	77%	73%	76%
Return on average total assets	**0.11%**	0.19%	0.13%	(0.14%)	0.13%
Dividend payout ratio[b]	**-**	49%	48%	(29%)	43%
Average total equity to average total assets	**4.9%**	5.2%	5.2%	5.7%	5.3%
Performance measures excluding litigation and conduct[a]					
Profit before tax	**3,218**	6,206	5,701	4,748	4,593
Attributable profit/(loss)	**1,638**	4,194	3,733	(598)	3,036
Return on average tangible shareholders' equity	**3.4%**	9.0%	8.5%	(1.2%)	6.2%
Cost: income ratio	**63%**	63%	66%	68%	70%

Note
a Refer to the Non-IFRS performance measures section for further information and calculations of performance measures excluding litigation and conduct.
b Total dividends paid to ordinary equity holders of the parent during the year divided by profit after tax attributable to ordinary equity holders of the parent.

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

Financial review
Income statement commentary

2020 compared to 2019

RoE was 2.7% (2019: 4.5%). Statutory RoTE was 3.2% (2019: 5.3%) and statutory EPS was 8.8p (2019: 14.3p).

Profit before tax was £3,065m (2019: £4,357m). Excluding litigation and conduct, profit before tax was £3,218m (2019: £6,206m).

Pre-provision profits[a] were broadly stable at £8,056m despite the pandemic, benefitting from the Group's diversified business model, which included a strong performance in CIB offset by headwinds in Barclays UK and CC&P.

Total income increased to £21,766m (2019: £21,632m). Barclays UK income decreased 14%. Barclays International income increased 8%, with CIB income up 22% and CC&P income down 22%.

Credit impairment charges increased to £4,838m (2019: £1,912m) due to the deterioration in economic outlook driven by the COVID-19 pandemic. The current year charge is broadly driven by £2,323m of non-default provision for expected future customer and client stress and £800m of single name wholesale loan charges. The expected credit loss (ECL) provision remains highly uncertain as the economic impact of the global pandemic continues to evolve.

Operating expenses increased 1% to £13,733m, including structural cost actions and additional COVID-19 related costs, resulting in a cost: income ratio of 64% (2019: 71%). The cost: income ratio, excluding litigation and conduct, was 63% (2019: 63%). Excluding structural cost actions of £368m (2019: £150m) and £95m spend to date of Barclays' COVID-19 Community Aid Package, operating expenses would have been £13,270m (2019: £13,435m), reflecting disciplined cost management and efficiencies, resulting in a cost: income ratio of 61% (2019: 62%).

Attributable profit was £1,526m (2019: £2,461m), generating a RoE of 2.7% (2019: 4.5%) and EPS of 8.8p (2019: 14.3p). Excluding litigation and conduct, attributable profit was £1,638m (2019: £4,194m), generating a RoTE of 3.4% (2019: 9.0%) and EPS of 9.5p (2019: 24.4p).

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.

Note
a Excluding litigation and conduct.

Financial review
Consolidated summary balance sheet

As at 31 December	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Assets					
Cash and balances at central banks	**191,127**	150,258	177,069	171,082	102,353
Cash collateral and settlement balances	**101,367**	83,256	77,222	77,168	90,135
Loans and advances at amortised cost	**342,632**	339,115	326,406	324,048	345,900
Reverse repurchase agreements and other similar secured lending	**9,031**	3,379	2,308	12,546	13,454
Trading portfolio assets	**127,950**	114,195	104,187	113,760	80,240
Financial assets at fair value through the income statement	**175,151**	133,086	149,648	116,281	78,608
Derivative financial instruments	**302,446**	229,236	222,538	237,669	346,626
Financial investments	**-**	-	-	58,915	63,317
Financial assets at fair value through other comprehensive income	**78,688**	65,750	52,816	-	-
Assets included in disposal groups classified as held for sale	**-**	-	-	1,193	71,454
Other assets	**21,122**	21,954	21,089	20,586	21,039
Total assets	**1,349,514**	1,140,229	1,133,283	1,133,248	1,213,126
Liabilities					
Deposits at amortised cost	**481,036**	415,787	394,838	398,701	390,744
Cash collateral and settlement balances	**85,423**	67,341	67,522	68,143	80,648
Repurchase agreements and other similar secured borrowings	**14,174**	14,517	18,578	40,338	19,760
Debt securities in issue[a]	**75,796**	76,369	82,286	73,314	75,932
Subordinated liabilities	**16,341**	18,156	20,559	23,826	23,383
Trading portfolio liabilities	**47,405**	36,916	37,882	37,351	34,687
Financial liabilities designated at fair value	**249,765**	204,326	216,834	173,718	96,031
Derivative financial instruments	**300,775**	229,204	219,643	238,345	340,487
Liabilities included in disposal groups classified as held for sale	**-**	-	-	-	65,292
Other liabilities	**11,917**	11,953	11,362	13,496	14,797
Total liabilities	**1,282,632**	1,074,569	1,069,504	1,067,232	1,141,761
Equity					
Called up share capital and share premium	**4,637**	4,594	4,311	22,045	21,842
Other equity instruments	**11,172**	10,871	9,632	8,941	6,449
Other reserves	**4,461**	4,760	5,153	5,383	6,051
Retained earnings	**45,527**	44,204	43,460	27,536	30,531
Total equity excluding non-controlling interests	**65,797**	64,429	62,556	63,905	64,873
Non-controlling interests	**1,085**	1,231	1,223	2,111	6,492
Total equity	**66,882**	65,660	63,779	66,016	71,365
Total liabilities and equity	**1,349,514**	1,140,229	1,133,283	1,133,248	1,213,126
Net asset value per ordinary share	**315p**	309p	309p	322p	344p
Tangible net asset value per share	**269p**	262p	262p	276p	290p
Number of ordinary shares of Barclays PLC (in millions)	**17,359**	17,322	17,133	17,060	16,963
Year-end USD exchange rate	**1.37**	1.32	1.28	1.35	1.23
Year-end EUR exchange rate	**1.11**	1.18	1.12	1.13	1.17

Note
a Debt securities in issue include covered bonds of £6.2bn (2019: £7.0bn).

Financial review
Balance sheet commentary

Total assets

Total assets increased £210bn to £1,350bn.

Cash and balances at central banks increased by £41bn to £191bn and financial assets at fair value through other comprehensive income increased £13bn to £79bn, due to an increase in the liquidity pool predominantly driven by an increase in customer deposits.

Derivative financial instrument assets increased £73bn to £302bn, driven by a decrease in major interest rate curves and increased client activity. Cash collateral and settlement balances increased by £18bn to £101bn, predominantly due to increased activity.

Loans and advances at amortised cost increased £4bn to £343bn, which reflected £12bn of lending under the government backed loan schemes and £5bn of mortgage growth, partially offset by lower unsecured lending balances

Trading portfolio assets increased £14bn to £128bn due to increased client activity and financial assets at fair value through the income statement increased £42bn to £175bn due to reverse repurchase agreements and similar secured lending.

Total liabilities

Total liabilities increased £208bn to £1,283bn.

Deposits at amortised cost increased £65bn to £481bn primarily due to CIB clients increasing liquidity, and lower consumer spending levels

Derivative financial instruments liabilities 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. Cash collateral and settlement balances increased by £18bn to £85bn predominantly due to increased activity.

Trading portfolio liabilities increased £10bn due to increased client activity to £47bn and financial liabilities designated at fair value increased by £45bn due to repurchase agreements and similar secured borrowing.

Total shareholders' equity

Total shareholders' equity increased £1.4bn to £65.8bn.

Other equity instruments increased £0.3bn to £11.2bn due to the issuance of a $1.5bn AT1 instrument, partially offset by a redemption of a €1.0bn AT1 instrument. 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 cash flow hedging reserve increased £0.6bn to £1.6bn as a result of fair value movements on interest rate swaps held for hedging purposes due to a decrease in major interest rate curves.

The currency translation reserve decreased £0.4bn to £2.9bn due to strengthening of GBP against USD of 4%, when comparing year-end closing rates.

The own credit reserve decreased £0.6bn to £1.0bn debit, principally reflecting Barclays' lower cost of funding.

Retained earnings increased £1.3bn to £45.5bn mainly due to profits of £1.5bn.

Net asset value per share increased to 315p. Tangible net asset value per share increased 7p to 269p as 9p earnings per share were offset by net negative reserve movements of 2p.

Barclays UK

	2020 £m	2019 £m	2018 £m
Income statement information			
Net interest income	**5,234**	5,888	6,028
Net fee, commission and other income	**1,113**	1,465	1,355
Total income	**6,347**	7,353	7,383
Credit impairment charges	**(1,467)**	(712)	(826)
Net operating income	**4,880**	6,641	6,557
Operating costs	**(4,270)**	(3,996)	(4,075)
UK bank levy	**(50)**	(41)	(46)
Operating expenses	**(4,320)**	(4,037)	(4,121)
Litigation and conduct	**(32)**	(1,582)	(483)
Total operating expenses	**(4,352)**	(5,619)	(4,604)
Other net income	**18**	-	3
Profit before tax	**546**	1,022	1,956
Attributable profit	**325**	281	1,198
Balance sheet information			
Loans and advances to customers at amortised cost	**£205.4bn**	£193.7bn	£187.6bn
Total assets	**£289.1bn**	£257.8bn	£249.7bn
Customer deposits at amortised cost	**£240.5bn**	£205.5bn	£197.3bn
Loan: deposit ratio	**89%**	96%	96%
Risk weighted assets	**£73.7bn**	£74.9bn	£75.2bn
Key facts			
Average LTV of mortgage portfolio[a]	**51%**	51%	49%
Average LTV of new mortgage lending[a]	**68%**	68%	65%
Number of branches	**859**	963	1,058
Mobile banking active customers	**9.2m**	8.4m	7.3m
30 day arrears rate - Barclaycard Consumer UK	**1.7%**	1.7%	1.8%
Number of employees (full time equivalent)	**21,300**	21,400	22,600
Performance measures			
Return on average allocated equity	**2.4%**	2.0%	8.8%
Return on average allocated tangible equity	**3.2%**	2.7%	11.9%
Average allocated equity	**£13.7bn**	£13.9bn	£13.6bn
Average allocated tangible equity	**£10.1bn**	£10.3bn	£10.0bn
Cost: income ratio	**69%**	76%	62%
Loan loss rate (bps)	**68**	36	43
Net interest margin	**2.61%**	3.09%	3.23%
Performance measures excluding litigation and conduct[b]			
Profit before tax	**578**	2,604	2,439
Attributable profit	**343**	1,813	1,670
Return on average allocated tangible equity	**3.4%**	17.5%	16.7%
Cost: income ratio	**68%**	55%	56%

Notes
a Average loan to value of mortgages is balance weighted and reflects both residential and BTL mortgage portfolios within the Home Loans portfolio.
b Refer to the Non-IFRS performance measures section for further information and calculations of performance measures excluding litigation and conduct.

Analysis of results by business

Analysis of Barclays UK

	2020 £m	2019 £m	2018 £m
Analysis of total income			
Personal Banking	**3,522**	4,009	4,006
Barclaycard Consumer UK	**1,519**	1,992	2,104
Business Banking	**1,306**	1,352	1,273
Total income	**6,347**	7,353	7,383
Analysis of credit impairment charges			
Personal Banking	**(380)**	(195)	(173)
Barclaycard Consumer UK	**(881)**	(472)	(590)
Business Banking	**(206)**	(45)	(63)
Total credit impairment charges	**(1,467)**	(712)	(826)
Analysis of loans and advances to customers at amortised cost			
Personal Banking	**£157.3bn**	£151.9bn	£146.0bn
Barclaycard Consumer UK	**£9.9bn**	£14.7bn	£15.3bn
Business Banking	**£38.2bn**	£27.1bn	£26.3bn
Total loans and advances to customers at amortised cost	**£205.4bn**	£193.7bn	£187.6bn
Analysis of customer deposits at amortised cost			
Personal Banking	**£179.7bn**	£159.2bn	£154.0bn
Barclaycard Consumer UK	**£0.1bn**	-	-
Business Banking	**£60.7bn**	£46.3bn	£43.3bn
Total customer deposits at amortised cost	**£240.5bn**	£205.5bn	£197.3bn

2020 compared to 2019

Profit before tax was £546m and RoE was 2.4% (2019: 2.0%). Profit before tax, excluding litigation and conduct, decreased 78% to £578m. RoTE was 3.4% (2019: 17.5%) reflecting a challenging operating environment and materially higher credit impairment charges.

Total income decreased 14% to £6,347m. Net interest income reduced 11% to £5,234m with a net interest margin of 2.61% (2019: 3.09%). Net fee, commission and other income decreased 24% to £1,113m.

Personal Banking income decreased 12% to £3,522m, reflecting deposit margin compression from lower interest rates, lower unsecured lending balances, and COVID-19 customer support actions, partially offset by balance growth in deposits and mortgages, as well as the transfer of Barclays Partner Finance (BPF) from Barclays International in Q220.

Barclaycard Consumer UK income decreased 24% to £1,519m as reduced borrowing and spend levels by customers resulted in a lower level of interest earning lending (IEL) balances, as well as lower debt sales.

Business Banking income decreased 3% to £1,306m due to deposit margin compression from lower interest rates, lower transactional fee volumes as a result of COVID-19 and related customer support actions, partially offset by lending and deposit balance growth from continued support for SMEs through £11.0bn of BBLS and CBILS loans.

Credit impairment charges increased to £1,467m (2019: £712m) due to the deterioration in economic outlook driven by the COVID-19 pandemic. The current year charge is broadly driven by £847m of non-default provision for expected future customer and client stress. As at 31 December 2020, 30 and 90 day arrears rates in UK cards were 1.7% (Q419: 1.7%) and 0.8% (Q419: 0.8%) respectively.

Operating expenses increased 7% to £4,320m reflecting investment spend including structural cost actions, higher servicing and financial assistance costs, and the transfer of BPF, partially offset by efficiency savings.

Loans and advances to customers at amortised cost increased 6% to £205.4bn predominantly from continued support for SMEs through £11.0bn of BBLS and CBILS lending, £5.1bn of mortgage growth following a strong flow of new applications as well as strong customer retention and the £2.4bn transfer of BPF, partially offset by £6.6bn lower unsecured lending balances.

Customer deposits at amortised cost increased 17% to £240.5bn reflecting an increase of £20.5bn and £14.4bn in Personal Banking and Business Banking respectively, further strengthening the liquidity position and contributing to a loan: deposit ratio of 89% (2019: 96%).

RWAs decreased to £73.7bn (December 2019: £74.9bn) driven by lower unsecured lending balances, partially offset by growth in mortgages and the transfer of BPF.

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.

Barclays International

	2020 £m	2019 £m	2018 £m
Income statement information			
Net interest income	**3,282**	3,941	3,815
Net trading income	**6,920**	4,199	4,450
Net fee, commission and other income	**5,719**	6,535	5,761
Total income	**15,921**	14,675	14,026
Credit impairment charges	**(3,280)**	(1,173)	(658)
Net operating income	**12,641**	13,502	13,368
Operating costs	**(8,765)**	(9,163)	(9,324)
UK bank levy	**(240)**	(174)	(210)
Operating expenses	**(9,005)**	(9,337)	(9,534)
Litigation and conduct	**(48)**	(116)	(127)
Total operating expenses	**(9,053)**	(9,453)	(9,661)
Other net income	**28**	69	68
Profit before tax	**3,616**	4,118	3,775
Attributable profit	**2,220**	2,816	2,599
Balance sheet information			
Loans and advances at amortised cost	**£122.7bn**	£132.8bn	£127.2bn
Trading portfolio assets	**£127.7bn**	£113.3bn	£104.0bn
Derivative financial instrument assets	**£301.8bn**	£228.9bn	£222.1bn
Financial assets at fair value through the income statement	**£170.7bn**	£128.4bn	£144.7bn
Cash collateral and settlement balances	**£97.5bn**	£79.4bn	£74.3bn
Other assets	**£221.4bn**	£178.6bn	£189.8bn
Total assets	**£1,041.8bn**	£861.4bn	£862.1bn
Deposits at amortised cost	**£240.5bn**	£210.0bn	£197.2bn
Derivative financial instrument liabilities	**£300.4bn**	£228.9bn	£219.6bn
Loan: deposit ratio	**51%**	63%	65%
Risk weighted assets	**£222.3bn**	£209.2bn	£210.7bn
Key facts			
Number of employees (full time equivalent)	**10,800**	11,200	12,400
Performance measures			
Return on average allocated equity	**6.9%**	8.7%	8.1%
Return on average allocated tangible equity	**7.1%**	9.0%	8.4%
Average allocated equity	**£32.1bn**	£32.2bn	£32.3bn
Average allocated tangible equity	**£31.5bn**	£31.2bn	£31.0bn
Cost: income ratio	**57%**	64%	69%
Loan loss rate (bps)	**257**	86	50
Net interest margin	**3.64%**	4.07%	4.11%
Performance measures excluding litigation and conduct[a]			
Profit before tax	**3,664**	4,234	3,902
Attributable profit	**2,258**	2,906	2,705
Return on average allocated tangible equity	**7.2%**	9.3%	8.7%
Cost: income ratio	**57%**	64%	68%

Note
a Refer to the Non-IFRS performance measures section for further information and calculations of performance measures excluding litigation and conduct.

Analysis of Barclays International

Corporate and Investment Bank	2020 £m	2019 £m	2018 £m
Income statement information			
FICC	**5,138**	3,364	2,863
Equities	**2,471**	1,887	2,037
Markets	**7,609**	5,251	4,900
Advisory	**561**	776	708
Equity capital markets	**473**	329	300
Debt capital markets	**1,697**	1,430	1,523
Banking fees	**2,731**	2,535	2,531
Corporate lending	**590**	765	878
Transaction banking	**1,546**	1,680	1,627
Corporate	**2,136**	2,445	2,505
Other[a]	**-**	-	(171)
Total income	**12,476**	10,231	9,765
Credit impairment (charges)/releases	**(1,559)**	(157)	150
Net operating income	**10,917**	10,074	9,915
Operating costs	**(6,689)**	(6,882)	(7,093)
UK bank levy	**(226)**	(156)	(188)
Operating expenses	**(6,915)**	(7,038)	(7,281)
Litigation and conduct	**(4)**	(109)	(68)
Total operating expenses	**(6,919)**	(7,147)	(7,349)
Other net income	**6**	28	27
Profit before tax	**4,004**	2,955	2,593
Attributable profit	**2,554**	1,980	1,781
Balance sheet information			
Loans and advances at amortised cost	**£92.4bn**	£92.0bn	£86.4bn
Trading portfolio assets	**£127.5bn**	£113.3bn	£104.0bn
Derivative financial instrument assets	**£301.7bn**	£228.8bn	£222.1bn
Financial assets at fair value through the income statement	**£170.4bn**	£127.7bn	£144.2bn
Cash collateral and settlement balances	**£96.7bn**	£78.5bn	£73.4bn
Other assets	**£194.9bn**	£155.3bn	£160.4bn
Total assets	**£983.6bn**	£795.6bn	£790.5bn
Deposits at amortised cost	**£175.2bn**	£146.2bn	£136.3bn
Derivative financial instrument liabilities	**£300.3bn**	£228.9bn	£219.6bn
Risk weighted assets	**£192.2bn**	£171.5bn	£170.9bn
Performance measures			
Return on average allocated equity	**9.4%**	7.6%	6.8%
Return on average allocated tangible equity	**9.5%**	7.6%	6.9%
Average allocated equity	**£27.0bn**	£25.9bn	£26.2bn
Average allocated tangible equity	**£27.0bn**	£25.9bn	£26.0bn
Cost: income ratio	**55%**	70%	75%
Performance measures excluding litigation and conduct[b]			
Profit before tax	**4,008**	3,064	2,661
Attributable profit	**2,556**	2,064	1,843
Return on average allocated tangible equity	**9.5%**	8.0%	7.1%
Cost: income ratio	**55%**	69%	75%

Notes
a From 2019, treasury items previously included in Other have been allocated to businesses.
b Refer to the non-IFRS performance measures section for further information and calculations of performance measures excluding litigation and conduct.

Financial review
Analysis of results by business

Analysis of Barclays International

Consumer, Cards and Payments	2020 £m	2019 £m	2018 £m
Income statement information			
Net interest income	**2,198**	2,822	2,731
Net fee, commission, trading and other income	**1,247**	1,622	1,530
Total income	**3,445**	4,444	4,261
Credit impairment charges	**(1,721)**	(1,016)	(808)
Net operating income	**1,724**	3,428	3,453
Operating costs	**(2,076)**	(2,281)	(2,231)
UK bank levy	**(14)**	(18)	(22)
Operating expenses	**(2,090)**	(2,299)	(2,253)
Litigation and conduct	**(44)**	(7)	(59)
Total operating expenses	**(2,134)**	(2,306)	(2,312)
Other net income	**22**	41	41
(Loss)/profit before tax	**(388)**	1,163	1,182
Attributable (loss)/profit	**(334)**	836	818
Balance sheet information			
Loans and advances at amortised cost	**£30.3bn**	£40.8bn	£40.8bn
Total assets	**£58.2bn**	£65.8bn	£71.6bn
Deposits at amortised cost	**£65.3bn**	£63.8bn	£60.9bn
Risk weighted assets	**£30.1bn**	£37.7bn	£39.8bn
Key facts			
30 day arrears rates - Barclaycard US	**2.5%**	2.7%	2.7%
US cards customer FICO score distribution			
<660	**13%**	14%	14%
>660	**87%**	86%	86%
Total number of Barclaycard payments clients	**c.365,000**	c.376,000	c.374,000
Value of payments processed[a]	**£274bn**	£354bn	£344bn
Performance measures			
Return on average allocated equity	**(6.6%)**	13.3%	13.5%
Return on average allocated tangible equity	**(7.5%)**	15.8%	16.5%
Average allocated equity	**£5.1bn**	£6.3bn	£6.1bn
Average allocated tangible equity	**£4.5bn**	£5.3bn	£5.0bn
Cost: income ratio	**62%**	52%	54%
Loan loss rate (bps)	**517**	234	185
Performance measures excluding litigation and conduct[b]			
(Loss)/profit before tax	**(344)**	1,170	1,241
Attributable (loss)/profit	**(298)**	842	862
Return on average allocated tangible equity	**(6.7%)**	15.9%	17.3%
Cost: income ratio	**61%**	52%	53%

Notes
a Includes £268bn (2019: £272bn; 2018: £268bn) of merchant acquiring payments.
b Refer to the Non-IFRS performance measures section for further information and calculations of performance measures excluding litigation and conduct.

2020 compared to 2019

Profit before tax was £3,616m. RoE was 6.9% (2019: 8.7%), CIB RoE was 9.4% (2019: 7.6%) and CC&P RoE was (6.6)% (2019: 13.3%). Profit before tax, excluding litigation and conduct, decreased 13% to £3,664m with a RoTE of 7.2% (2019: 9.3%), reflecting a RoTE of 9.5% (2019: 8.0%) in CIB and (6.7)% (2019: 15.9%) in CC&P.

Total income increased to £15,921m (2019: £14,675m).

CIB income increased 22% to £12,476m driven by Markets and Banking which both had their best ever year on a comparable basis[a].

Markets income increased 45% to £7,609m reflecting gains in market share as well as an increase in market size[b]. FICC income increased 53% to £5,138m driven by strong performances in macro and credit, mainly reflecting wider spreads. Equities income increased 31% to £2,471m driven by derivatives and cash due to higher levels of client activity and volatility.

Banking fees income increased 8% to £2,731m as a strong performance in equity and debt capital markets, driven by market size, was offset by lower fee income in advisory, which was impacted by a reduced fee pool[c].

Within Corporate, Transaction banking income decreased 8% to £1,546m as deposit balance growth was more than offset by margin compression. Corporate lending income decreased by 23% to £590m reflecting c.£210m of losses on the mark to market of lending and related hedge positions, and the carry costs of those hedges.

CC&P income decreased 22% to £3,445m reflecting lower cards balances, margin compression and reduced payments activity, which were impacted by the COVID-19 pandemic, and the transfer of BPF to Barclays UK in Q220. Q220 included a c.£100m valuation loss on Barclays' preference shares in Visa Inc. resulting from the impact of the Supreme Court ruling concerning charges paid by merchants.

Credit impairment charges increased to £3,280m (2019: £1,173m). CIB credit impairment charges increased to £1,559m (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 provision for future expected customer and client stress and c.£800m of single name wholesale loan charges. CC&P credit impairment charges increased to £1,721m (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.

Operating expenses decreased 4% to £9,005m. CIB operating expenses decreased 2% to £6,915m due to cost efficiencies and discipline in the current environment partially offset by a higher bank levy charge mainly due to the non-recurrence of prior year adjustments. CC&P operating expenses decreased 9% to £2,090m reflecting cost efficiencies, lower marketing spend due to the impacts of the COVID-19 pandemic and transfer of BPF.

Loans and advances at amortised cost decreased £10.1bn to £122.7bn due to lower unsecured lending balances in CC&P.

Trading portfolio assets increased £14.4bn to £127.7bn due to increased client activity.

Derivative financial instruments assets increased £72.9bn and liabilities increased £71.5bn to £301.8bn and £300.4bn respectively driven by a decrease in major interest rate curves and increased client activity.

Financial assets at fair value through the income statement increased £42.3bn to £170.7bn driven by reverse repurchase agreements and similar secured lending.

Cash collateral and settlements increased £18.1bn to £97.5bn predominantly due to increased activity.

Other assets increased £42.8bn to £221.4bn due to an increase in cash at central banks and securities within the liquidity pool.

Deposits at amortised cost increased £30.5bn to £240.5bn due to CIB clients increasing liquidity.

RWAs increased to £222.3bn (December 2019: £209.2bn) primarily due to increased market volatility, client activity and a reduction in credit quality within CIB, partially offset by lower CC&P balances.

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

a Period covering Q114 – Q420. Pre 2014 financials were not restated following re-segmentation in Q116.

b 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

c Data source: Dealogic for the period covering 1 January to 31 December 2020.

Head Office

	2020 £m	2019 £m	2018 £m
Income statement information			
Net interest income	**(393)**	(422)	(781)
Net fee, commission and other income	**(109)**	26	508
Total income	**(502)**	(396)	(273)
Credit impairment (charges)/releases	**(91)**	(27)	16
Net operating expenses	**(593)**	(423)	(257)
Operating costs	**(399)**	(200)	(228)
UK bank levy	**(9)**	(11)	(13)
Operating expenses	**(408)**	(211)	(241)
GMP charge	**-**	-	(140)
Litigation and conduct	**(73)**	(151)	(1,597)
Total operating expenses	**(481)**	(362)	(1,978)
Other net (expenses)/income	**(23)**	2	(2)
Loss before tax	**(1,097)**	(783)	(2,237)
Attributable loss	**(1,019)**	(636)	(2,200)
Balance sheet information			
Total assets	**£18.6bn**	£21.0bn	£21.5bn
Risk weighted assets	**£10.2bn**	£11.0bn	£26.0bn
Key facts			
Number of employees (full time equivalent)	**50,900**	48,200	48,500
Performance measures			
Average allocated equity	**£10.6bn**	£8.5bn	£6.2bn
Average allocated tangible equity	**£6.7bn**	£5.1bn	£3.1bn
Performance measures excluding litigation and conduct[a]			
Loss before tax	**(1,024)**	(632)	(640)
Attributable loss	**(963)**	(525)	(642)

Note
a Refer to the Non-IFRS performance measures section for further information and calculations of performance measures excluding litigation and conduct.

2020 compared to 2019

Loss before tax was £1,097m (2019: £783m). Loss before tax, excluding litigation and conduct, was £1,024m (2019: £632m).

Total income was an expense of £502m (2019: £396m), which reflected treasury items and hedge accounting, mark-to-market losses on legacy investments and funding costs on legacy capital instruments, including £85m from repurchases of some of the Barclays Bank PLC 7.625% Contingent Capital Notes. This was partially offset by the recognition of dividends on Barclays' stake in Absa Group Limited.

Credit impairment increased to £91m (2019: £27m) due to the deterioration in economic outlook driven by the COVID-19 pandemic. The current year charge is broadly driven by provision for future expected customer stress in the Italian home loan portfolio.

Operating expenses were £408m (2019: £211m), which included c.£150m of cost actions, principally related to the discontinued use of certain software assets and £95m of charitable donations from Barclays' COVID-19 Community Aid Package.

Other net expenses were £23m (2019: income of £2m), which included a fair value loss on an investment in an associate.

RWAs decreased to £10.2bn (December 2019: £11.0bn) driven by the reduction in value of Barclays' stake in Absa Group Limited.

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.

Non-IFRS performance measures

The Group's management believes that the non-IFRS performance measures included in this document provide valuable information to the readers of the financial statements as they enable the reader to identify a more consistent basis for comparing the businesses' performance between financial periods, and provide more detail concerning the elements of performance which the managers of these businesses are most directly able to influence or are relevant for an assessment of the Group. They also reflect an important aspect of the way in which operating targets are defined and performance is monitored by management.

However, any non-IFRS performance measures in this document are not a substitute for IFRS measures and readers should consider the IFRS measures as well.

Non-IFRS performance measures glossary

Measure	Definition
Loan: deposit ratio	Loans and advances at amortised cost divided by deposits at amortised cost. The components of the calculation have been included on page 154.
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 the assumptions the Group uses for capital planning purposes. Head Office allocated tangible equity represents the difference between the Group's tangible shareholders' equity and the amounts allocated to businesses.
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 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.
Return on average tangible shareholders' equity	Statutory 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. The components of the calculation have been included on pages 201.
Return on average allocated tangible equity	Statutory profit after tax attributable to ordinary equity holders of the parent, as a proportion of average allocated tangible equity. The components of the calculation have been included on page 200.
Cost: income ratio	Total operating expenses divided by total income.
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. The components of the calculation have been included on page 114.
Net interest margin	Net interest income divided by the sum of average customer assets. The components of the calculation have been included on page 199.
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. The components of the calculation have been included on page 205.
Performance measures excluding litigation and conduct	Calculated by excluding litigation and conduct charges from performance measures. The components of the calculations have been included on pages 202 to 204.
Pre-provision profits	Calculated by excluding credit impairment charges from profit before tax. The components of the calculation have been included on pages 202 to 204.
Pre-provision profits excluding litigation and conduct	Calculated by excluding credit impairment charges, and litigation and conduct charges from profit before tax. The components of the calculation have been included on pages 202 to 204.

Non-IFRS performance measures

Margins analysis

	2020			2019		
	Net interest income	Average customer assets	Net interest margin	Net interest income	Average customer assets	Net interest margin
For the year ended 31 December	£m	£m	%	£m	£m	%
Barclays UK	**5,234**	**200,317**	**2.61**	5,888	190,849	3.09
Barclays International[a,b]	**3,382**	**92,909**	**3.64**	4,021	98,824	4.07
Total Barclays UK and Barclays International	**8,616**	**293,226**	**2.94**	9,909	289,673	3.42
Other[c]	**(494)**			(502)		
Total Barclays Group	**8,122**			9,407		

Notes
a Barclays International margins include IEL balances within the investment banking business.
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 Q420 onwards, the full note coupon is presented as interest expense within net interest income. The financial guarantee element of the coupon, for these notes, had previously been recognised in net investment income. The reclassification of £99m in 2020 has caused a reduction in the 2020 Barclays International and Barclays Group net interest margins of 0.11% and 0.03% respectively. Had the equivalent 2019 expenses been recognised in net interest income, the Barclays International and Barclays Group net interest margins would have been 4.04% and 3.41% respectively.
c Other includes Head Office and non-lending related investment banking businesses not included in Barclays International margins.

The Group net interest margin decreased 48bps to 2.94%. Barclays UK net interest margin decreased 48bps to 2.61% reflecting the impact of lower UK interest rates, COVID-19 customer support actions, as well as the mix impact of strong mortgage growth and lower unsecured lending balances. Barclays International net interest margin decreased 43bps to 3.64% mainly reflecting lower cards balances.

The Group combined product and equity structural hedge notional as at 31 December 2020 was £188bn, with an average duration of 2.5 to 3 years. Group net interest income includes gross structural hedge contributions of £1.7bn (2019: £1.8bn) and net structural hedge contributions of £1.2bn (2019: £0.5bn). Gross structural hedge contributions represent the absolute level of interest earned from the fixed receipts on the basket of swaps in the structural hedge, while the net structural hedge contributions represent the net interest earned on the difference between the structural hedge rate and prevailing floating rates.

Non-IFRS performance measures

Returns

Return on average tangible equity is calculated as profit for the period attributable to ordinary equity holders of the parent as a proportion of average tangible equity for the period, excluding non-controlling and other equity interests for businesses. Allocated tangible equity has been calculated as 13.0% (2019: 13.0%) of RWAs for each business, adjusted for capital deductions, excluding goodwill and intangible assets, reflecting the assumptions the Group uses for capital planning purposes. Head Office average allocated tangible equity represents the difference between the Group's average tangible shareholders' equity and the amounts allocated to businesses.

	Profit/(loss) attributable to ordinary equity holders of the parent	Average tangible equity	Return on average tangible equity
	£m	£bn	%
For the year ended 31 December 2020			
Barclays UK	**325**	**10.1**	**3.2**
Corporate and Investment Bank	**2,554**	**27.0**	**9.5**
Consumer, Cards and Payments	**(334)**	**4.5**	**(7.5)**
Barclays International	**2,220**	**31.5**	**7.1**
Head Office	**(1,019)**	**6.7**	**n/m**
Barclays Group	**1,526**	**48.3**	**3.2**
For the year ended 31 December 2019			
Barclays UK	281	10.3	2.7
Corporate and Investment Bank	1,980	25.9	7.6
Consumer, Cards and Payments	836	5.3	15.8
Barclays International	2,816	31.2	9.0
Head Office	(636)	5.1	n/m
Barclays Group	2,461	46.6	5.3
For the year ended 31 December 2018			
Barclays UK	1,198	10.0	11.9
Corporate and Investment Bank	1,781	26.0	6.9
Consumer, Cards and Payments	818	5.0	16.5
Barclays International	2,599	31.0	8.4
Head Office	(2,200)	3.1	n/m
Barclays Group	1,597	44.1	3.6

Non-IFRS performance measures

	Profit/(loss) attributable to ordinary equity holders of the parent	Average equity	Return on average equity
	£m	£bn	%
For the year ended 31 December 2020			
Barclays UK	**325**	**13.7**	**2.4**
Corporate and Investment Bank	**2,554**	**27.0**	**9.4**
Consumer, Cards and Payments	**(334)**	**5.1**	**(6.6)**
Barclays International	**2,220**	**32.1**	**6.9**
Head Office	**(1,019)**	**10.6**	**n/m**
Barclays Group	**1,526**	**56.4**	**2.7**
For the year ended 31 December 2019			
Barclays UK	281	13.9	2.0
Corporate and Investment Bank	1,980	25.9	7.6
Consumer, Cards and Payments	836	6.3	13.3
Barclays International	2,816	32.2	8.7
Head Office	(636)	8.5	n/m
Barclays Group	2,461	54.6	4.5
For the year ended 31 December 2018			
Barclays UK	1,198	13.6	8.8
Corporate and Investment Bank	1,781	26.2	6.8
Consumer, Cards and Payments	818	6.1	13.5
Barclays International	2,599	32.3	8.1
Head Office	(2,200)	6.2	n/m
Barclays Group	1,597	52.1	3.1

Non-IFRS performance measures

Performance measures excluding litigation and conduct

	For the year ended 31 December 2020					
	Barclays UK	Corporate and Investment Bank	Consumer, Cards and Payments	Barclays International	Head Office	Barclays Group
Cost: income ratio	£m	£m	£m	£m	£m	£m
Total operating expenses	(4,352)	(6,919)	(2,134)	(9,053)	(481)	(13,886)
Impact of litigation and conduct	32	4	44	48	73	153
Operating expenses	(4,320)	(6,915)	(2,090)	(9,005)	(408)	(13,733)
Total income	6,347	12,476	3,445	15,921	(502)	21,766
Cost: income ratio excluding litigation and conduct	68%	55%	61%	57%	n/m	63%
Profit before tax						
Profit/(loss) before tax	546	4,004	(388)	3,616	(1,097)	3,065
Impact of litigation and conduct	32	4	44	48	73	153
Profit/(loss) before tax excluding litigation and conduct	578	4,008	(344)	3,664	(1,024)	3,218
Profit attributable to ordinary equity holders of the parent						
Attributable profit/(loss)	325	2,554	(334)	2,220	(1,019)	1,526
Post-tax impact of litigation and conduct	18	2	36	38	56	112
Profit/(loss) attributable to ordinary equity holders of the parent excluding litigation and conduct	343	2,556	(298)	2,258	(963)	1,638
Return on average tangible shareholders' equity						
Average shareholders' equity	£13.7bn	£27.0bn	£5.1bn	£32.1bn	£10.6bn	£56.4bn
Average goodwill and intangibles	(£3.6bn)	-	(£0.6bn)	(£0.6bn)	(£3.9bn)	(£8.1bn)
Average tangible shareholders' equity	£10.1bn	£27.0bn	£4.5bn	£31.5bn	£6.7bn	£48.3bn
Return on average tangible shareholders' equity excluding litigation and conduct	3.4%	9.5%	(6.7%)	7.2%	n/m	3.4%
Basic earnings per ordinary share						
Basic weighted average number of shares						17,300m
Basic earnings per ordinary share excluding litigation and conduct						9.5p

Pre-provision profits

Profit before tax excluding credit impairment charges and litigation and conduct	£m
Profit before tax	3,065
Impact of credit impairment charges	4,838
Profit before tax excluding credit impairment charges	7,903
Impact of litigation and conduct	153
Profit before tax excluding credit impairment charges and litigation and conduct	8,056

Non-IFRS performance measures

	For the year ended 31 December 2019					
	Barclays UK	Corporate and Investment Bank	Consumer, Cards and Payments	Barclays International	Head Office	Barclays Group
Cost: income ratio	£m	£m	£m	£m	£m	£m
Total operating expenses	(5,619)	(7,147)	(2,306)	(9,453)	(362)	(15,434)
Impact of litigation and conduct	1,582	109	7	116	151	1,849
Operating expenses	(4,037)	(7,038)	(2,299)	(9,337)	(211)	(13,585)
Total income	7,353	10,231	4,444	14,675	(396)	21,632
Cost: income ratio excluding litigation and conduct	55%	69%	52%	64%	n/m	63%
Profit before tax						
Profit/(loss) before tax	1,022	2,955	1,163	4,118	(783)	4,357
Impact of litigation and conduct	1,582	109	7	116	151	1,849
Profit/(loss) before tax excluding litigation and conduct	2,604	3,064	1,170	4,234	(632)	6,206
Profit attributable to ordinary equity holders of the parent						
Attributable profit/(loss)	281	1,980	836	2,816	(636)	2,461
Post-tax impact of litigation and conduct	1,532	84	6	90	111	1,733
Profit/(loss) attributable to ordinary equity holders of the parent excluding litigation and conduct	1,813	2,064	842	2,906	(525)	4,194
Return on average tangible shareholders' equity						
Average shareholders' equity	£13.9bn	£25.9bn	£6.3bn	£32.2bn	£8.5bn	£54.6bn
Average goodwill and intangibles	(£3.6bn)	-	(£1.0bn)	(£1.0bn)	(£3.4bn)	(£8.0bn)
Average tangible shareholders' equity	£10.3bn	£25.9bn	£5.3bn	£31.2bn	£5.1bn	£46.6bn
Return on average tangible shareholders' equity excluding litigation and conduct	17.5%	8.0%	15.9%	9.3%	n/m	9.0%
Basic earnings per ordinary share						
Basic weighted average number of shares						17,200m
Basic earnings per ordinary share excluding litigation and conduct						24.4p

Pre-provision profits

Profit before tax excluding credit impairment charges and litigation and conduct	£m
Profit before tax	4,357
Impact of credit impairment charges	1,912
Profit before tax excluding credit impairment charges	6,269
Impact of litigation and conduct	1,849
Profit before tax excluding credit impairment charges and litigation and conduct	8,118

Non-IFRS performance measures

	For the year ended 31 December 2018					
	Barclays UK	Corporate and Investment Bank	Consumer, Cards and Payments	Barclays International	Head Office	Barclays Group
Cost: income ratio	£m	£m	£m	£m	£m	£m
Total operating expenses	(4,604)	(7,349)	(2,312)	(9,661)	(1,978)	(16,243)
Impact of litigation and conduct	483	68	59	127	1,597	2,207
Operating expenses	(4,121)	(7,281)	(2,253)	(9,534)	(381)	(14,036)
Total income	7,383	9,765	4,261	14,026	(273)	21,136
Cost: income ratio excluding litigation and conduct	56%	75%	53%	68%	n/m	66%
Profit before tax						
Profit/(loss) before tax	1,956	2,593	1,182	3,775	(2,237)	3,494
Impact of litigation and conduct	483	68	59	127	1,597	2,207
Profit/(loss) before tax excluding litigation and conduct	2,439	2,661	1,241	3,902	(640)	5,701
Profit attributable to ordinary equity holders of the parent						
Attributable profit/(loss)	1,198	1,781	818	2,599	(2,200)	1,597
Post-tax impact of litigation and conduct	472	62	44	106	1,558	2,136
Profit/(loss) attributable to ordinary equity holders of the parent excluding litigation and conduct	1,670	1,843	862	2,705	(642)	3,733
Return on average tangible shareholders' equity						
Average shareholders' equity	£13.6bn	£26.2bn	£6.1bn	£32.3bn	£6.2bn	£52.1bn
Average goodwill and intangibles	(£3.6bn)	(£0.2bn)	(£1.1bn)	(£1.3bn)	(£3.1bn)	(£8.0bn)
Average tangible shareholders' equity	£10.0bn	£26.0bn	£5.0bn	£31.0bn	£3.1bn	£44.1bn
Return on average tangible shareholders' equity excluding litigation and conduct	16.7%	7.1%	17.3%	8.7%	n/m	8.5%
Basic earnings per ordinary share						
Basic weighted average number of shares						17,075m
Basic earnings per ordinary share excluding litigation and conduct						21.9p

Pre-provision profits

Profit before tax excluding credit impairment charges and litigation and conduct	£m
Profit before tax	3,494
Impact of credit impairment charges	1,468
Profit before tax excluding credit impairment charges	4,962
Impact of litigation and conduct	2,207
Profit before tax excluding credit impairment charges and litigation and conduct	7,169

Non-IFRS performance measures

Tangible net asset value per share

	2020 £m	2019 £m	2018 £m
Total equity excluding non-controlling interests	**65,797**	64,429	62,556
Other equity instruments	**(11,172)**	(10,871)	(9,632)
Shareholders' equity attributable to ordinary shareholders of the parent	**54,625**	53,558	52,924
Goodwill and intangibles	**(7,948)**	(8,119)	(7,973)
Tangible shareholders' equity attributable to ordinary shareholders of the parent	**46,677**	45,439	44,951
Shares in issue	**17,359m**	17,322m	17,133m
Net asset value per share	**315p**	309p	309p
Tangible net asset value per share	**269p**	262p	262p

Financial statements

Detailed analysis of our financial statements, independently audited and providing in-depth disclosure on the financial performance of the Group.

Barclays has adopted the British Bankers' Association (BBA) Code for Financial Reporting Disclosure as adopted by UK Finance in 2017 and has prepared the 2020 Annual Report in compliance with the BBA Code. Barclays is committed to continuously reflect the objectives of reporting set out in the BBA Code.

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Barclays PLC:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Barclays 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). We also have audited the Company's internal control over financial reporting as of December 31, 2020, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above 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. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's report on internal control over financial reporting*. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements 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. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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 111 to 145, the Company's impairment allowance for loans and advances, including off-balance sheet elements at amortized cost was £9.4bn 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 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 14.8% 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 judgment 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 17 to the Company's consolidated financial statements, the balance of financial assets and liabilities recorded at fair value as at December 31, 2020 was £684.2bn and £597.9bn, respectively. Of these amounts, Level 3 assets (£15.0bn) and liabilities (£6.6bn) represented 2.2% of the Company's financial assets carried at fair value and 1.0% of the Company's financial liabilities carried at fair value. The Company has Level 2 financial assets at fair value of £575.1bn and financial liabilities at fair value of £558.0bn. 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 judgement 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.

Recoverability of goodwill and intangible assets

As discussed in Note 22 to the consolidated financial statements, the Company had goodwill and intangible assets with a carrying value of £3.9bn and £4.1bn respectively at 31 December 2020. The Company performs impairment testing for its intangible assets with indefinite useful lives and its goodwill acquired in business combinations at least on an annual basis, by comparing the recoverable amount of a cash generating unit ('CGU') with its respective carrying amount. The methodology for the determination of the tangible equity of the individual cash generating units utilizes a capital allocation rate that reflects the relative risk profile of the CGU. The CGU-specific goodwill and intangible assets are subsequently added to the CGU-specific tangible equity to arrive at the carrying value subject to the impairment test. The recoverable amount is based on the value in use ('VIU') of each CGU, as determined by management's discounted estimated future cash flows.

We identified the recoverability of the Company's goodwill and intangible assets as a critical audit matter. Subjective and complex auditor judgement was required in evaluating the underlying significant assumptions, including the capital allocation rate used to determine the carrying value of the CGU, the estimated future cash flows, which have been forecasted using the Group's Medium Term Plan ('MTP') and include adjustments from those MTP cash flows to reflect developments in macro-economic conditions and business developments, and the discount rate and the terminal growth rate used to extrapolate future cash flows beyond the period covered by management's forecasts. Minor changes to those assumptions could have a significant effect on the Company's assessment of the carrying amount of goodwill and intangible assets.

In addition, specialized skills and knowledge were required in assessing the reasonableness of the discount rate used and the methodology over the determination of the carrying value of each CGU on the basis of its capital allocation, as well as management's calculation of VIU, to assess their compliance with the requirements of the accounting standard.

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 methodology and process to estimate the VIU of each CGU and capital allocation rate. This included controls over application of the impairment methodology, preparation of the estimated future cash flows, and review of the significant assumptions in determining the VIU.
- We compared certain assumptions, including certain estimated future cash flows, the discount rates and the terminal growth rate to externally derived data including analyst broker reports, peer bank data and projected economic growth.
- We involved valuations professionals with specialized skills and knowledge who assisted in:
  - evaluating the reasonableness of the discount rate used by independently developing discount rate ranges using external data sources and peer bank data; and
  - assessing whether the methodology over the determination of the carrying value of each CGU on the basis of its capital allocation, as well as management's calculation of VIU is compliant with the requirements of the accounting standard.
- We performed a retrospective review by comparing the MTP from previous years to actual results to assess the Company's ability to accurately prepare forecasts.

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 33 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 are 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 and certain difficult-to-value pension assets 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.

- 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 analysing 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.

/s/ KPMG LLP

We have served as the Company's auditor since 2017.

London, United Kingdom
February 17, 2021

Consolidated income statement

For the year ended 31 December	Notes	2020 £m	2019 £m	2018 £m
Interest and similar income	3	**11,892**	15,456	14,541
Interest and similar expense	3	**(3,770)**	(6,049)	(5,479)
Net interest income		**8,122**	9,407	9,062
Fee and commission income	4	**8,641**	9,122	8,893
Fee and commission expense	4	**(2,070)**	(2,362)	(2,084)
Net fee and commission income		**6,571**	6,760	6,809
Net trading income	5	**7,029**	4,235	4,566
Net investment income	6	**13**	1,131	585
Other income		**31**	99	114
Total income		**21,766**	21,632	21,136
Credit impairment charges	7	**(4,838)**	(1,912)	(1,468)
Net operating income		**16,928**	19,720	19,668
Staff costs	31	**(8,097)**	(8,315)	(8,629)
Infrastructure costs	8	**(3,323)**	(2,970)	(2,950)
Administration and general expenses	8	**(2,313)**	(2,300)	(2,457)
Litigation and conduct	8	**(153)**	(1,849)	(2,207)
Operating expenses	8	**(13,886)**	(15,434)	(16,243)
Share of post-tax results of associates and joint ventures		**6**	61	69
Profit on disposal of subsidiaries, associates and joint ventures		**17**	10	-
Profit before tax		**3,065**	4,357	3,494
Taxation	9	**(604)**	(1,003)	(911)
Profit after tax		**2,461**	3,354	2,583
Attributable to:				
Equity holders of the parent		**1,526**	2,461	1,597
Other equity instrument holders		**857**	813	752
Total equity holders of the parent		**2,383**	3,274	2,349
Non-controlling interests	30	**78**	80	234
Profit after tax		**2,461**	3,354	2,583
Earnings per share		p	p	p
Basic earnings per ordinary share	10	**8.8**	14.3	9.4
Diluted earnings per share	10	**8.6**	14.1	9.2

Consolidated financial statements

Consolidated statement of comprehensive income

For the year ended 31 December	2020 £m	2019 £m	2018 £m
Profit after tax	**2,461**	3,354	2,583
Other comprehensive income/(loss) that may be recycled to profit or loss:			
Currency translation reserve			
Currency translation differences[a]	**(473)**	(544)	834
Fair value through other comprehensive income reserve movements relating to debt securities			
Net gains/(losses) from changes in fair value	**2,902**	2,901	(553)
Net (gains)/losses transferred to net profit on disposal	**(295)**	(502)	48
Net losses due to impairment	**2**	1	4
Net (losses)/gains due to fair value hedging	**(2,000)**	(2,172)	236
Other movements	**-**	(5)	(26)
Tax	**(155)**	(57)	65
Cash flow hedging reserve			
Net gains/(losses) from changes in fair value	**1,299**	724	(344)
Net gains transferred to net profit	**(510)**	(277)	(332)
Tax	**(216)**	(105)	175
Other	**5**	16	30
Other comprehensive income/(loss) that may be recycled to profit or loss	**559**	(20)	137
Other comprehensive income/(loss) not recycled to profit or loss:			
Retirement benefit remeasurements	**(80)**	(280)	412
Fair value through other comprehensive income reserve movements relating to equity instruments	**(262)**	(95)	(260)
Own credit	**(810)**	(316)	77
Tax	**198**	150	(118)
Other comprehensive income/(loss) not recycled to profit or loss	**(954)**	(541)	111
Other comprehensive income/(loss) for the year	**(395)**	(561)	248
Total comprehensive income for the year	**2,066**	2,793	2,831
Attributable to:			
Equity holders of the parent	**1,988**	2,713	2,597
Non-controlling interests	**78**	80	234
Total comprehensive income for the year	**2,066**	2,793	2,831

Note
a Includes £17m gain (2019: £15m gain; 2018: £41m loss) on recycling of currency translation differences.

Consolidated balance sheet

As at 31 December	Notes	2020 £m	2019 £m
Assets			
Cash and balances at central banks		**191,127**	150,258
Cash collateral and settlement balances		**101,367**	83,256
Loans and advances at amortised cost	19	**342,632**	339,115
Reverse repurchase agreements and other similar secured lending		**9,031**	3,379
Trading portfolio assets	12	**127,950**	114,195
Financial assets at fair value through the income statement	13	**175,151**	133,086
Derivative financial instruments	14	**302,446**	229,236
Financial assets at fair value through other comprehensive income	15	**78,688**	65,750
Investments in associates and joint ventures	36	**781**	721
Goodwill and intangible assets	22	**7,948**	8,119
Property, plant and equipment	20	**4,036**	4,215
Current tax assets		**477**	412
Deferred tax assets	9	**3,444**	3,290
Retirement benefit assets	33	**1,814**	2,108
Other assets		**2,622**	3,089
Total assets		**1,349,514**	1,140,229
Liabilities			
Deposits at amortised cost	19	**481,036**	415,787
Cash collateral and settlement balances		**85,423**	67,341
Repurchase agreements and other similar secured borrowing		**14,174**	14,517
Debt securities in issue		**75,796**	76,369
Subordinated liabilities	27	**16,341**	18,156
Trading portfolio liabilities	12	**47,405**	36,916
Financial liabilities designated at fair value	16	**249,765**	204,326
Derivative financial instruments	14	**300,775**	229,204
Current tax liabilities		**645**	313
Deferred tax liabilities	9	**15**	23
Retirement benefit liabilities	33	**291**	348
Other liabilities	23	**8,662**	8,505
Provisions	24	**2,304**	2,764
Total liabilities		**1,282,632**	1,074,569
Equity			
Called up share capital and share premium	28	**4,637**	4,594
Other equity instruments	28	**11,172**	10,871
Other reserves	29	**4,461**	4,760
Retained earnings		**45,527**	44,204
Total equity excluding non-controlling interests		**65,797**	64,429
Non-controlling interests	30	**1,085**	1,231
Total equity		**66,882**	65,660
Total liabilities and equity		**1,349,514**	1,140,229

The Board of Directors approved the financial statements on pages 211 to 302 on 17 February 2021.

Nigel Higgins
Group Chairman

James E Staley
Group Chief Executive

Tushar Morzaria
Group Finance Director

Consolidated statement of changes in equity

	Called up share capital and share premium[a]	Other equity instruments[a]	Other reserves[b]	Retained earnings	Total equity excluding non-controlling interests	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 January 2020	**4,594**	**10,871**	**4,760**	**44,204**	**64,429**	**1,231**	**65,660**
Profit after tax	**-**	**857**	**-**	**1,526**	**2,383**	**78**	**2,461**
Currency translation movements	**-**	**-**	**(473)**	**-**	**(473)**	**-**	**(473)**
Fair value through other comprehensive income reserve	**-**	**-**	**192**	**-**	**192**	**-**	**192**
Cash flow hedges	**-**	**-**	**573**	**-**	**573**	**-**	**573**
Retirement benefit remeasurements	**-**	**-**	**-**	**(111)**	**(111)**	**-**	**(111)**
Own credit reserve	**-**	**-**	**(581)**	**-**	**(581)**	**-**	**(581)**
Other	**-**	**-**	**-**	**5**	**5**	**-**	**5**
Total comprehensive income for the year	**-**	**857**	**(289)**	**1,420**	**1,988**	**78**	**2,066**
Employee share schemes and hedges thereof	**43**	**-**	**-**	**303**	**346**	**-**	**346**
Issue and exchange of other equity instruments	**-**	**311**	**-**	**(55)**	**256**	**(158)**	**98**
Other equity instruments coupons paid	**-**	**(857)**	**-**	**-**	**(857)**	**-**	**(857)**
Increase in treasury shares	**-**	**-**	**(207)**	**-**	**(207)**	**-**	**(207)**
Vesting of shares under employee share schemes	**-**	**-**	**197**	**(347)**	**(150)**	**-**	**(150)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(79)**	**(79)**
Other reserve movements	**-**	**(10)**	**-**	**2**	**(8)**	**13**	**5**
Balance as at 31 December 2020	**4,637**	**11,172**	**4,461**	**45,527**	**65,797**	**1,085**	**66,882**
Balance as at 1 January 2019	4,311	9,632	5,153	43,460	62,556	1,223	63,779
Profit after tax	-	813	-	2,461	3,274	80	3,354
Currency translation movements	-	-	(544)	-	(544)	-	(544)
Fair value through other comprehensive income reserve	-	-	71	-	71	-	71
Cash flow hedges	-	-	342	-	342	-	342
Retirement benefit remeasurements	-	-	-	(194)	(194)	-	(194)
Own credit reserve	-	-	(252)	-	(252)	-	(252)
Other	-	-	-	16	16	-	16
Total comprehensive income for the year	-	813	(383)	2,283	2,713	80	2,793
Issue of new ordinary shares	182	-	-	-	182	-	182
Employee share schemes	101	-	-	478	579	-	579
Issue and exchange of other equity instruments	-	1,238	-	(406)	832	-	832
Other equity instruments coupons paid	-	(813)	-	-	(813)	-	(813)
Increase in treasury shares	-	-	(224)	-	(224)	-	(224)
Vesting of shares under employee share schemes	-	-	214	(404)	(190)	-	(190)
Dividends paid	-	-	-	(1,201)	(1,201)	(80)	(1,281)
Other reserve movements	-	1	-	(6)	(5)	8	3
Balance as at 31 December 2019	4,594	10,871	4,760	44,204	64,429	1,231	65,660

Notes
a For further details refer to Note 28.
b For further details refer to Note 29.

Consolidated financial statements

Consolidated statement of changes in equity

	Called up share capital and share premium[a]	Other equity instruments[a]	Other reserves[b]	Retained earnings	Total equity excluding non-controlling interests	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 January 2018	22,045	8,941	5,247	25,522	61,755	2,111	63,866
Profit after tax	-	752	-	1,597	2,349	234	2,583
Currency translation movements	-	-	834	-	834	-	834
Fair value through other comprehensive income reserve	-	-	(486)	-	(486)	-	(486)
Cash flow hedges	-	-	(501)	-	(501)	-	(501)
Retirement benefit remeasurements	-	-	-	313	313	-	313
Own credit reserve	-	-	58	-	58	-	58
Other	-	-	-	30	30	-	30
Total comprehensive income for the year	-	752	(95)	1,940	2,597	234	2,831
Issue of new ordinary shares	88	-	-	-	88	-	88
Employee share schemes	51	-	-	449	500	-	500
Capital reorganisation	(17,873)	-	-	17,873	-		-
Issue and exchange of other equity instruments	-	692	-	(308)	384	-	384
Other equity instruments coupons paid	-	(752)	-	-	(752)	-	(752)
Redemption of preference shares	-	-	-	(732)	(732)	(1,309)	(2,041)
Debt to equity reclassification	-	-	-	-	-	419	419
Increase in treasury shares	-	-	(267)	-	(267)	-	(267)
Vesting of shares under employee share schemes	-	-	268	(499)	(231)	-	(231)
Dividends paid	-	-	-	(768)	(768)	(234)	(1,002)
Other reserve movements	-	(1)	-	(17)	(18)	2	(16)
Balance as at 31 December 2018	4,311	9,632	5,153	43,460	62,556	1,223	63,779

Notes
a For further details refer to Note 28.
b For further details refer to Note 29.

Consolidated cash flow statement

For the year ended 31 December	Notes	2020 £m	2019[a] £m	2018[a] £m
Reconciliation of profit before tax to net cash flows from operating activities:				
Profit before tax		**3,065**	4,357	3,494
Adjustment for non-cash items:				
Credit impairment charges		**4,838**	1,912	1,468
Depreciation, amortisation and impairment of property, plant, equipment and intangibles		**1,734**	1,520	1,261
Other provisions, including pensions		**1,365**	2,336	2,594
Net loss on disposal of investments and property, plant and equipment		**47**	7	28
Other non-cash movements including exchange rate movements[c]		**(2,977)**	(280)	(4,488)
Changes in operating assets and liabilities:				
Net decrease/(increase) in cash collateral and settlement balances[b]		**4,321**	(6,436)	680
Net increase in loans and advances to banks and customers[c]		**(4,365)**	(2,255)	(11,049)
Net increase in reverse repurchase agreements and other similar lending		**(5,652)**	(1,071)	(1,711)
Net increase in deposits		**65,249**	20,949	14,996
Net (decrease)/increase in debt securities in issue		**(6,309)**	(9,911)	8,972
Net (increase)/decrease in repurchase agreements and other similar borrowing		**(343)**	(4,061)	3,525
Net (increase)/decrease in derivative financial instruments		**(1,845)**	2,863	(3,571)
Net (increase)/decrease in trading assets		**(13,755)**	(10,008)	9,958
Net increase/(decrease) in trading liabilities		**10,489**	(966)	531
Net decrease/(increase) in financial assets and liabilities at fair value through the income statement		**3,374**	4,054	(12,686)
Net decrease/(increase) in other assets		**452**	(412)	489
Net decrease in other liabilities		**(1,500)**	(2,872)	(4,755)
Corporate income tax paid		**(683)**	(228)	(548)
Net cash from operating activities		**57,505**	(502)	9,188
Purchase of debt securities at amortised cost[c]		**(14,671)**	(14,729)	(4,539)
Proceeds from sale or redemption of debt securities at amortised cost[c]		**8,480**	3,590	5,109
Purchase of financial assets at fair value through other comprehensive income		**(91,744)**	(92,365)	(106,669)
Proceeds from sale or redemption of financial assets at fair value through other comprehensive income		**80,895**	81,202	107,539
Purchase of property, plant and equipment and intangibles		**(1,324)**	(1,793)	(1,402)
Proceeds from sale of property, plant and equipment and intangibles		**-**	46	18
Other cash flows associated with investing activities		**(12)**	84	1,191
Net cash from investing activities		**(18,376)**	(23,965)	1,247
Dividends paid and other coupon payments on equity instruments		**(936)**	(1,912)	(1,658)
Issuance of subordinated debt	27	**1,438**	1,352	221
Redemption of subordinated debt	27	**(3,258)**	(3,248)	(3,246)
Issue of shares and other equity instruments	28	**1,165**	3,582	1,964
Repurchase of shares and other equity instruments		**(1,056)**	(2,668)	(3,582)
Issuance of debt securities[d]		**5,736**	3,994	-
Net purchase of treasury shares		**(357)**	(410)	(486)
Net cash from financing activities		**2,732**	690	(6,787)
Effect of exchange rates on cash and cash equivalents		**1,668**	(3,347)	4,160
Net increase/(decrease) in cash and cash equivalents		**43,529**	(27,124)	7,808
Cash and cash equivalents at beginning of year		**166,613**	193,737	185,929
Cash and cash equivalents at end of year		**210,142**	166,613	193,737
Cash and cash equivalents comprise:				
Cash and balances at central banks		**191,127**	150,258	177,069
Loans and advances to banks with original maturity less than three months		**5,955**	8,021	7,676
Cash collateral balances with central banks with original maturity less than three months[b]		**12,204**	7,854	8,075
Treasury and other eligible bills with original maturity less than three months		**856**	480	917
		210,142	166,613	193,737

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 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 and cash equivalents by £16,774m as at 31 December 2019, £17,429m as at 31 December 2018 and £18,683 as at 31 December 2017. As a result, net cash from operating activities increased by £655m in 2019 and £1,254m 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 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 £11,139m of net cash outflows from operating activities to investing activities in 2019 and inflows of £570m in 2018.

d Issuance of debt securities included in financing activities relate to instruments that qualify as eligible liabilities and satisfy regulatory requirements for MREL instruments which came into effect during 2019.

Interest received was £18,748m (2019: £34,061m; 2018: £26,254m) and interest paid was £9,577m (2019: £23,186m; 2018: £16,124m). The Group is required to maintain balances with central banks and other regulatory authorities and these amounted to £3,392m (2019: £4,893m; 2018: £4,717m). 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.

Parent company accounts

Statement of comprehensive income

For the year ended 31 December	Notes	2020 £m	2019 £m	2018 £m
Dividends received from subsidiaries	42	**763**	1,560	15,360
Net interest (expense)/income		**(175)**	214	(101)
Other income	42	**1,192**	1,760	923
Impairment of subsidiary	42	**(2,573)**	-	-
Operating expenses		**(241)**	(267)	(312)
(Loss)/profit before tax		**(1,034)**	3,267	15,870
Taxation		**16**	(86)	79
(Loss)/profit after tax		**(1,018)**	3,181	15,949
Other comprehensive income		**-**	-	-
Total comprehensive (loss)/income		**(1,018)**	3,181	15,949
(Loss)/profit after tax attributable to:				
Ordinary equity holders		**(1,875)**	2,368	15,197
Other equity instrument holders		**857**	813	752
(Loss)/profit after tax		**(1,018)**	3,181	15,949
Total comprehensive (loss)/income attributable to:				
Ordinary equity holders		**(1,875)**	2,368	15,197
Other equity instrument holders		**857**	813	752
Total comprehensive (loss)/income		**(1,018)**	3,181	15,949

For the year ended 31 December 2020, loss after tax was £1,018m (2019: profit £3,181m) and total comprehensive loss was £1,018m (2019: income £3,181m). The Company has 60 members of staff (2019: 79).

Balance sheet

As at 31 December	Notes	2020 £m	2019 £m
Assets			
Investment in subsidiaries	42	**58,886**	59,546
Loans and advances to subsidiaries		**24,710**	28,850
Financial assets at fair value through the income statement	42	**17,521**	10,348
Derivative financial instruments		**7**	58
Other assets		**65**	2
Total assets		**101,189**	98,804
Liabilities			
Deposits at amortised cost		**482**	500
Subordinated liabilities	42	**7,724**	7,656
Debt securities in issue	42	**28,428**	30,564
Financial liabilities designated at fair value	42	**9,507**	3,498
Other liabilities		**176**	119
Total liabilities		**46,317**	42,337
Equity			
Called up share capital	28	**4,340**	4,331
Share premium account	28	**297**	263
Other equity instruments	28	**11,169**	10,865
Other reserves		**394**	394
Retained earnings		**38,672**	40,614
Total equity		**54,872**	56,467
Total liabilities and equity		**101,189**	98,804

The financial statements on pages 217 to 219 and the accompanying note on pages 301 to 302 were approved by the Board of Directors on 17 February 2021 and signed on its behalf by:

Nigel Higgins
Group Chairman

James E Staley
Group Chief Executive

Tushar Morzaria
Group Finance Director

Financial statements of Barclays PLC

Parent company accounts

Statement of changes in equity

	Notes	Called up share capital and share premium £m	Other equity instruments £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance as at 1 January 2020		**4,594**	**10,865**	**394**	**40,614**	**56,467**
Profit/(loss) after tax and other comprehensive income		**-**	**857**	**-**	**(1,875)**	**(1,018)**
Issue of shares under employee share schemes		**43**	**-**	**-**	**20**	**63**
Issue and exchange of other equity instruments		**-**	**304**	**-**	**(73)**	**231**
Vesting of shares under employee share schemes		**-**	**-**	**-**	**(14)**	**(14)**
Dividends paid	11	**-**	**-**	**-**	**-**	**-**
Other equity instruments coupons paid		**-**	**(857)**	**-**	**-**	**(857)**
Balance as at 31 December 2020		**4,637**	**11,169**	**394**	**38,672**	**54,872**
Balance as at 1 January 2019		4,311	9,633	394	39,842	54,180
Profit after tax and other comprehensive income		-	813	-	2,368	3,181
Issue of new ordinary shares		182	-	-	-	182
Issue of shares under employee share schemes		101	-	-	20	121
Issue and exchange of other equity instruments		-	1,232	-	(396)	836
Vesting of shares under employee share schemes		-	-	-	(19)	(19)
Dividends paid	11	-	-	-	(1,201)	(1,201)
Other equity instruments coupons paid		-	(813)	-	-	(813)
Balance as at 31 December 2019		4,594	10,865	394	40,614	56,467

Statement of changes in equity

	Notes	Called up share capital and share premium £m	Other equity instruments £m	Other reserves £m	Retained earnings £m	Total equity £m
Balance as at 1 January 2018		22,045	8,943	394	7,834	39,216
Profit after tax and other comprehensive income		-	752	-	15,197	15,949
Issue of new ordinary shares		88	-	-	-	88
Issue of shares under employee share schemes		51	-	-	24	75
Issue and exchange of other equity instruments		-	692	-	(308)	384
Vesting of shares under employee share schemes		-	-	-	(23)	(23)
Dividends paid	11	-	-	-	(768)	(768)
Other equity instruments coupons paid		-	(752)	-	-	(752)
Capital reorganisation		(17,873)	-	-	17,873	-
Other reserve movements		-	(2)	-	13	11
Balance as at 31 December 2018		4,311	9,633	394	39,842	54,180

Financial statements of Barclays PLC

Parent company accounts

Cash flow statement

For the year ended 31 December	2020 £m	2019 £m	2018 £m
Reconciliation of profit before tax to net cash flows from operating activities:			
(Loss)/profit before tax	**(1,034)**	3,267	15,870
Adjustment for non-cash items:			
Impairment of subsidiary	**2,573**	-	-
Dividends in specie	**-**	-	(14,294)
Other non-cash items	**528**	(582)	653
Changes in operating assets and liabilities	**-**	87	55
Net cash generated from operating activities	**2,067**	2,772	2,284
Capital contribution to and investment in subsidiary	**(393)**	(1,187)	(2,680)
Net cash used in investing activities	**(393)**	(1,187)	(2,680)
Issue of shares and other equity instruments	**1,175**	3,597	1,953
Redemption of other equity instruments	**(898)**	(2,668)	(1,532)
Net increase in loans and advances to subsidiaries of the Parent	**(4,732)**	(4,464)	(7,767)
Net increase in debt securities in issue	**3,720**	2,588	9,174
Proceeds of borrowings and issuance of subordinated debt	**158**	1,194	-
Dividends paid	**-**	(1,019)	(680)
Coupons paid on other equity instruments	**(857)**	(813)	(752)
Net cash generated from financing activities	**(1,434)**	(1,585)	396
Net increase in cash and cash equivalents	**240**	-	-
Cash and cash equivalents at beginning of year	**-**	-	-
Cash and cash equivalents at end of year	**240**	-	-
Net cash generated from operating activities includes:			
Dividends received	**763**	1,560	1,066
Interest (paid)/received	**(175)**	214	(101)

The Parent company's principal activity is to hold the investment in its wholly-owned subsidiaries, Barclays Bank PLC, Barclays Bank UK PLC, Barclays Execution Services Limited and Barclays Principal Investments Limited. Dividends received are treated as operating income.

Notes to the financial statements

For the year ended 31 December 2020

This section describes the 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

These financial statements are prepared for Barclays PLC and its subsidiaries (the Group) under Section 399 of the Companies Act 2006. The Group is a major global financial services provider engaged in retail banking, 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 Group, and the separate financial statements of Barclays PLC, have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies 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 IFRS16) 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 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 Group and the 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 and includes a review of a working capital report (WCR). The WCR is used by the Directors 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 projections of profitability taken from the Group's three year medium-term plan as well as projections of regulatory capital requirements and business funding needs. The WCR also includes an assessment of the impact of internally generated stress testing scenarios on the liquidity and capital requirement forecasts. The stress tests used were based upon an assessment of reasonably possible downside economic scenarios that the Group could experience.

The WCR showed that the Group had sufficient capital in place to support its future business requirements and remained above its regulatory minimum requirements in the stress scenarios. Accordingly, the Directors concluded that there was a reasonable expectation that the Group and parent company 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 Group prepares financial statements in accordance with IFRS. The 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 Group applies IFRS 10 *Consolidated financial statements*.

The consolidated financial statements combine the financial statements of Barclays PLC and all its subsidiaries. Subsidiaries are entities over which Barclays PLC has control. The Group has control over another entity when the 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 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 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 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 34.

(ii) Foreign currency translation

The 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.

1 Significant accounting policies continued

The 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 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 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 Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes.

Recognition

The 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 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 Group's policies for determining the fair values of the assets and liabilities are set out in Note 17.

Derecognition

The 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 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 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 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.

1 Significant accounting policies continued

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 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 Group obtains such loans or cash collateral, in exchange for the transfer of collateral.

The 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 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 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 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 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 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 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 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 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 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 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 14). 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 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 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.

1 Significant accounting policies continued

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 41 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 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 the 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 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 230
- Tax on page 234
- Fair value of financial instruments on page 249
- Goodwill and intangible assets on page 265
- Pensions and post-retirement benefits – obligations on page 284
- Provisions including conduct and legal, competition and regulatory matters on page 271.

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 pages 104 to 105 and 110 to 145
- Market risk on page 105 to 106 and 146 to 147
- Treasury and capital risk – liquidity on pages 106 and 148 to 160
- Treasury and capital risk – capital on pages 106 to 107 and 161 to 170.

These disclosures are covered by the Audit opinion (included on pages 207 to 210) where referenced as audited.

8. Parent company accounts

The Parent Company's financial statements on pages 217 to 219 also form part of the notes to the consolidated financial statements.

Notes to the financial statements

Financial performance and returns

The notes included in this section focus on the results and performance of the Group. Information on the income generated, expenditure incurred, segmental performance, tax, earnings per share and dividends are included here. For further detail on performance, see income statement commentary within Financial review (unaudited).

2 Segmental reporting

Presentation of segmental reporting

The 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 Group is a British universal bank diversified by business, geography and income type, serving consumer and wholesale customers and clients globally and for segmental reporting purposes it defines its two operating divisions as Barclays UK and Barclays International.

- **Barclays UK** comprises our UK Personal Banking, UK Business Banking and Barclaycard Consumer UK businesses. These businesses are carried on by our UK ring-fenced bank (Barclays Bank UK PLC) and certain other entities within the Group.
- **Barclays International** comprises our Corporate and Investment Bank and Consumer, Cards and Payments businesses. These businesses are carried on by our non ring-fenced bank (Barclays Bank PLC) and its subsidiaries, as well as by certain other entities within the Group.

The below table also includes Head Office which comprises head office, Barclays Execution Services FTE and legacy businesses.

Analysis of results by business

	Barclays UK £m	Barclays International £m	Head Office £m	Group results £m
For the year ended 31 December 2020				
Total income	**6,347**	**15,921**	**(502)**	**21,766**
Credit impairment charges	**(1,467)**	**(3,280)**	**(91)**	**(4,838)**
Net operating income/(expenses)	**4,880**	**12,641**	**(593)**	**16,928**
Operating costs	**(4,270)**	**(8,765)**	**(399)**	**(13,434)**
UK bank levy	**(50)**	**(240)**	**(9)**	**(299)**
Litigation and conduct	**(32)**	**(48)**	**(73)**	**(153)**
Total operating expenses	**(4,352)**	**(9,053)**	**(481)**	**(13,886)**
Other net income/(expenses)[a]	**18**	**28**	**(23)**	**23**
Profit/(loss) before tax	**546**	**3,616**	**(1,097)**	**3,065**
Total assets (£bn)	**289.1**	**1,041.8**	**18.6**	**1,349.5**
Number of employees (full time equivalent)	**21,300**	**10,800**	**50,900**	**83,000**
Average number of employees (full time equivalent)				**81,800**

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.

On 1 April 2020, assets of £2.2bn relating to the Barclays Partner Finance business were moved from Barclays International to Barclays UK, with net operating income of £19m and loss before tax of £5m subsequently recognised in Barclays UK for the rest of 2020. The 2019 and 2018 comparative figures have not been restated.

	Barclays UK £m	Barclays International £m	Head Office £m	Group results £m
For the year ended 31 December 2019				
Total income	7,353	14,675	(396)	21,632
Credit impairment charges	(712)	(1,173)	(27)	(1,912)
Net operating income/(expenses)	6,641	13,502	(423)	19,720
Operating costs	(3,996)	(9,163)	(200)	(13,359)
UK bank levy	(41)	(174)	(11)	(226)
Litigation and conduct	(1,582)	(116)	(151)	(1,849)
Total operating expenses	(5,619)	(9,453)	(362)	(15,434)
Other net income[a]	-	69	2	71
Profit/(loss) before tax	1,022	4,118	(783)	4,357
Total assets (£bn)	257.8	861.4	21.0	1,140.2
Number of employees (full time equivalent)	21,400	11,200	48,200	80,800
Average number of employees (full time equivalent)				82,700

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.

Financial performance and returns

Analysis of results by business

	Barclays UK	Barclays International	Head Office	Group results
	£m	£m	£m	£m
For the year ended 31 December 2018				
Total income	7,383	14,026	(273)	21,136
Credit impairment (charges)/releases	(826)	(658)	16	(1,468)
Net operating income/(expenses)	6,557	13,368	(257)	19,668
Operating costs	(4,075)	(9,324)	(228)	(13,627)
UK bank levy	(46)	(210)	(13)	(269)
GMP charge	-	-	(140)	(140)
Litigation and conduct	(483)	(127)	(1,597)	(2,207)
Total operating expenses	(4,604)	(9,661)	(1,978)	(16,243)
Other net income/(expenses)[a]	3	68	(2)	69
Profit/(loss) before tax	1,956	3,775	(2,237)	3,494
Total assets (£bn)	249.7	862.1	21.5	1,133.3
Number of employees (full time equivalent)	22,600	12,400	48,500	83,500

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[a]

	2020	2019	2018
For the year ended 31 December	£m	£m	£m
United Kingdom	**11,211**	11,809	11,529
Europe	**2,059**	1,754	1,617
Americas	**7,425**	7,064	7,058
Africa and Middle East	**36**	59	43
Asia	**1,035**	946	889
Total	**21,766**	21,632	21,136

Income from individual countries which represent more than 5% of total income[a]

	2020	2019	2018
For the year ended 31 December	£m	£m	£m
United Kingdom	**11,211**	11,809	11,529
United States	**7,318**	6,939	6,911

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 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 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.

	2020 £m	2019[a] £m	2018[a] £m
Cash and balances at central banks	**275**	1,091	1,123
Loans and advances at amortised cost	**10,180**	12,450	12,073
Fair value through other comprehensive income	**776**	1,032	1,029
Negative interest on liabilities	**68**	13	35
Other	**593**	870	281
Interest and similar income	**11,892**	15,456	14,541
Deposits at amortised cost	**(1,030)**	(2,449)	(2,250)
Debt securities in issue[b]	**(1,360)**	(1,906)	(1,677)
Subordinated liabilities	**(670)**	(1,068)	(1,223)
Negative interest on assets	**(344)**	(278)	(270)
Other	**(366)**	(348)	(59)
Interest and similar expense	**(3,770)**	(6,049)	(5,479)
Net interest income	**8,122**	9,407	9,062

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 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 expense within net interest income. The financial guarantee element of the coupon had previously been recognised in net investment income (2019: £25m; 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 £698m (2019: £697m; 2018: £596m) have been amortised to interest and similar income during the year. Interest and similar income includes £40m (2019: £48m; 2018: £53m) accrued on impaired loans. Other interest expense includes £70m (2019: £76m) relating to IFRS 16 lease interest expenses.

4 Net fee and commission income

Accounting for net fee and commission income

The 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 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 Group recognises fee and commission income charged for services provided by the Group as the services are provided, for example, on completion of the underlying transaction. Where the contractual arrangements also result in the 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 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.

	2020			
	Barclays UK £m	Barclays International £m	Head Office £m	Total £m
Fee type				
Transactional	**810**	**2,353**	**-**	**3,163**
Advisory	**159**	**693**	**2**	**854**
Brokerage and execution	**212**	**1,173**	**-**	**1,385**
Underwriting and syndication	**-**	**2,867**	**-**	**2,867**
Other	**71**	**173**	**9**	**253**
Total revenue from contracts with customers	**1,252**	**7,259**	**11**	**8,522**
Other non-contract fee income	**-**	**119**	**-**	**119**
Fee and commission income	**1,252**	**7,378**	**11**	**8,641**
Fee and commission expense	**(308)**	**(1,754)**	**(8)**	**(2,070)**
Net fee and commission income	**944**	**5,624**	**3**	**6,571**

	2019			
	Barclays UK £m	Barclays International £m	Head Office £m	Total £m
Fee type				
Transactional	1,074	2,809	-	3,883
Advisory	177	903	-	1,080
Brokerage and execution	208	1,131	-	1,339
Underwriting and syndication	-	2,358	-	2,358
Other	92	242	12	346
Total revenue from contracts with customers	1,551	7,443	12	9,006
Other non-contract fee income	-	116	-	116
Fee and commission income	1,551	7,559	12	9,122
Fee and commission expense	(365)	(1,990)	(7)	(2,362)
Net fee and commission income	1,186	5,569	5	6,760

	2018			
	Barclays UK £m	Barclays International £m	Head Office £m	Total £m
Fee type				
Transactional	1,102	2,614	-	3,716
Advisory	209	850	-	1,059
Brokerage and execution	153	1,073	-	1,226
Underwriting and syndication	-	2,462	-	2,462
Other	78	207	27	312
Total revenue from contracts with customers	1,542	7,206	27	8,775
Other non-contract fee income	-	118	-	118
Fee and commission income	1,542	7,324	27	8,893
Fee and commission expense	(360)	(1,707)	(17)	(2,084)
Net fee and commission income	1,182	5,617	10	6,809

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 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 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.

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 the 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 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 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 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 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 £141m at 31 December 2020 (2019: £159m; 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 £36m (2019: £30m; 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	**5,342**	2,941	3,292
Net gains from financial instruments designated at fair value	**700**	256	267
Net gains from financial instruments mandatorily at fair value	**987**	1,038	1,007
Net trading income	**7,029**	4,235	4,566

6 Net investment 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 13 and Note 15.

	2020	2019	2018
	£m	£m	£m
Net (losses)/gains from financial instruments mandatorily at fair value	**(50)**	510	226
Net gains from disposal of debt instruments at fair value through other comprehensive income	**295**	502	158
Net (losses)/gains from disposal of financial assets and liabilities measured at amortised cost[a]	**(61)**	257	38
Dividend income	**37**	76	91
Net (losses)/gains on other investments[b]	**(208)**	(214)	72
Net investment income	**13**	1,131	585

Notes

a Included within the 2020 balance are losses of £115m relating to the partial redemption of contingent capital notes. Included within the 2019 balance are gains of £170m relating to the sale of debt securities as part of the Group's Treasury operations.

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 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.

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 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 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
- 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 forborne 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 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 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 Group 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 identified.

Uncollectable loans are written off against the related allowance for loan impairment on completion of the 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 Group may enter into a financial guarantee contract which requires the issuer of such contract to reimburse the 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 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 the 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 Group's risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, the 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, 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 definition 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 forborne 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 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. The impairment charge reflected in the income statement for retail portfolios is £3,116m (2019: £1,696m; 2018: £1,598m) of the total impairment charge on loans and advances and off balance sheet loan commitments and financial guarantee contracts.

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 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. The impairment charge reflected in the financial statements in relation to wholesale portfolios is a charge of £1,569m (2019: £208m charge; 2018: £133m release) of the total impairment charge on loans and advances and off balance sheet loan commitments and financial guarantee contracts. Further information on impairment allowances, impairment charges, measurement uncertainty, sensitivity analysis and related credit information is set out within the Credit risk performance section.

Financial performance and returns

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 114 in the credit risk performance section.

	2020			2019			2018		
	Impairment charges	Recoveries and reimburse-ments[a]	Total	Impairment charges	Recoveries and reimburse-ments[a]	Total	Impairment charges	Recoveries and reimburse-ments[a]	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Loans and advances	4,308	(399)	3,909	1,957	(124)	1,833	1,785	(195)	1,590
Provision for undrawn contractually committed facilities and guarantees provided	776	-	776	71	-	71	(125)	-	(125)
Loans impairment	**5,084**	**(399)**	**4,685**	2,028	(124)	1,904	1,660	(195)	1,465
Cash collateral and settlement balances	2	-	2	1	-	1	(1)	-	(1)
Financial assets at fair value through other comprehensive income	2	-	2	1	-	1	4	-	4
Other financial assets measured at cost	149	-	149	6	-	6	-	-	-
Credit impairment charges	**5,237**	**(399)**	**4,838**	2,036	(124)	1,912	1,663	(195)	1,468

Note
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 £35m.

Write-offs subject to enforcement activity
The contractual amount outstanding on financial assets that were written off during the year and that are still subject to enforcement activity is £1,246m (2019: £1,660m). 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 with a loss allowance measured at an amount equal to lifetime ECL of £4,275m (2019: £1,383m) were subject to non-substantial modification during the year, with a resulting loss of £34m (2019: £22m). The gross carrying amount of financial assets for which the loss allowance has changed to a 12 month ECL during the year amounts to £1,194m (2019: £401m).

8 Operating expenses

	2020	2019	2018
	£m	£m	£m
Infrastructure costs			
Property and equipment	**1,556**	1,409	1,360
Depreciation and amortisation[a]	**1,539**	1,487	1,252
Lease payments[a]	**34**	41	329
Impairment of property, equipment and intangible assets	**194**	33	9
Total infrastructure costs	**3,323**	2,970	2,950
Administration and general expenses			
Consultancy, legal and professional fees	**567**	590	729
Marketing and advertising	**330**	425	495
UK bank levy	**299**	226	269
Other administration and general expenses	**1,117**	1,059	964
Total administration and general expenses	**2,313**	2,300	2,457
Staff costs	**8,097**	8,315	8,629
Provisions for litigation and conduct	**153**	1,849	2,207
Operating expenses	**13,886**	15,434	16,243

Note
a Following the 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 31.

9 Tax

Accounting for income taxes

The 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 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 Group's tax returns. The 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 Group ultimately expects to pay the tax authority to resolve the position. Effective from 1 January 2019, the 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 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 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.

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 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 £m	2019 £m	2018 £m
Current tax charge/(credit)			
Current year	**1,255**	1,037	689
Adjustments in respect of prior years	**31**	(45)	(214)
	1,286	992	475
Deferred tax charge/(credit)			
Current year	**(830)**	86	442
Adjustments in respect of prior years	**148**	(75)	(6)
	(682)	11	436
Tax charge	**604**	1,003	911

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 Group's profit before tax.

	2020 £m	2020 %	2019 £m	2019 %	2018 £m	2018 %
Profit before tax	**3,065**		4,357		3,494	
Tax charge based on the standard UK corporation tax rate of 19% (2019: 19%; 2018: 19%)	**582**	**19.0%**	828	19.0%	664	19.0%
Impact of profits/losses earned in territories with different statutory rates to the UK (weighted average tax rate is 25.1% (2019: 24.2%; 2018: 21.9%))	**188**	**6.1%**	227	5.2%	100	2.9%
Recurring items:						
Adjustments in respect of prior years	**179**	**5.8%**	(120)	(2.7%)	(220)	(6.3%)
Non-creditable taxes including withholding taxes	**109**	**3.5%**	150	3.4%	156	4.5%
Impact of UK bank levy being non-deductible	**57**	**1.9%**	43	1.0%	51	1.5%
Non-deductible expenses	**48**	**1.6%**	45	1.0%	81	2.3%
Tax adjustments in respect of share-based payments	**26**	**0.8%**	(6)	(0.1%)	17	0.5%
Impact of Barclays Bank PLC's overseas branches being taxed both locally and in the UK	**25**	**0.8%**	15	0.3%	16	0.5%
Banking surcharge and other items	**6**	**0.2%**	57	1.3%	104	2.9%
Changes in recognition of deferred tax and effect of unrecognised tax losses	**(123)**	**(4.0%)**	(82)	(1.9%)	(104)	(3.0%)
AT1 tax credit	**(165)**	**(5.4%)**	(157)	(3.6%)	(148)	(4.3%)
Non-taxable gains and income	**(208)**	**(6.8%)**	(260)	(6.0%)	(245)	(7.0%)
Non-recurring items:						
Remeasurement of UK deferred tax assets due to cancellation of rate change	**(118)**	**(3.8%)**	-	-	-	-
Non-deductible provisions for UK customer redress	**(7)**	**(0.2%)**	263	6.1%	93	2.7%
Non-deductible provisions for investigations and litigation	**5**	**0.2%**	-	-	346	9.9%
Total tax charge	**604**	**19.7%**	1,003	23.0%	911	26.1%

Factors driving the effective tax rate
The effective tax rate of 19.7% 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 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, tax relief on payments made under AT1 instruments, the use of unrecognised tax losses in the period and adjustments for the remeasurement of UK deferred tax assets as a result of the UK corporation tax rate being maintained at 19%.

The 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
The tax relating to each component of other comprehensive income can be found in the consolidated statement of comprehensive income which includes within Other a tax credit of £5m (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:

	2020 £m	2019 £m
US Intermediate Holding Company Tax Group ('IHC Tax Group')	**1,001**	1,037
US Branch Tax Group	**1,048**	1,015
UK Tax Group	**886**	818
Other (outside the UK and US tax groups)	**509**	420
Deferred tax asset	**3,444**	3,290
Deferred tax liability	**(15)**	(23)
Net deferred tax	**3,429**	3,267

US deferred tax assets in the IHC and US Branch Tax Groups
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 temporary differences category in the table below.

UK Tax Group deferred tax asset
The deferred tax asset in the UK Tax Group of £886m (2019: £818m) includes £565m (2019: £268m) relating to tax losses, with the balance relating to temporary differences. There is no time limit on utilisation of UK tax losses and business profit forecasts indicate that these will be fully recovered.

Other deferred tax assets (outside the UK and US tax groups)
The deferred tax asset of £509m (2019: £420m) in other entities within the 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 £509m (2019: £420m), an amount of £8m (2019: £10m) relates to entities which have suffered a loss in either the current or prior year and for which the utilisation of the deferred tax is dependent on 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.

	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	**1,338**	**119**	**-**	**38**	**501**	**128**	**344**	**1,458**	**523**	**4,449**
Liabilities	**(31)**	**(18)**	**(181)**	**(640)**	**-**	**-**	**-**	**(312)**	**-**	**(1,182)**
At 1 January 2020	**1,307**	**101**	**(181)**	**(602)**	**501**	**128**	**344**	**1,146**	**523**	**3,267**
Income statement	**129**	**-**	**-**	**6**	**156**	**22**	**20**	**134**	**215**	**682**
Other comprehensive income and reserves	**-**	**(137)**	**(377)**	**(191)**	**-**	**-**	**5**	**238**	**-**	**(462)**
Other movements	**(12)**	**(2)**	**(8)**	**4**	**9**	**(7)**	**(6)**	**(33)**	**(3)**	**(58)**
	1,424	**(38)**	**(566)**	**(783)**	**666**	**143**	**363**	**1,485**	**735**	**3,429**
Assets	**1,465**	**-**	**-**	**43**	**666**	**143**	**363**	**1,564**	**735**	**4,979**
Liabilities	**(41)**	**(38)**	**(566)**	**(826)**	**-**	**-**	**-**	**(79)**	**-**	**(1,550)**
At 31 December 2020	**1,424**	**(38)**	**(566)**	**(783)**	**666**	**143**	**363**	**1,485**	**735**	**3,429**
Assets	1,292	180	39	46	601	112	359	1,377	529	4,535
Liabilities	(16)	(35)	(10)	(435)	-	-	-	(262)	-	(758)
At 1 January 2019	1,276	145	29	(389)	601	112	359	1,115	529	3,777
Income statement	51	-	-	(4)	(49)	23	(19)	(31)	18	(11)
Other comprehensive income and reserves	-	(42)	(210)	(205)	(40)	2	9	72	-	(414)
Other movements	(20)	(2)	-	(4)	(11)	(9)	(5)	(10)	(24)	(85)
	1,307	101	(181)	(602)	501	128	344	1,146	523	3,267
Assets	1,338	119	-	38	501	128	344	1,458	523	4,449
Liabilities	(31)	(18)	(181)	(640)	-	-	-	(312)	-	(1,182)
At 31 December 2019	1,307	101	(181)	(602)	501	128	344	1,146	523	3,267

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 assets expected to be recovered after more than 12 months is £4,544m (2019: £3,945m). The amount of deferred tax liability expected to be settled after more than 12 months is £1,510m (2019: £1,199m). 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
Deferred tax assets have not been recognised in respect of gross deductible temporary differences of £125m (2019: £213m), unused tax credits of £236m (2019: £247m), and gross tax losses of £20,913m (2019: £19,582m). The tax losses include capital losses of £3,947m (2019: £3,980m). Of these tax losses, £139m (2019: £41m) expire within five years, £236m (2019: £239m) expire within six to 10 years, £7,271m (2019: £5,178m) expire within 11 to 20 years and £13,267m (2019: £14,124m) 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.

Group investments in subsidiaries, branches and associates
Deferred tax is not recognised in respect of the value of the Group's investments in subsidiaries, branches and associates where the 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 Earnings per share

	2020 £m	2019 £m	2018 £m
Profit attributable to ordinary equity holders of the parent	**1,526**	2,461	1,597

	2020 million	2019 million	2018 million
Basic weighted average number of shares in issue	**17,300**	17,200	17,075
Number of potential ordinary shares	**368**	282	308
Diluted weighted average number of shares	**17,668**	17,482	17,383

	Basic earnings per share			Diluted earnings per share		
	2020 p	2019 p	2018 p	2020 p	2019 p	2018 p
Earnings per ordinary share	**8.8**	14.3	9.4	**8.6**	14.1	9.2

The calculation of basic earnings per share is based on the profit attributable to equity holders of the parent and the basic weighted average number of shares excluding treasury shares held in employee benefit trusts or held for trading. When calculating the diluted earnings per share, the weighted average number of shares in issue is adjusted for the effects of all expected dilutive potential ordinary shares held in respect of Barclays PLC, totalling 368m (2019: 282m) shares. The total number of share options outstanding, under schemes considered to be potentially dilutive, was 719m (2019: 533m). These options have strike prices ranging from £0.84 to £2.27.

Of the total number of employee share options and share awards at 31 December 2020, 69m (2019: 43m) were anti-dilutive.

The 100m (2019: 125m) increase in the basic weighted average number of shares are primarily due to shares issued under employee share schemes.

11 Dividends on ordinary shares

In response to a request from the PRA, and to preserve additional capital for use in serving Barclays customers and clients through the extraordinary challenges presented by the COVID-19 pandemic, the Board agreed to cancel the 6.0p per ordinary share full year 2019 dividend.

The Directors have approved a total dividend in respect of 2020 of 1.0p per ordinary share of 25p each. The full year dividend for 2020 of 1.0p per ordinary share will be paid on 1 April 2021 to shareholders on the Share Register on 26 February 2021. On 31 December 2020, there were 17,359m ordinary shares in issue. The financial statements for the year ended 31 December 2020 do not reflect this 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.

The Directors have confirmed their intention to initiate a share buyback of up to £700m after the balance sheet date. The share buyback is expected to commence in the first quarter of 2021. The financial statements for the year ended 31 December 2020 do not reflect the impact of the proposed share buyback, which will be accounted for as and when shares are repurchased by the Company.

Notes to the financial statements

Assets and liabilities held at fair value

The notes included in this section focus on assets and liabilities the 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 Group's approach to managing market risk can be found in the Market risk management section.

12 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).

	Trading portfolio assets		Trading portfolio liabilities	
	2020	2019	**2020**	2019
	£m	£m	**£m**	£m
Debt securities and other eligible bills	**56,482**	52,739	**(30,102)**	(23,741)
Equity securities	**62,192**	56,000	**(17,303)**	(13,175)
Traded loans	**8,348**	5,378	**-**	-
Commodities	**928**	78	**-**	-
Trading portfolio assets/(liabilities)	**127,950**	114,195	**(47,405)**	(36,916)

13 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 17.

	Designated at fair value		Mandatorily at fair value		Total	
	2020	2019	**2020**	2019	**2020**	2019
	£m	£m	**£m**	£m	**£m**	£m
Loans and advances	**5,600**	4,900	**25,279**	17,792	**30,879**	22,692
Debt securities	**292**	3,995	**1,401**	1,254	**1,693**	5,249
Equity securities	**-**	-	**4,620**	7,495	**4,620**	7,495
Reverse repurchase agreements and other similar secured lending	**19**	40	**137,597**	96,847	**137,616**	96,887
Other financial assets	**-**	-	**343**	763	**343**	763
Financial assets at fair value through the income statement	**5,911**	8,935	**169,240**	124,151	**175,151**	133,086

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.

	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	**5,600**	4,900	**(47)**	4	**(73)**	(26)
Value mitigated by related credit derivatives	**795**	-	**3**	-	**3**	-

Assets and liabilities held at fair value

14 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 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 Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes. The 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 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 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 Group are:

- When considering the 'highly probable' requirement, the 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 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 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 Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.
- The 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 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 Group are:

- Under a temporary exception, the 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.
- In respect of the retrospective hedge effectiveness assessment, the 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 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 Group upon designation of the hedge to assume that the separately identifiable requirement is met if the Group reasonably expects the RFR risk will become separately identifiable within the next 24 months. The Group applies this relief to each RFR on a rate-by-rate basis and starts when the 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

Assets and liabilities held at fair value

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 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 Group's investment in the operation.

Total derivatives

	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	**43,169,971**	**301,880**	**(299,795)**	42,111,110	229,063	(228,617)
Total derivative assets/(liabilities) held for risk management	**189,784**	**566**	**(980)**	181,375	173	(587)
Derivative assets/(liabilities)	**43,359,755**	**302,446**	**(300,775)**	42,292,485	229,236	(229,204)

Further information on netting arrangements of derivative financial instruments can be found within Note 18.

Assets and liabilities held at fair value

The fair values and notional amounts of derivative instruments held for trading and held for risk management are set out in the following table:

Derivatives held for trading and held for risk management

	2020			2019		
	Notional contract amount £m	Fair value Assets £m	Fair value Liabilities £m	Notional contract amount £m	Fair value Assets £m	Fair value Liabilities £m
Derivatives held for trading						
Foreign exchange derivatives						
OTC derivatives	5,461,057	84,401	(84,043)	4,906,647	56,480	(56,845)
Derivatives cleared by central counterparty	78,946	335	(335)	74,698	84	(145)
Exchange traded derivatives	14,034	3	(3)	18,520	12	(31)
Foreign exchange derivatives	5,554,037	84,739	(84,381)	4,999,865	56,576	(57,021)
Interest rate derivatives						
OTC derivatives	13,547,990	170,808	(161,157)	12,627,808	140,207	(133,401)
Derivatives cleared by central counterparty	18,737,415	965	(885)	17,428,460	867	(1,093)
Exchange traded derivatives	2,971,966	371	(360)	5,041,948	1,251	(1,265)
Interest rate derivatives	35,257,371	172,144	(162,402)	35,098,216	142,325	(135,759)
Credit derivatives						
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)
Credit derivatives	847,845	4,605	(5,004)	825,516	8,215	(8,086)
Equity and stock index derivatives						
OTC derivatives	466,151	18,807	(26,094)	232,050	10,628	(15,785)
Exchange traded derivatives	927,114	20,165	(20,521)	841,994	10,178	(10,849)
Equity and stock index derivatives	1,393,265	38,972	(46,615)	1,074,044	20,806	(26,634)
Commodity derivatives						
OTC derivatives	4,244	89	(110)	7,327	303	(256)
Exchange traded derivatives	113,209	1,331	(1,283)	106,142	838	(861)
Commodity derivatives	117,453	1,420	(1,393)	113,469	1,141	(1,117)
Derivative assets/(liabilities) held for trading	43,169,971	301,880	(299,795)	42,111,110	229,063	(228,617)
Total OTC derivatives	19,864,342	277,779	(275,313)	18,173,218	212,871	(211,686)
Total derivatives cleared by central counterparty	19,279,306	2,231	(2,315)	17,929,288	3,913	(3,925)
Total exchange traded derivatives	4,026,323	21,870	(22,167)	6,008,604	12,279	(13,006)
Derivative assets/(liabilities) held for trading	43,169,971	301,880	(299,795)	42,111,110	229,063	(228,617)
Derivatives held for risk management						
Derivatives designated as cash flow hedges						
OTC foreign exchange derivatives	6,596	351	-	-	-	-
OTC interest rate derivatives	2,433	35	-	1,195	7	(1)
Interest rate derivatives cleared by central counterparty	65,408	-	-	66,578	-	-
Derivatives designated as cash flow hedges	74,437	386	-	67,773	7	(1)
Derivatives designated as fair value hedges						
OTC interest rate derivatives	11,116	155	(980)	8,379	136	(586)
Interest rate derivatives cleared by central counterparty	103,440	-	-	104,078	-	-
Derivatives designated as fair value hedges	114,556	155	(980)	112,457	136	(586)
Derivatives designated as hedges of net investments						
OTC foreign exchange derivatives	791	25	-	1,145	30	-
Derivatives designated as hedges of net investments	791	25	-	1,145	30	-
Derivative assets/(liabilities) held for risk management	189,784	566	(980)	181,375	173	(587)
Total OTC derivatives	20,936	566	(980)	10,719	173	(587)
Total derivatives cleared by central counterparty	168,848	-	-	170,656	-	-
Derivative assets/(liabilities) held for risk management	189,784	566	(980)	181,375	173	(587)

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.
- 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 Group does not hedge inflation risk that arises from other activities.

In order to hedge these risks, the 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 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 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 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 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).

The following table summarises the significant hedge accounting exposures impacted by the IBOR reform (see Note 41 for further updates) as at 31 December 2020:

Current benchmark rate	Expected convergence to RFR	Nominal amount of hedged items directly impacted by IBOR reform £m	Nominal amount of hedging instruments directly impacted by IBOR reform £m
GBP London Interbank Offered rate (LIBOR)	Reformed Sterling Overnight Index Average (SONIA)	**15,740**	**14,276**
USD LIBOR	Secured Overnight Financing Rate (SOFR)	**29,154**	**28,832**
Euro Overnight Index Average (EONIA)	Euro Short-Term Rate (€STR)	**5,128**	**5,128**
JPY LIBOR	Tokyo Overnight Average (TONA)	**1,262**	**1,262**
CHF LIBOR	Swiss Average Rate Overnight (SARON)	**145**	**145**
All Other IBORs	Various Other RFRs	**111**	**111**
Total		**51,540**	**49,754**

Assets and liabilities held at fair value

Hedged items in fair value hedges

Hedged item statement of financial position classification and risk category	Carrying amount £m	Accumulated fair value adjustment included in carrying amount: Total £m	Accumulated fair value adjustment included in carrying amount: Of which: Accumulated fair value adjustment on items no longer in a hedge relationship £m	Change in fair value used as a basis to determine ineffectiveness £m	Hedge ineffectiveness recognised in the income statement[a] £m
2020					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	**9,858**	**2,289**	**(638)**	**1,583**	**111**
- Inflation risk	**545**	**345**	**-**	**25**	**3**
Debt securities classified at amortised cost					
- Interest rate risk	**1,440**	**23**	**-**	**18**	**(7)**
- Inflation risk	**4,071**	**(43)**	**-**	**453**	**3**
Financial assets at fair value through other comprehensive income					
- Interest rate risk	**41,544**	**1,284**	**351**	**825**	**(13)**
- Inflation risk	**10,821**	**367**	**(9)**	**307**	**1**
Total assets	**68,279**	**4,265**	**(296)**	**3,211**	**98**
Liabilities					
Debt securities in issue					
- Interest rate risk	**(50,438)**	**(2,859)**	**(24)**	**(1,466)**	**(56)**
Total liabilities	**(50,438)**	**(2,859)**	**(24)**	**(1,466)**	**(56)**
Total hedged items	**17,841**	**1,406**	**(320)**	**1,745**	**42**
2019					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	8,442	694	(643)	1,030	76
- Inflation risk	525	325	-	(2)	1
Debt securities classified at amortised cost					
- Interest rate risk	2,974	(1)	-	(1)	-
- Inflation risk	2,258	(41)	-	(41)	1
Financial assets at fair value through other comprehensive income					
- Interest rate risk	32,169	922	494	2,046	(4)
- Inflation risk	7,811	87	-	111	(16)
Total assets	54,179	1,986	(149)	3,143	58
Liabilities					
Debt securities in issue					
- Interest rate risk	(55,589)	(1,574)	(75)	(1,445)	(13)
Total liabilities	(55,589)	(1,574)	(75)	(1,445)	(13)
Total hedged items	(1,410)	412	(224)	1,698	45

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.

Assets and liabilities held at fair value

The following table shows the fair value hedging instruments which are carried on the Group's balance sheet:

		Carrying value					
		Derivative assets	Derivative liabilities	Loan liabilities	Nominal amount	Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
Hedge type	Risk category	£m	£m	£m	£m	£m	£m
As at 31 December 2020							
Fair value	Interest rate risk	**120**	**(166)**	**-**	**103,623**	**(925)**	**30,072**
	Inflation risk	**35**	**(815)**	**-**	**10,933**	**(778)**	**1,487**
	Total	**155**	**(980)**	**-**	**114,556**	**(1,703)**	**31,559**
As at 31 December 2019							
Fair value	Interest rate risk	110	(44)	-	104,568	(1,571)	55,552
	Inflation risk	26	(542)	-	7,889	(82)	6,101
	Total	136	(586)	-	112,457	(1,653)	61,653

The following table profiles the expected notional values of current hedging instruments in future years:

	2020	2021	2022	2023	2024	2025	2026 and later
As at 31 December	£m	£m	£m	£m	£m	£m	£m
Fair value hedges of:							
Interest rate risk (outstanding notional amount)	**103,623**	**94,402**	**81,916**	**72,281**	**58,001**	**47,244**	**40,243**
Inflation risk (outstanding notional amount)	**10,933**	**10,128**	**8,817**	**7,966**	**6,051**	**5,062**	**4,348**

There are 1,906 (2019: 2,308) interest rate risk fair value hedges with an average fixed rate of 1.87% (2019: 2.13%) across the relationships and 104 (2019: 117) inflation risk fair value hedges with an average rate of 0.63% (2019: 0.70%) across the relationships.

Assets and liabilities held at fair value

Hedged items in cash flow hedges and hedges of net investments in foreign operations

Description of hedge relationship and hedged risk	Change in value of hedged item used as the basis for recognising ineffectiveness £m	Balance in cash flow hedging reserve for continuing hedges £m	Balance in currency translation reserve for continuing hedges £m	Balances remaining in cash flow hedging reserve for which hedge accounting is no longer applied £m	Balances remaining in currency translation reserve for which hedge accounting is no longer applied £m	Hedging gains or losses recognised in other comprehensive income £m	Hedge ineffectiveness recognised in the income statement[a] £m
2020							
Cash flow hedge of:							
Interest rate risk							
Loans and advances at amortised cost	**(1,124)**	**(598)**	**-**	**(1,370)**	**-**	**(1,124)**	**27**
Foreign exchange risk							
Loans and advances at amortised cost	**(70)**	**(15)**	**-**	**-**	**-**	**(70)**	**-**
Debt securities classified at amortised cost	**(278)**	**(65)**	**-**	**-**	**-**	**(278)**	**-**
Inflation risk							
Debt securities classified at amortised cost	**(41)**	**(65)**	**-**	**-**	**-**	**(41)**	**1**
Total cash flow hedge	**(1,513)**	**(743)**	**-**	**(1,370)**	**-**	**(1,513)**	**28**
Hedge of net investment in foreign operations							
USD foreign operations	**(240)**	**-**	**857**	**-**	**-**	**(240)**	**-**
EUR foreign operations	**(17)**	**-**	**(2)**	**-**	**-**	**(17)**	**-**
Other foreign operations	**(9)**	**-**	**47**	**-**	**186**	**(9)**	**-**
Total foreign operations	**(266)**	**-**	**902**	**-**	**186**	**(266)**	**-**
2019							
Cash flow hedge of:							
Interest rate risk							
Loans and advances at amortised cost	(696)	(223)	-	(1,072)	-	(706)	43
Inflation risk							
Debt securities classified at amortised cost	(29)	(26)	-	-	-	(25)	2
Total cash flow hedge	(725)	(249)	-	(1,072)	-	(731)	45
Hedge of net investment in foreign operations							
USD foreign operations	215	-	1,087	-	-	215	-
EUR foreign operations	70	-	(1)	-	16	70	-
Other foreign operations	3	-	1	-	240	3	-
Total foreign operations	288	-	1,087	-	256	288	-

Note
a Hedge ineffectiveness is recognised in net interest income.

Assets and liabilities held at fair value

The following table shows the cash flow and net investment hedging instruments which are carried on the Group's balance sheet:

		Carrying value					
		Derivative assets	Derivative liabilities	Loan liabilities	Nominal amount	Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
Hedge type	Risk category	£m	£m	£m	£m	£m	£m
As at 31 December 2020							
Cash flow	Interest rate risk	**33**	**-**	**-**	**65,042**	**1,151**	**18,195**
	Foreign exchange risk	**351**	**-**	**-**	**6,596**	**348**	**-**
	Inflation risk	**2**	**-**	**-**	**2,799**	**42**	**-**
	Total	**386**	**-**	**-**	**74,437**	**1,541**	**18,195**
Net investment	Foreign exchange risk	**25**	**-**	**(8,660)**	**9,451**	**265**	**-**
As at 31 December 2019							
Cash flow	Interest rate risk	3	(1)	-	66,515	739	15,223
	Inflation risk	4	-	-	1,258	31	-
	Total	7	(1)	-	67,773	770	15,223
Net investment	Foreign exchange risk	30	-	(10,051)	11,196	288	-

There are 29 (2019: nil) foreign exchange risk cash flow hedges with an average foreign exchange rate of 135.29 JPY: 1 GBP (2019: nil) across the relationships.

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 41.

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:

	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
Cash flow hedge of interest rate risk				
Recycled to net interest income	**489**	**17**	259	18
Cash flow hedge of foreign exchange risk				
Recycled to net interest income	**268**	**-**	-	-
Hedge of net investment in foreign operations				
Recycled to other income	**-**	**(4)**	-	15

Assets and liabilities held at fair value

15 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 Group will consider past sales and expectations about future sales to establish if the business model is achieved.

For equity securities that are not held for trading, the 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 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.

	2020	2019
	£m	£m
Debt securities and other eligible bills	**77,736**	64,103
Equity securities	**761**	1,023
Loans and advances	**191**	624
Financial assets at fair value through other comprehensive income	**78,688**	65,750

16 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 P&L. 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 P&L. On derecognition of the financial liability no amount relating to own credit risk are recycled to the income statement. The 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 Group on the basis of its fair value, or includes terms that have substantive derivative characteristics (Note 14).

The details on how the fair value amounts are arrived at for financial liabilities designated at fair value are described in Note 17.

	2020		2019	
	Fair value	Contractual amount due on maturity	Fair value	Contractual amount due on maturity
	£m	£m	£m	£m
Debt securities	**50,437**	**57,650**	49,559	56,891
Deposits	**21,706**	**22,107**	25,526	25,725
Repurchase agreements and other similar secured borrowing	**177,371**	**177,389**	128,547	128,706
Other financial liabilities	**251**	**251**	694	694
Financial liabilities designated at fair value	**249,765**	**257,397**	204,326	212,016

The cumulative own credit net loss recognised is £954m (2019: £373m loss).

17 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 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 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 257.

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.

Notes to the financial statements

Assets and liabilities held at fair value

17 Fair value of financial instruments continued

The following table shows the Group's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and balance sheet classification:

Assets and liabilities held at fair value

	2020				2019			
	Valuation technique using				Valuation technique using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	**60,671**	**65,416**	**1,863**	**127,950**	60,352	51,579	2,264	114,195
Financial assets at fair value through the income statement	**4,503**	**162,142**	**8,506**	**175,151**	10,445	114,141	8,500	133,086
Derivative financial assets	**9,155**	**288,822**	**4,469**	**302,446**	5,439	220,642	3,155	229,236
Financial assets at fair value through other comprehensive income	**19,792**	**58,743**	**153**	**78,688**	18,755	46,566	429	65,750
Investment property	**-**	**-**	**10**	**10**	-	-	13	13
Total assets	**94,121**	**575,123**	**15,001**	**684,245**	94,991	432,928	14,361	542,280
Trading portfolio liabilities	**(24,391)**	**(22,986)**	**(28)**	**(47,405)**	(20,977)	(15,939)	-	(36,916)
Financial liabilities designated at fair value	**(159)**	**(249,251)**	**(355)**	**(249,765)**	(82)	(203,882)	(362)	(204,326)
Derivative financial liabilities	**(8,762)**	**(285,774)**	**(6,239)**	**(300,775)**	(5,305)	(219,910)	(3,989)	(229,204)
Total liabilities	**(33,312)**	**(558,011)**	**(6,622)**	**(597,945)**	(26,364)	(439,731)	(4,351)	(470,446)

The following table shows the 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	Liabilities	Assets	Liabilities
	£m	£m	£m	£m
Interest rate derivatives	**1,613**	**(1,615)**	605	(812)
Foreign exchange derivatives	**144**	**(143)**	291	(298)
Credit derivatives	**196**	**(351)**	539	(342)
Equity derivatives	**2,498**	**(4,112)**	1,711	(2,528)
Commodity derivatives	**18**	**(18)**	9	(9)
Corporate debt	**698**	**(3)**	521	-
Reverse repurchase and repurchase agreements	**-**	**(174)**	-	(167)
Non-asset backed loans	**6,394**	**-**	6,811	-
Asset backed securities	**767**	**(24)**	756	-
Equity cash products	**542**	**-**	1,228	-
Private equity investments	**873**	**(14)**	899	(19)
Other[a]	**1,258**	**(168)**	991	(176)
Total	**15,001**	**(6,622)**	14,361	(4,351)

Note
a Other includes commercial real estate loans, asset backed 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.

Assets and liabilities held at fair value

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.

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.

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

Assets and liabilities held at fair value

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.

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 and 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. The table shows gains and losses and includes amounts for all financial assets and liabilities that are held at fair value transferred to and from Level 3 during the period. Transfers have been reflected as if they had taken place at the beginning of the year.

Asset and liability transfers between Level 2 and Level 3 are primarily due to i) an increase or decrease in observable market activity related to an input or ii) 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: Trading income	Total gains and losses in the period recognised in the income statement: Other income	Total gains or losses recognised in OCI	Transfers: In	Transfers: Out	As at 31 December 2020
	£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)	-	-	90	(25)	686
Equity cash products	392	5	(149)	-	-	(41)	-	-	11	(4)	214
Other	122	-	-	-	-	(21)	-	-	2	-	103
Trading portfolio assets	**2,264**	**2,495**	**(2,765)**	**-**	**(52)**	**(132)**	**-**	**-**	**154**	**(101)**	**1,863**
Non-asset backed loans	5,494	1,102	(283)	-	(706)	426	-	-	-	(453)	5,580
Equity cash products	835	15	(404)	-	-	(93)	(36)	-	9	-	326
Private equity investments	900	84	(54)	-	(3)	-	(56)	-	15	(12)	874
Other	1,271	3,718	(3,606)	-	(32)	32	(43)	-	386	-	1,726
Financial assets at fair value through the income statement	**8,500**	**4,919**	**(4,347)**	**-**	**(741)**	**365**	**(135)**	**-**	**410**	**(465)**	**8,506**
Non-asset backed loans	343	-	-	-	(237)	-	-	-	-	-	106
Asset backed securities	86	-	(35)	-	-	-	-	(4)	-	-	47
Financial assets at fair value through other comprehensive income	**429**	**-**	**(35)**	**-**	**(237)**	**-**	**-**	**(4)**	**-**	**-**	**153**
Investment property	**13**	**-**	**(2)**	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**	**10**
Trading portfolio liabilities	**-**	**(27)**	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**	**(28)**
Financial liabilities designated at fair value	**(362)**	**-**	**3**	**(21)**	**1**	**20**	**4**	**-**	**(38)**	**38**	**(355)**
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	(819)	(699)	(43)	-	105	(101)	-	-	(13)	(44)	(1,614)
Net derivative financial instruments[a]	**(834)**	**(807)**	**(31)**	**-**	**(160)**	**16**	**-**	**-**	**(71)**	**117**	**(1,770)**
Total	**10,010**	**6,580**	**(7,177)**	**(21)**	**(1,189)**	**268**	**(132)**	**(4)**	**455**	**(411)**	**8,379**

Note
a The derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets are £4,469m (2019: £3,155m) and derivative financial liabilities are £6,239m (2019: £3,989m).

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: Trading income	Total gains and losses in the period recognised in the income statement: Other income	Total gains or losses recognised in OCI	Transfers: In	Transfers: Out	As at 31 December 2019
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
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
Trading portfolio assets	3,613	2,234	(3,057)	-	(446)	(60)	-	-	554	(574)	2,264
Non-asset backed loans	5,688	235	-	-	(755)	343	(1)	-	-	(16)	5,494
Equity cash products	559	66	-	-	(2)	3	209	-	-	-	835
Private equity investments	1,071	45	(121)	-	(28)	-	55	-	41	(163)	900
Other	2,064	5,719	(5,720)	-	(9)	12	(15)	-	24	(804)	1,271
Financial assets at fair value through the income statement	9,382	6,065	(5,841)	-	(794)	358	248	-	65	(983)	8,500
Non-asset backed loans	-	283	-	-	-	-	-	60	-	-	343
Asset backed securities	-	116	(30)	-	-	-	-	-	-	-	86
Equity cash products	2	-	(1)	-	-	-	-	(1)	-	-	-
Other	353	-	-	-	(135)	-	-	-	-	(218)	-
Financial assets at fair value through other comprehensive income	355	399	(31)	-	(135)	-	-	59	-	(218)	429
Investment property	9	5	-	-	-	-	(1)	-	-	-	13
Trading portfolio liabilities	(3)	-	-	-	-	-	-	-	-	3	-
Financial liabilities designated at fair value	(280)	(179)	10	(42)	41	67	(2)	-	(27)	50	(362)
											-
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)	454	(819)
Net derivative financial instruments	472	(364)	(32)	-	(755)	(324)	-	-	(255)	424	(834)
Total	13,548	8,160	(8,951)	(42)	(2,089)	41	245	59	337	(1,298)	10,010

Assets and liabilities held at fair value

Unrealised gains and losses on Level 3 financial assets and liabilities
The following table discloses 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

	2020				2019			
	Income statement				Income statement			
	Trading income	Other income	Other compre-hensive income	Total	Trading income	Other income	Other compre-hensive income	Total
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	**(114)**	**-**	**-**	**(114)**	(57)	-	-	(57)
Financial assets at fair value through the income statement	**399**	**(89)**	**-**	**310**	346	246	-	592
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)
Total	**214**	**(91)**	**(1)**	**122**	(106)	245	60	199

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:

			2020 Range		2019 Range		
	Valuation technique(s)[c]	Significant unobservable inputs	Min	Max	Min	Max	Units[a]
Derivative financial instruments[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
Non-derivative financial instruments							
Non-asset backed loans	Discounted cash flows	Loan spread	**31**	**1,518**	31	1,884	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
Private equity investments	EBITDA multiple	EBITDA multiple	**14**	**16**	5	16	Multiple
	Earnings multiple	Earnings multiple	**3**	**28**	-	27	Multiple
	Discounted cash flow	Discount margin	**1**	**10**	8	10	%
Corporate debt	Comparable pricing	Price	**-**	**127**	-	100	points
Other[d]	Discounted cash flows	Credit spread	**146**	**483**	126	649	bps

Notes
a 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%.
b 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 17-1831bps (2019: 41-1,620bps).
c A range has not been provided for Net Asset Value as there would be a wide range reflecting the diverse nature of the positions.
d Other includes commercial real estate loans.

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 31bps to 1,518bps (2019: 31bps to 1,884bps), the vast majority of spreads are concentrated towards the bottom end of this range, with 97% 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.

EBITDA multiple
EBITDA multiple is the ratio of the valuation of the investment to the earnings before interest, taxes, depreciation and amortisation.

In general, a significant increase in the multiple will result in a fair value increase for an investment.

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	Equity	Income statement	Equity	Income statement	Equity	Income statement	Equity
	£m	£m	£m	£m	£m	£m	£m	£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	**190**	**3**	**(409)**	**(3)**	214	8	(492)	(8)
Equity cash products	**158**	**-**	**(141)**	**-**	123	-	(175)	-
Private equity investments	**199**	**-**	**(227)**	**-**	205	-	(235)	-
Other[a]	**21**	**-**	**(21)**	**-**	1	-	(1)	-
Total	**903**	**3**	**(1,171)**	**(3)**	790	8	(1,219)	(8)

Note
a Other includes commercial real estate loans and asset backed loans.

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 £906m (2019: £798m) or to decrease fair values by up to £1,174m (2019: £1,227m) 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	2019
	£m	£m
Exit price adjustments derived from market bid-offer spreads	**(493)**	(429)
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
The 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 £64m to £493m 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).

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' 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
The 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, the 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 £116m (2019: £113m) for financial instruments measured at fair value and £247m (2019: £255m) for financial instruments carried at amortised cost. There are additions of £27m (2019: £41m), and amortisation and releases of £24m (2019: £69m) for financial instruments measured at fair value and additions of £6m (2019: £7m) and amortisation and releases of £14m (2019: £14m) for financial instruments measured at amortised cost.

Third party credit enhancements
Structured and brokered certificates of deposit issued by Barclays 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 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).

Assets and liabilities held at fair value

Comparison of carrying amounts and fair values for assets and liabilities not held at fair value

The following table summarises the fair value of financial assets and liabilities measured at amortised cost on the Group's balance sheet:

	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
Financial assets										
Loans and advances at amortised cost	**342,632**	**340,516**	**8,824**	**81,322**	**250,370**	339,115	337,510	11,145	73,378	250,985
Reverse repurchase agreements and other similar secured lending	**9,031**	**9,031**	**-**	**9,031**	**-**	3,379	3,379	-	3,379	-
Financial liabilities										
Deposits at amortised cost	**(481,036)**	**(481,106)**	**(396,124)**	**(82,874)**	**(2,108)**	(415,787)	(415,807)	(327,329)	(78,659)	(9,819)
Repurchase agreements and other similar secured borrowing	**(14,174)**	**(14,174)**	**-**	**(14,174)**	**-**	(14,517)	(14,517)	-	(14,517)	-
Debt securities in issue	**(75,796)**	**(77,813)**	**-**	**(75,957)**	**(1,856)**	(76,369)	(78,512)	-	(76,142)	(2,370)
Subordinated liabilities	**(16,341)**	**(16,918)**	**-**	**(16,918)**	**-**	(18,156)	(18,863)	-	(18,863)	-

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 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 is determined in accordance with the relevant accounting policy in Note 19.

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 borrowing

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 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.

18 Offsetting financial assets and financial liabilities

In accordance with IAS 32 *Financial Instruments: Presentation*, the 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 are not intended to represent the Group's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Assets and liabilities held at fair value

	Amounts subject to enforceable netting arrangements							
	Effects of offsetting on-balance sheet			Related amounts not offset				
	Gross amounts	Amounts offset[a]	Net amounts reported on the balance sheet	Financial instruments	Financial collateral[b]	Net amount	Amounts not subject to enforceable netting arrangements[c]	Balance sheet total[d]
	£m	£m	£m	£m	£m	£m	£m	£m
As at 31 December 2020								
Derivative financial assets	**342,649**	**(44,305)**	**298,344**	**(233,080)**	**(48,064)**	**17,200**	**4,102**	**302,446**
Reverse repurchase agreements and other similar secured lending[e]	**448,134**	**(306,398)**	**141,736**	**-**	**(141,352)**	**384**	**4,911**	**146,647**
Total assets	**790,783**	**(350,703)**	**440,080**	**(233,080)**	**(189,416)**	**17,584**	**9,013**	**449,093**
Derivative financial liabilities	**(333,943)**	**41,982**	**(291,961)**	**233,080**	**46,804**	**(12,077)**	**(8,814)**	**(300,775)**
Repurchase agreements and other similar secured borrowing[e]	**(476,912)**	**306,398**	**(170,514)**	**-**	**170,514**	**-**	**(21,031)**	**(191,545)**
Total liabilities	**(810,855)**	**348,380**	**(462,475)**	**233,080**	**217,318**	**(12,077)**	**(29,845)**	**(492,320)**
As at 31 December 2019								
Derivative financial assets	260,206	(32,546)	227,660	(175,998)	(38,922)	12,740	1,576	229,236
Reverse repurchase agreements and other similar secured lending[e]	374,274	(276,021)	98,253	-	(98,253)	-	2,013	100,266
Total assets	634,480	(308,567)	325,913	(175,998)	(137,175)	12,740	3,589	329,502
Derivative financial liabilities	(255,269)	31,180	(224,089)	175,998	38,632	(9,459)	(5,115)	(229,204)
Repurchase agreements and other similar secured borrowing[e]	(406,081)	276,021	(130,060)	-	130,058	(2)	(13,004)	(143,064)
Total liabilities	(661,350)	307,201	(354,149)	175,998	168,690	(9,461)	(18,119)	(372,268)

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 £48,064m (2019: £38,922m) was received in respect of derivative assets, including £43,291m (2019: £33,411m) of cash collateral and £4,773m (2019: £5,511m) of non-cash collateral. Financial collateral of £46,804m (2019: £38,632m) was placed in respect of derivative liabilities, including £42,730m (2019: £35,712m) 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 overcollateralisation.

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 £146,647m (2019: £100,266m) is split by fair value £137,616m (2019: £96,887m) and amortised cost £9,031m (2019: £3,379m). Repurchase agreements and other similar secured borrowing of £191,545m (2019: £143,064m) is split by fair value £177,371m (2019: £128,547m) and amortised cost £14,174m (2019: £14,517m).

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.

Repurchase and reverse 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 Group are further explained in the Credit risk management section.

Assets at amortised cost and other investments

The notes included in this section focus on the Group’s loans and advances and deposits at amortised cost, leases, property, plant and equipment and goodwill and intangible assets. Details regarding the Group’s liquidity and capital position can be found in the Treasury and capital risk section.

19 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 Group is required to hold the financial assets until maturity. When determining if the business model objective is to collect contractual cash flows the Group will consider past sales and expectations about future sales.

Loans and advances and deposits at amortised cost

As at 31 December	2020 £m	2019 £m
Loans and advances at amortised cost to banks	**8,900**	9,624
Loans and advances at amortised cost to customers	**309,927**	311,739
Debt securities at amortised cost	**23,805**	17,752
Total loans and advances at amortised cost	**342,632**	339,115
Deposits at amortised cost from banks	**17,343**	15,402
Deposits at amortised cost from customers	**463,693**	400,385
Total deposits at amortised cost	**481,036**	415,787

20 Property, plant and equipment

Accounting for property, plant and equipment

The 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 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 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.

Assets at amortised cost and other investments

	Investment property	Property	Equipment	Leased assets	Right of use assets[a]	Total
	£m	£m	£m	£m	£m	£m
Cost						
As at 1 January 2020	**13**	**3,938**	**2,977**	**9**	**1,826**	**8,763**
Additions	**-**	**193**	**246**	**-**	**85**	**524**
Disposals	**(1)**	**(96)**	**(100)**	**-**	**(14)**	**(211)**
Exchange and other movements	**(2)**	**(33)**	**(41)**	**-**	**37**	**(39)**
As at 31 December 2020	**10**	**4,002**	**3,082**	**9**	**1,934**	**9,037**
Accumulated depreciation and impairment						
As at 1 January 2020	**-**	**(1,901)**	**(2,306)**	**(9)**	**(332)**	**(4,548)**
Depreciation charge	**-**	**(187)**	**(223)**	**-**	**(231)**	**(641)**
Impairment	**-**	**(25)**	**(2)**	**-**	**(15)**	**(42)**
Disposals	**-**	**82**	**92**	**-**	**2**	**176**
Exchange and other movements	**-**	**18**	**27**	**-**	**9**	**54**
As at 31 December 2020	**-**	**(2,013)**	**(2,412)**	**(9)**	**(567)**	**(5,001)**
Net book value	**10**	**1,989**	**670**	**-**	**1,367**	**4,036**
Cost						
As at 1 January 2019	9	3,684	2,956	9	1,748	8,406
Additions	5	377	337	-	95	814
Disposals	-	(73)	(251)	-	(10)	(334)
Exchange and other movements	(1)	(50)	(65)	-	(7)	(123)
As at 31 December 2019	13	3,938	2,977	9	1,826	8,763
Accumulated depreciation and impairment						
As at 1 January 2019	-	(1,792)	(2,322)	(9)	(104)	(4,227)
Depreciation charge	-	(178)	(229)	-	(226)	(633)
Impairment	-	(11)	(1)	-	(2)	(14)
Disposals	-	56	205	-	-	261
Exchange and other movements	-	24	41	-	-	65
As at 31 December 2019	-	(1,901)	(2,306)	(9)	(332)	(4,548)
Net book value	13	2,037	671	-	1,494	4,215

Note
a Right of use (ROU) asset balances relate to property leases under IFRS 16. Refer to Note 21 for further details.

Property rentals of £11m (2019: £22m) have been included in other income.

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 17 for further details.

21 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 Group has decided to apply.

When the 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 Group's estimate of the amount expected to be payable under a residual value guarantee; or
- The 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.

On the balance sheet, the ROU assets are included within property, plant and equipment and the lease liabilities are included within other liabilities.

The 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 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 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 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 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 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 Group holds the leased assets on-balance sheet within property, plant and equipment.

Where the 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 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	Unguarantee d residual values	Gross investment in finance lease receivables	Future finance income	Present value of minimum lease payments receivable	Unguaranteed residual values
	£m	£m	£m	£m	£m	£m	£m	£m
Not more than one year	**535**	**(26)**	**509**	**70**	1,403	(115)	1,288	77
One to two year	**312**	**(15)**	**297**	**45**	909	(76)	833	53
Two to three year	**215**	**(12)**	**203**	**52**	593	(49)	544	45
Three to four year	**107**	**(6)**	**101**	**27**	354	(28)	326	43
Four to five year	**52**	**(3)**	**49**	**18**	123	(8)	115	19
Over five years	**24**	**(1)**	**23**	**13**	115	(17)	98	22
Total	**1,245**	**(63)**	**1,182**	**225**	3,497	(293)	3,204	259

As a part of a 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 Group does not have any material operating leases as a lessor.

The impairment allowance for finance lease receivables amounted to £29m (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.

	2020	2019
	£m	£m
Finance income from net investment in lease	**55**	141
(Loss)/profit on sales	**(25)**	6

As a Lessee
The Group leases various offices, branches and other premises under non-cancellable lease arrangements to meet its operational business requirements. In some instances, Barclays will sublease property to third parties when it is no longer needed to meet business requirements. Currently, Barclays does not have any material subleasing arrangements.

ROU asset balances relate to property leases only. Refer to Note 20 for a breakdown of the carrying amount of ROU assets.

The total expenses recognised during the year for short term leases were £4m (2019: £14m). The portfolio of short term leases to which Barclays is exposed at the end of the year is not dissimilar to the expenses recognised in the year.

Lease liabilities

	2020	2019
	£m	£m
As at 1 January	**1,563**	1,696
Interest expense	**70**	76
New leases	**85**	94
Disposals	**(15)**	(19)
Cash payments	**(306)**	(289)
Exchange and other movements	**47**	5
As at 31 December (see Note 23)	**1,444**	1,563

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

	2020 £m	2019 £m
Not more than one year	**255**	296
One to two years	**221**	252
Two to three years	**198**	208
Three to four years	**176**	186
Four to five years	**162**	165
Five to ten years	**557**	565
Greater than ten years	**248**	310
Total undiscounted lease liabilities as at 31 December	**1,817**	1,982

In addition to the cash flows identified above, Barclays is exposed to:

- Variable lease payments: This variability will typically arise from either inflation index instruments or market based pricing adjustments. Currently, Barclays has 809 (2019: 939) leases out of the total 1,329 (2019: 1,467) leases which have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, £1,096m (2019: £1,526m) is attributable to leases with some degree of variability predominately linked to market based pricing adjustments.
- Extension and termination options: The table above represents Barclays 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 £446m (2019: £474m) for leases where Barclays is highly expected to exercise an early termination option. However, there is no significant impact where Barclays is expected to exercise an extension option.

The Group currently does not have any significant sale and lease back transactions. The Group does not have any restrictions or covenants imposed by the lessor on its property leases which restrict its businesses.

22 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.*

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of the purchase consideration over the fair value of the 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 a 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 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[a]	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.

Notes to the financial statements

Assets at amortised cost and other investments

		Intangible assets				
	Goodwill	Internally generated software	Other software	Customer lists	Licences and other	Total
	£m	£m	£m	£m	£m	£m
2020						
Cost						
As at 1 January 2020	**4,760**	**6,643**	**505**	**1,465**	**489**	**13,862**
Additions and disposals	**(37)**	**646**	**131**	**-**	**22**	**762**
Exchange and other movements	**(7)**	**(42)**	**3**	**(46)**	**(21)**	**(113)**
As at 31 December 2020	**4,716**	**7,247**	**639**	**1,419**	**490**	**14,511**
Accumulated amortisation and impairment						
As at 1 January 2020	**(861)**	**(2,989)**	**(279)**	**(1,250)**	**(364)**	**(5,743)**
Disposals	**37**	**97**	**10**	**-**	**3**	**147**
Amortisation charge	**-**	**(771)**	**(51)**	**(43)**	**(33)**	**(898)**
Impairment charge	**-**	**(147)**	**(6)**	**-**	**-**	**(153)**
Exchange and other movements	**(1)**	**31**	**(2)**	**41**	**15**	**84**
As at 31 December 2020	**(825)**	**(3,779)**	**(328)**	**(1,252)**	**(379)**	**(6,563)**
Net book value	**3,891**	**3,468**	**311**	**167**	**111**	**7,948**
2019						
Cost						
As at 1 January 2019	4,768	5,835	389	1,630	558	13,180
Additions and disposals	-	857	120	(124)	(39)	814
Exchange and other movements	(8)	(49)	(4)	(41)	(30)	(132)
As at 31 December 2019	4,760	6,643	505	1,465	489	13,862
Accumulated amortisation and impairment						
As at 1 January 2019	(861)	(2,362)	(254)	(1,359)	(371)	(5,207)
Disposals	-	67	25	124	37	253
Amortisation charge	-	(716)	(52)	(49)	(37)	(854)
Impairment charge	-	(17)	(2)	-	-	(19)
Exchange and other movements	-	39	4	34	7	84
As at 31 December 2019	(861)	(2,989)	(279)	(1,250)	(364)	(5,743)
Net book value	3,899	3,654	226	215	125	8,119

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.

Goodwill
Goodwill and Intangible assets are allocated to business operations according to business segments as follows:

	2020			2019		
	Goodwill	Intangibles	Total	Goodwill	Intangibles	Total
	£m	£m	£m	£m	£m	£m
Barclays UK	**3,560**	**1,618**	**5,178**	3,526	1,520	5,046
Barclays International	**289**	**2,435**	**2,724**	329	2,686	3,015
Head Office	**42**	**4**	**46**	44	14	58
Total	**3,891**	**4,057**	**7,948**	3,899	4,220	8,119

Assets at amortised cost and other investments

Critical accounting estimates and judgements

Goodwill

Testing goodwill for impairment involves a significant amount of judgement. Goodwill is allocated to CGUs for the purpose of impairment testing. The review of goodwill for impairment involves calculating a value in use (VIU) valuation which is compared to the carrying value of a CGU associated with the goodwill to determine whether any impairment has occurred. This includes the identification of independent CGUs across the organisation and the allocation of goodwill to those CGUs.

The calculation of a value in use contains a high degree of uncertainty in estimating the future cash flows and the rates used to discount them. Key judgements include determining the carrying value of the CGU, the cash flows and discount rates used in the calculation.

- The cash flow forecasts used by management involve judgement and are based upon a view of the future prospects of the business and market conditions at the point in time the assessment is prepared. The estimation of pre-tax cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding long-term sustainable cash flows.
- The discount rates applied to the future cash flows also involve judgement as they can have a significant impact on the valuation. The discount rates used are compared to market participants to ensure that they are appropriate and based on an estimated cost of equity for each CGU.
- The choice of a terminal growth rate used to determine the present value of the future cash flows of the CGUs is also a judgement that can impact the outcome of the assessment. The terminal growth rate and discount rates used may vary due to external market rates and economic conditions that are beyond management's control.

Further details of some of the key judgements are set out below.

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. The review identified that a number of the CGUs have been adversely impacted by changes in their operating environment, in particular retail and business banking activity. 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 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 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. The macroeconomic assumptions underpinning the medium term plan were determined in August 2020 and management has considered whether there are subsequent significant changes in those assumptions which would adversely impact the results of the impairment review.

As required by IAS 36, all estimates of future cash flows exclude cash inflows or outflows that are expected to arise from restructuring initiatives where a constructive obligation to carry out the plan does not yet exist.

The Education, Social Housing and Local Authority (ESHLA) portfolio has been excluded from the Business Banking CGU cash flows. This is a legacy loan portfolio which was previously within the Non-Core bank and was not part of the business to which the goodwill relates. As such, the cash flows relating to this portfolio have been excluded from the Business Banking VIU calculation.

The Personal Banking CGU cash flows have been extended to a sixth year (prior to the calculation of terminal values below) to reflect an observed 15bp inflexion point in the yield curve which was beyond the period of the medium term plan.

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 12.0% to 16.3% (2019: 11.0% to 13.3%).

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

The Personal Banking and Business Banking retail banking CGUs carry the majority of the Group's goodwill balance, predominantly as a consequence of the Woolwich acquisition. The goodwill within Personal Banking was £2,752m (2019: £2,718m), of which £2,501m (2019: £2,501m) was attributable to Woolwich, and within Business Banking was £629m (2019: £629m), fully attributable to Woolwich.

The outcome of the impairment review for Personal Banking and Business Banking are set out below:

Cash generating unit	Tangible equity	Goodwill	Intangibles	Carrying value	Value in use	Value in use exceeding carrying value	Value in use exceeding carrying value 2019
	£m	£m	£m	£m	£m	£m	£m
Personal Banking	4,650	2,752	1,407	8,809	8,932	123	2,570
Business Banking	1,353	629	190	2,172	2,912	740	1,981
Total	6,003	3,381	1,597	10,981	11,844	863	4,551

Based on management's plans and assumptions the value in use exceeds the carrying value of the CGUs and no impairment has been indicated.

However, the extent to which the recoverable amounts exceed the carrying values for the Personal Banking and Business Banking CGUs has reduced significantly in comparison to the 2019 impairment review, reflective of the challenging macroeconomic and interest rate outlook.

Intangible assets
During the year internally generated software assets related to the discontinuation of obsolete systems resulted in these assets being impaired by £153m.

Sensitivity of key judgements
The CGU's are sensitive to possible adverse changes in the key assumptions that support the recoverable amount:

Cash flows: The medium term plans used to determine the cash flows used in the VIU calculation rely on macroeconomic forecasts, including interest rates, GDP and unemployment, and forecast levels of market and client activity. Interest rate assumptions impact planned cash flows from both customer income and structural hedge contributions and therefore cash flow expectations are highly sensitive to movements in the yield curve. The cash flows also contain assumptions with regards to the prudential and financial conduct regulatory environment which may be subject to change. Given the current level of economic uncertainty, a 10% reduction in cash flows has been provided to show the sensitivity of the outcome to a change in these key assumptions.

Discount rate: The discount rate should reflect the market risk free rate adjusted for the inherent risks of the business it is applied to. Management have identified discount rates for comparable businesses and consider these to be a reasonable estimate of a suitable market rate for the profile of the business unit being tested. The risk that these discount rates may not be appropriate is quantified below and show the impact of a 100 bps change in the discount rate.

Terminal growth rate: The terminal growth rate is used to estimate the cash flows into perpetuity based on the expected longevity of the CGU's businesses. The terminal growth rate is sensitive to uncertainties in the macroeconomic environment. The risk that using inflation data may not be appropriate for its determination is quantified below and shows the impact of 100 bps change in the terminal value.

Allocated capital rate: Tangible equity is allocated based on the level of risk weighted assets (RWAs) and capital required to be deployed in the CGU which is dependent on the relative risk of businesses. The capital ratio used in determining the level of tangible equity allocated to the CGU and its capital cash flows could move over time. The impact of a 50 bps increase in capital ratio is quantified below.

The sensitivity of the value in use to key judgements in the calculations is set out below:

						Reduction in headroom				Change required to reduce headroom to zero			
Cash generating unit	Carrying value	Value in use	Value in use exceeding carrying value	Discount rate	Terminal growth rate	100 bps increase in the discount rate	100 bps decrease in terminal growth rate	50 bps increase to allocated capital rate	10% reduction in forecasted cash flows	Discount rate	Terminal growth rate	Allocated capital rate	Cashflows
	£m	£m	£m	%	%	£m	£m	£m	£m	%	%	%	%
Personal Banking	8,809	8,932	123	13.51	2.0	(893)	(623)	(220)	(972)	0.1	(0.2)	0.3	(1.3)
Business Banking	2,172	2,912	740	13.81	2.0	(205)	(128)	(60)	(206)	4.6	(9.7)	6.2	(35.9)
Total	10,981	11,844	863										

The sensitivity analysis highlights that there could be an impairment in the recoverable value of the goodwill associated with Personal Banking if there were to be a change in management cash flow forecasts, discount rate or allocated capital rate. Management continue to review the recoverability of its goodwill positions as the macroeconomic conditions remain uncertain.

Accruals, provisions, contingent liabilities and legal proceedings

The notes included in this section focus on the 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.

23 Other liabilities

	2020 £m	2019 £m
Accruals and deferred income	**3,683**	3,472
Other creditors	**3,447**	3,257
Items in the course of collection due to other banks	**88**	213
Lease liabilities (refer to Note 21)	**1,444**	1,563
Other liabilities	**8,662**	8,505

24 Provisions

Accounting for provisions

The 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 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 26 for more detail of legal, competition and regulatory matters.

				Customer redress				
	Onerous contracts £m	Redundancy and restructuring £m	Undrawn contractually committed facilities and guarantees[a] £m	Payment Protection Insurance £m	Other customer redress £m	Legal, competition and regulatory matters £m	Sundry provisions £m	Total £m
As at 1 January 2020	**42**	**143**	**322**	**1,155**	**420**	**376**	**306**	**2,764**
Additions	**24**	**194**	**806**	**-**	**186**	**106**	**192**	**1,508**
Amounts utilised	**(13)**	**(109)**	**-**	**(979)**	**(195)**	**(171)**	**(118)**	**(1,585)**
Unused amounts reversed	**(25)**	**(60)**	**(30)**	**(47)**	**(44)**	**(45)**	**(92)**	**(343)**
Exchange and other movements	**-**	**(10)**	**(34)**	**-**	**1**	**2**	**1**	**(40)**
As at 31 December 2020	**28**	**158**	**1,064**	**129**	**368**	**268**	**289**	**2,304**

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 were £1,751m (2019: £2,457m).

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

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 page 119.

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 Group's business activities. Other than Payment Protection Insurance, there are no significant individual customer redress provisions at 31 December 2020.

Legal, competition and regulatory matters
The 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, refer to Note 26.

Sundry provisions
This category includes provisions that do not fit into any of the other categories, such as fraud losses and dilapidation provisions.

Payment Protection Insurance (PPI) redress
As at 31 December 2020 Barclays had recognised cumulative provisions totalling £10.9bn (December 2019: £11bn), including a £55m release in Q4 2020 on resolution of the items received in Q3 2019 and claims from the Official Receiver with whom we reached agreement in Q3 2020, against the cost of PPI redress and associated processing costs. Utilisation of the cumulative provisions to date is £10.8bn (December 2019: £9.8bn), leaving a residual provision of £0.1bn (December 2019: £1.2bn) to be utilised in 2021. This represents Barclays best estimate as at 31 December 2020 based on information available.

25 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:

	2020 £m	2019 £m
Guarantees and letters of credit pledged as collateral security	**15,665**	17,606
Performance guarantees, acceptances and endorsements	**5,944**	6,921
Total contingent liabilities	**21,609**	24,527
Of which: Financial guarantees carried at fair value	***229***	*43*
Documentary credits and other short-term trade related transactions	**1,086**	1,291
Standby facilities, credit lines and other commitments	**331,963**	333,164
Total commitments	**333,049**	334,455
Of which: Loan commitments carried at fair value	***9,269***	*17,679*

Expected credit losses held against contingent liabilities and commitments equal £1,064m (2019: £322m) and are reported in Note 24. Further details on contingent liabilities relating to legal and competition and regulatory matters can be found in Note 26.

26 Legal, competition and regulatory matters

The 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 24, Provisions. We have not disclosed an estimate of the potential financial impact or effect on the 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 Group's potential financial exposure in respect of those matters.

Matters are ordered under headings corresponding to the financial statements in which they are disclosed.

1. Barclays PLC and Barclays Bank PLC

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 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 Group. Various individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the 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.

Foreign Exchange investigations and related civil actions
In 2015, the 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 Group agreed to a term of probation of three years, which expired in January 2020. The 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 Group paid penalties totalling approximately €210m. In June 2019, the Swiss Competition Commission announced two settlements and the Group paid penalties totalling approximately CHF 27m. The financial impact of the ongoing matters is not expected to be material to the 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 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 plaintiff's 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 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 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 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 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 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 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.

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 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.

2. Barclays PLC, Barclays Bank PLC and Barclays Bank UK PLC

Investigation into collections and recoveries relating to unsecured lending

Since 2018, the FCA has been investigating whether the 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.

3. Barclays PLC

Alternative trading systems

Barclays PLC has been named as a defendant in a claim brought in the UK in the High Court of Justice by various shareholders regarding Barclays PLC's share price based on the allegations contained within a complaint by the New York State Attorney General (NYAG) in 2014. The NYAG complaint was filed against Barclays PLC and BCI in the Supreme Court of the State of New York alleging, among other things, that Barclays PLC and BCI engaged in fraud and deceptive practices in connection with LX, BCI's SEC-registered alternative trading system. Such claim was settled in 2016, as previously disclosed. This new shareholder claim is seeking unquantified damages, although Barclays PLC has not yet been served.

General

The 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 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 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 Group is or has been engaged. The 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 PLC does not expect the ultimate resolution of any of these other matters to have a material adverse effect on the Group's 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 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.

Capital instruments, equity and reserves

The notes included in this section focus on the 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 Group maintains sufficient capital to meet our regulatory requirements refer to the Capital risk management section.

27 Subordinated liabilities

Accounting for subordinated liabilities
Subordinated liabilities are measured at amortised cost using the effective interest method under IFRS 9.

	2020 £m	2019 £m
As at 1 January	**18,156**	20,559
Issuances	**1,438**	1,352
Redemptions	**(3,464)**	(3,248)
Other	**211**	(507)
As at 31 December	**16,341**	18,156

Issuances of £1,438m comprise £782m USD 3.564% Fixed Rate Resetting Subordinated Callable Notes and £500m 3.75% Fixed Rate Resetting Subordinated Callable Notes, both issued externally by Barclays PLC and £156m USD Floating Rate Notes issued externally by a Barclays subsidiary.

Redemptions of £3,464m comprise a £1,126m partial redemption of USD 7.625% Contingent Capital Notes issued externally by Barclays Bank PLC and full redemptions of £1,124m EUR 2.625% Fixed Rate Subordinated Callable Notes issued externally by Barclays PLC, £842m USD 5.14% Lower Tier 2 Notes issued externally by Barclays Bank PLC and £342m USD Floating Rate Notes and £30m USD Fixed Rate Notes, both issued externally by Barclays subsidiaries.

Other movements predominantly include foreign exchange movements and fair value hedge adjustments.

Subordinated liabilities include accrued interest and comprise undated and dated subordinated liabilities as follows:

	2020 £m	2019 £m
Undated subordinated liabilities	**308**	303
Dated subordinated liabilities	**16,033**	17,853
Total subordinated liabilities	**16,341**	18,156

None of the Group's subordinated liabilities are secured.

Undated subordinated liabilities[a]

	Initial call date	2020 £m	2019 £m
Barclays Bank PLC issued			
Tier One Notes (TONs)			
6% Callable Perpetual Core Tier One Notes	2032	**17**	16
6.86% Callable Perpetual Core Tier One Notes (USD 179m)	2032	**205**	203
Reserve Capital Instruments (RCIs)			
5.3304% Step-up Callable Perpetual Reserve Capital Instruments	2036	**56**	53
Undated Notes			
Junior Undated Floating Rate Notes (USD 38m)	Any interest payment date	**28**	29
Total undated subordinated liabilities		**308**	303

Note
a 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 the business and to strengthen the 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; followed by TONs and RCIs ranking pari passu with each other.

Interest
The Junior Undated Notes are floating rate notes where rates are fixed periodically in advance based on the related market rate.

Notes to the financial statements

Capital instruments, equity and reserves

The TONs and RCIs bear a fixed rate of interest until the initial call date. After the initial call date, in the event that they are not redeemed, the TONs and RCIs will bear interest at rates fixed periodically in advance based on market rates.

Payment of interest

No payment of principal or any interest may be made in relation to the TONs and RCIs 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, 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. 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[a]

	Initial call date	Maturity date	2020 £m	2019 £m
Barclays PLC issued				
2.625% Fixed Rate Subordinated Callable Notes (EUR 1,250m)	2020	2025	-	1,072
2% Fixed Rate Subordinated Callable Notes (EUR 1,500m)	2023	2028	1,384	1,309
4.375% Fixed Rate Subordinated Notes (USD 1,250m)		2024	990	995
3.75% Fixed Rate Resetting Subordinated Callable Notes (SGD 200m)	2025	2030	119	116
3.75% Fixed Rate Resetting Subordinated Callable Notes (GBP 500m)	2025	2030	504	-
5.20% Fixed Rate Subordinated Notes (USD 2,050m)		2026	1,610	1,561
4.836% Fixed Rate Subordinated Callable Notes (USD 2,000m)	2027	2028	1,627	1,578
5.088% Fixed-to-Floating Rate Subordinated Callable Notes (USD 1,500m)	2029	2030	1,213	1,152
3.564% Fixed Rate Resetting Subordinated Callable Notes (USD 1,000m)	2030	2035	703	-
Barclays Bank PLC issued				
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	1,132	2,284
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
External issuances by other subsidiaries		2025	146	358
Total dated subordinated liabilities			16,033	17,853

Note
a Instrument values are disclosed to the nearest million.

Dated subordinated liabilities

Dated subordinated liabilities are issued by Barclays PLC, 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:

Subordination

Dated subordinated liabilities issued by Barclays PLC ranks behind the claims against Barclays PLC of unsecured unsubordinated creditors but before the claims of the holders of its equity.

All dated subordinated liabilities externally issued by Barclays Bank 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 its equity. The dated subordinated liabilities externally issued by other subsidiaries are similarly subordinated as the external subordinated liabilities issued by Barclays Bank PLC.

Interest

Interest on the Floating Rate Notes is fixed periodically in advance, based on the related market rates.

Interest on Fixed Rate Notes is set by reference to market rates at the time of issuance and fixed until maturity.

Interest on the 4.836% Fixed Rate Subordinated Callable Notes, 2% Fixed Rate Subordinated Callable Notes 3.75% SGD Fixed Rate Resetting Subordinated Callable Notes, 3.75% GBP Fixed Rate Resetting Subordinated Callable Notes and the 3.564% Fixed Rate Resetting Subordinated Callable Notes are fixed until the call date. After the respective call dates, in the event that they are not redeemed, the interest rates will be reset and fixed until maturity based on a market rate. Interest on the 5.088% Fixed-to-Floating Rate Subordinated Callable Notes are fixed until the call date. After the call date, in the event that they are not redeemed, the interest rate will reset periodically in advance based on market rates.

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 require, in the case of Barclays PLC and Barclays Bank PLC, the prior consent of the PRA, or in the case of the overseas issues, the approval 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 Group) for nil consideration in the event the Barclays PLC transitional CET1 ratio falls below 7%.

28 Ordinary shares, share premium, and other equity

Called up share capital, allotted and fully paid	Number of shares	Ordinary share capital	Ordinary share premium	Total share capital and share premium	Other equity instruments
	m	£m	£m	£m	£m
As at 1 January 2020	**17,322**	**4,331**	**263**	**4,594**	**10,871**
Issued to staff under share incentive plans	**37**	**9**	**34**	**43**	**-**
AT1 securities issuance	**-**	**-**	**-**	**-**	**1,142**
AT1 securities redemption	**-**	**-**	**-**	**-**	**(831)**
Other movements	**-**	**-**	**-**	**-**	**(10)**
As at 31 December 2020	**17,359**	**4,340**	**297**	**4,637**	**11,172**
As at 1 January 2019	17,133	4,283	28	4,311	9,632
Issued to staff under share incentive plans	76	19	82	101	-
Issuances relating to Scrip Dividend Programme	113	29	153	182	-
AT1 securities issuance	-	-	-	-	3,500
AT1 securities redemption	-	-	-	-	(2,262)
Other movements	-	-	-	-	1
As at 31 December 2019	17,322	4,331	263	4,594	10,871

Called up share capital
Called up share capital comprises 17,359m (2019: 17,322m) ordinary shares of 25p each.

Share repurchase
At the 2020 AGM on 7 May 2020, Barclays PLC was authorised to repurchase up to an aggregate of 1,733m of its ordinary shares of 25p. The authorisation is effective until the AGM in 2021 or the close of business on 30 June 2021, whichever is the earlier. No share repurchases were made during either 2020 or 2019.

Capital instruments, equity and reserves

Other equity instruments
Other equity instruments of £11,172m (2019: £10,871m) include AT1 securities issued by Barclays PLC. 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 £1,142m (2019: £3,500m) which includes issuance costs of £4m (2019: £11m). There was also one redemption in 2020 (2019: three redemptions), totalling £831m (2019: £2,262m).

AT1 equity instruments

	Initial call date	2020 £m	2019 £m
AT1 equity instruments - Barclays PLC			
8.0% Perpetual Subordinated Contingent Convertible Securities (EUR 1,000m)	2020	**-**	830
7.875% Perpetual Subordinated Contingent Convertible Securities[a]	2022	**986**	995
7.875% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2022	**1,131**	1,131
7.25% Perpetual Subordinated Contingent Convertible Securities	2023	**1,245**	1,245
7.75% Perpetual Subordinated Contingent Convertible Securities (USD 2,500m)	2023	**1,925**	1,925
5.875% Perpetual Subordinated Contingent Convertible Securities	2024	**1,244**	1,244
8% Perpetual Subordinated Contingent Convertible Securities (USD 2,000m)	2024	**1,509**	1,509
7.125% Perpetual Subordinated Contingent Convertible Securities[a]	2025	**994**	996
6.375% Perpetual Subordinated Contingent Convertible Securities	2025	**996**	996
6.125% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2025	**1,142**	-
Total AT1 equity instruments		**11,172**	10,871

Note
a Reported net of securities held by the Group.

The principal terms of the AT1 securities are described below:

- AT1 securities rank behind the claims against Barclays PLC of 1) unsubordinated creditors; 2) claims which are expressed to be subordinated to the claims of unsubordinated creditors of Barclays PLC but not further or otherwise; or 3) claims which are, or are expressed to be, junior to the claims of other creditors of Barclays PLC, whether subordinated or unsubordinated, other than claims which rank, or are expressed to rank, pari passu with, or junior to, the claims of holders of the AT1 securities.
- AT1 securities are undated and are redeemable, at the option of Barclays PLC, in whole on (i) the initial call date, or on any fifth anniversary after the initial call date or (ii) any day falling in a named period ending on the initial reset date, or on any fifth anniversary after the initial reset date. In addition, the AT1 securities are redeemable, at the option of Barclays PLC, in whole in the event of certain changes in the tax or regulatory treatment of the securities. Any redemptions require the prior consent of the PRA.
- AT1 securities bear a fixed rate of interest until the initial call date or the initial reset date, as the case may be. After the initial call date or the initial reset date, as the case may be, in the event that they are not redeemed, the AT1 securities will bear interest at rates fixed periodically in advance for five-year periods based on market rates.
- Interest on the AT1 securities will be due and payable only at the sole discretion of Barclays PLC, and Barclays PLC has sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any interest payment date.

All AT1 securities will be converted into ordinary shares of Barclays PLC, at a pre-determined price, should the fully loaded CET1 ratio of the Group fall below 7%.

29 Reserves

Currency translation reserve
The currency translation reserve represents the cumulative gains and losses on the retranslation of the Group's 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 profit or loss when the hedged transactions affect profit or loss.

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 treasury shares
Other reserves relate to redeemed ordinary and preference shares issued by the Group.

Treasury shares relate to Barclays PLC shares held in relation to the Group's various share schemes. These schemes are described in Note 32. Treasury shares are deducted from shareholders' equity within other reserves. A transfer is made to retained earnings in line with the vesting of treasury shares held for the purposes of share-based payments.

	2020 £m	2019 £m
Currency translation reserve	**2,871**	3,344
Fair value through other comprehensive income reserve	**5**	(187)
Cash flow hedging reserve	**1,575**	1,002
Own credit reserve	**(954)**	(373)
Other reserves and treasury shares	**964**	974
Total	**4,461**	4,760

30 Non-controlling interests

	Profit attributable to non-controlling interest		Equity attributable to non-controlling interest		Dividends paid to non-controlling interest	
	2020 £m	2019 £m	2020 £m	2019 £m	2020 £m	2019 £m
Barclays Bank PLC issued:						
– Preference shares	**42**	41	**529**	529	**42**	41
– Upper Tier 2 instruments	**37**	39	**533**	691	**37**	39
Other non-controlling interests	**(1)**	-	**23**	11	**-**	-
Total	**78**	80	**1,085**	1,231	**79**	80

In 2020, there were no issuances (2019: none) and one redemption of £158m (2019: none) relating to the 7.125% Undated Subordinated Notes.

Barclays Bank PLC and protective rights of non-controlling interests
Barclays PLC holds 100% of the voting rights of Barclays Bank PLC. As at 31 December 2020, Barclays Bank PLC has in issue preference shares and Upper Tier 2 instruments. These are non-controlling interests to the Group.

A fixed coupon rate is attached to all Upper Tier 2 instruments until the initial call date, with the exception of the 9% Bonds, which are fixed for the life of the issue and the Series 1, Series 2 and Series 3 Undated Notes, which are floating rate at rates fixed periodically in advance based on market rates.

After the initial call date, in the event they are not redeemed, coupon payments in relation to the 6.125% Undated Notes, and the 9.25% Bonds are fixed periodically in advance for five-year periods based on market rates. Coupon payments for all other Upper Tier 2 instruments are at rates fixed periodically in advance based on market rates.

The payment of preference share dividends and Upper Tier 2 coupons are typically at the discretion of Barclays Bank PLC, except for coupon payments that become compulsory where Barclays PLC has declared or paid a dividend on ordinary shares, or in certain cases, any class of preference shares, in the preceding six-month period. 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. Coupons not paid becomes payable in each case if such a dividend is subsequently paid or in certain other circumstances. No dividend or coupon payments may be made unless Barclays Bank PLC satisfies a specified solvency test. Under the terms of these instruments, Barclays PLC may not pay dividends on ordinary shares until a dividend or coupon is next paid on these instruments or the instruments are redeemed or purchased by Barclays Bank PLC. There are no restrictions on Barclays Bank PLC's ability to remit capital to the Parent as a result of these issued instruments.

Preference share redemptions are typically at the discretion of Barclays Bank PLC. Upper Tier 2 instruments are repayable, at the option of Barclays Bank PLC generally in whole at the initial call date and on any subsequent coupon payment date or, in the case of the 6.125% Undated Notes and the 9.25% Perpetual Bonds, on any fifth anniversary after the initial call date. In addition, each issue of Upper Tier 2 instruments 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 or redemptions require the prior consent of the PRA, and in respect of the preference shares, any such redemption will be subject to the Companies Act 2006 and the Articles of Barclays Bank PLC.

Instrument	2020 £m	2019 £m
Preference Shares:		
US Dollar Preference Shares	**318**	318
Euro Preference Shares	**211**	211
Total Barclays Bank PLC Preference Shares	**529**	529
Upper Tier 2 Instruments:		
Undated Floating Rate Primary Capital Notes Series 1	**93**	93
Undated Floating Rate Primary Capital Notes Series 2	**179**	179
5.03% Undated Reverse Dual Currency Subordinated Loan (JPY8bn)	**39**	39
5.0% Reverse Dual Currency Undated Subordinated Loan (JPY12bn)	**53**	53
Undated Floating Rate Primary Capital Notes Series 3 (£145m)	**20**	20
9% Permanent Interest Bearing Capital Bonds (£100m)	**40**	40
7.125% Undated Subordinated Notes (£525m)	**-**	158
6.125% Undated Subordinated Notes (£550m)	**34**	34
9.25% Perpetual Subordinated Bonds (ex Woolwich) (£150m)	**75**	75
Total Upper Tier 2 Instruments	**533**	691

Notes to the financial statements

Employee benefits

The notes included in this section focus on the costs and commitments associated with employing our staff.

31 Staff costs

Accounting for staff costs

The 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 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 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 Group, taking into account the changing employee understanding surrounding those awards, considered it appropriate for expense to be recognised over the vesting period 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 32 and Note 33 respectively.

	2020 £m	2019 £m	2018 £m
Incentive awards granted:			
Current year bonus	**1,090**	1,058	1,131
Deferred bonus	**490**	432	518
Total incentive awards granted	**1,580**	1,490	1,649
Reconciliation of incentive awards granted to income statement charge:			
Less: deferred bonuses granted but not charged in current year	**(335)**	(293)	(359)
Add: current year charges for deferred bonuses from previous years	**293**	308	299
Other differences between incentive awards granted and income statement charge	**(34)**	(48)	(33)
Income statement charge for performance costs	**1,504**	1,457	1,556
Other income statement charges:			
Salaries	**4,322**	4,332	4,200
Social security costs	**613**	573	558
Post-retirement benefits[a]	**519**	501	619
Other compensation costs	**479**	480	413
Total compensation costs[b]	**7,437**	7,343	7,346
Other resourcing costs:			
Outsourcing	**342**	433	594
Redundancy and restructuring	**102**	132	133
Temporary staff costs	**102**	256	386
Other	**114**	151	170
Total other resourcing costs	**660**	972	1,283
Total staff costs	**8,097**	8,315	8,629

Notes

a Post-retirement benefits charge includes £279m (2019: £270m; 2018: £236m) in respect of defined contribution schemes and £240m (2019: £231m; 2018: £383m) in respect of defined benefit schemes.

b £451m (2019: £439m; 2018: £296m) of Group compensation was capitalised as internally generated software.

Notes to the financial statements

Employee benefits

32 Share-based payments

Accounting for share-based payments

The 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:

	Charge for the year		
	2020	2019	2018
	£m	£m	£m
Deferred Share Value Plan and Share Value Plan	**245**	272	262
Others	**184**	206	187
Total equity settled	**429**	478	449
Cash settled	**2**	3	1
Total share-based payments	**431**	481	450

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	Number of options/ awards outstanding	Weighted average fair value per award granted in year	Weighted average share price at exercise/release during year	Weighted average remaining contractual life	Number of options/ awards outstanding
	£	£	in years	(000s)	£	£	in years	(000s)
DSVP and SVP[a,b]	**1.06**	**1.24**	**1**	**416,941**	1.43	1.60	1	331,491
Others[a]	**0.23-1.24**	**1.04-1.68**	**0-3**	**356,033**	0.40-1.60	1.57-1.70	0-3	232,259

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.

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.

Sharesave has a contractual life of 3 and 5 years, the expected volatility is 32.17% for 3 years and 30.32% for 5 years. The risk free interest rates used for valuations are 0.02% and 0.08% for 3 and 5 years respectively.

Employee benefits

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:

	DSVP and SVP[a,b]		Others[a,c]			
	Number (000s)		Number (000s)		Weighted average ex. price (£)	
	2020	2019	2020	2019	2020	2019
Outstanding at beginning of year/acquisition date	**331,491**	274,469	**232,259**	217,952	**1.29**	1.41
Granted in the year	**232,379**	219,392	**365,166**	215,694	**0.84**	1.19
Exercised/released in the year	**(132,376)**	(145,324)	**(123,042)**	(151,827)	**1.22**	1.21
Less: forfeited in the year	**(14,553)**	(17,046)	**(105,068)**	(42,331)	**1.24**	1.51
Less: expired in the year	**-**	-	**(13,282)**	(7,229)	**1.35**	2.08
Outstanding at end of year	**416,941**	331,491	**356,033**	232,259	**0.96**	1.29
Of which exercisable:	**-**	-	**30,833**	32,376	**1.66**	1.32

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 11,677,049). The weighted average exercise price relates to Sharesave.

Awards and options granted under the Group's share plans may be satisfied using new issue shares, treasury shares and market purchase shares. Awards granted under the DSVP may be satisfied using market purchase shares only.

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).

Holdings of Barclays PLC shares and hedges

Various employee benefit trusts established by the Group hold shares in Barclays PLC to meet obligations under the Barclays share-based payment schemes. The total number of Barclays shares held in these employee benefit trusts at 31 December 2020 was 17.1m (2019: 13.1m). Dividend rights have been waived on all these shares. The total market value of the shares held in trust based on the year end share price of £1.27 (2019: £1.80) was £22m (2019: £24m). For accounting of treasury shares, see Note 29.

The Group has entered into physically settled forward contracts to hedge the settlement of certain share-based payment schemes. The fixed forward price to be paid under these contracts is £126m and has been recorded in retained earnings.

33 Pensions and post-retirement benefits

Accounting for pensions and post-retirement benefits

The Group operates a number of pension schemes and post-employment benefit schemes.

Defined contribution schemes – the 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 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 Group, using a methodology similar to that for defined benefit pension schemes.

Pension schemes

UK Retirement Fund (UKRF)

The UKRF is the Group's main scheme, representing 97% of the 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' discretion. The costs of ill-health retirements and death in service benefits for Afterwork members are borne by the UKRF. The main risks that Barclays 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 Barclays 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 Barclays that defined benefit schemes are. Members' benefits reflect contributions paid and the level of investment returns achieved.

Other

Apart from the UKRF and the BPSP, Barclays operates a number of smaller pension and long-term employee benefits and post-retirement healthcare 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 Group.

The Trustee Board comprises six Management Directors selected by Barclays, of whom three are independent Directors with no relationship with Barclays (and who are not members of the UKRF), plus three Member Nominated Directors selected from eligible active staff, deferred and 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 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 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.

Employee benefits

Income statement charge

	2020 £m	2019 £m	2018 £m
Current service cost	**243**	231	243
Net finance cost	**(40)**	(48)	(24)
Past service cost	**(4)**	-	134
Other movements	**1**	2	5
Total	**200**	185	358

Balance sheet reconciliation

	2020		2019	
	Total £m	Of which relates to UKRF £m	Total £m	Of which relates to UKRF £m
Benefit obligation at beginning of the year	**(30,333)**	**(29,304)**	(28,269)	(27,301)
Current service cost	**(243)**	**(217)**	(231)	(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	**244**	**237**	277	266
Employee contributions	**(5)**	**(1)**	(5)	(1)
Benefits paid	**1,406**	**1,370**	1,459	1,410
Exchange and other movements	**30**	**-**	47	-
Benefit obligation at end of the year	**(33,190)**	**(32,108)**	(30,333)	(29,304)
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
Remeasurement – return on scheme 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)**	(37)	-
Fair value of scheme assets at end of the year	**34,713**	**33,915**	32,093	31,362
Net surplus	**1,523**	**1,807**	1,760	2,058
Retirement benefit assets	**1,814**	**1,807**	2,108	2,058
Retirement benefit liabilities	**(291)**	**-**	(348)	-
Net retirement benefit assets	**1,523**	**1,807**	1,760	2,058

Included within the benefit obligation was £867m (2019: £759m) relating to overseas pensions and £215m (2019: £202m) 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 found on page 288.

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 Group expects to be able to recover any surplus. Similarly, a liability in respect of future minimum funding requirements is not recognised. The Trustee does not have a substantive right to augment benefits, nor do they have the right to wind up the plan except in the dissolution of the Group or termination of contributions by the Group. 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.

Employee benefits

Key UKRF financial assumptions	2020 % p.a.	2019 % p.a.
Discount rate	**1.29**	1.92
Inflation rate (RPI)	**2.99**	3.02

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
Life expectancy at 60 for current pensioners (years)			
– Males	**27.2**	27.1	27.7
– Females	**29.4**	29.3	29.4
Life expectancy at 60 for future pensioners currently aged 40 (years)			
– 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 PLC 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 expressing any specific view of the probability of such movements happening.

Change in key assumptions	2020 (Decrease)/ Increase in UKRF defined benefit obligation £bn	2019 (Decrease)/ Increase in UKRF defined benefit obligation £bn
Discount rate		
0.5% 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
0.5% p.a. decrease	**2.9**	2.6
Assumed RPI		
0.5% 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)
0.5% p.a. decrease	**(1.8)**	(1.4)
Life expectancy at 60		
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.

Notes to the financial statements

Employee benefits

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 scheme, with any derivative holdings reflected on a fair value basis.

The value of the assets of the schemes and their percentage in relation to total scheme assets were as follows:

Analysis of scheme assets

	Total				Of which relates to UKRF			
	Quoted[a] £m	Unquoted[a] £m	Value £m	% of total fair value of scheme assets %	Quoted[a] £m	Unquoted[a] £m	Value £m	% of total fair value of scheme assets %
As at 31 December 2020								
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**
Fair value of scheme assets	**23,014**	**11,699**	**34,713**	**100.0**	**22,267**	**11,648**	**33,915**	**100.0**
As at 31 December 2019[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
Mixed investment funds	-	-	-	-	-	-	-	-
Other	-	65	65	0.2	-	14	14	-
Fair value of scheme assets	21,738	10,355	32,093	100.0	21,061	10,301	31,362	100.0

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. 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 IAS 19.

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 reduction 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.

Year	Deficit reduction contributions under the 30 September 2019 valuation £m
Cash paid:	
2020	500
Future commitments:	
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 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 does not appear in the IAS 19 plan assets. No liability is recognised under IAS 19 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 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 38 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
2020	**748**
2019	1,231
2018	741

There were nil (2019: nil; 2018: nil) Section 75 contributions included within the Group's contributions paid as no participating employers left the UKRF in 2020.

The Group's expected contribution to the UKRF in respect of defined benefits in 2021 is £959m (2020: £743m). In addition, the expected contributions to UK defined contribution schemes in 2021 is £35m (2020: £33m) to the UKRF and £209m (2020: £185m) to the BPSP.

Notes to the financial statements

Scope of consolidation

The notes included in this section present information on the Group's investments in subsidiaries, joint ventures and associates and its interests in structured entities. Detail is also given on securitisation transactions the Group has entered into and arrangements that are held off-balance sheet.

34 Principal subsidiaries

The Group applies IFRS 10 *Consolidated Financial Statements*. The consolidated financial statements combine the financial statements of the Group and all its subsidiaries. Subsidiaries are entities over which the Group has control. Under IFRS 10, this is when the 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.

The 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 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 PLC, investments in subsidiaries are stated at cost less impairment.

Principal subsidiaries for the Group are set out below. This includes those subsidiaries that are most significant in the context of the 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 PLC	United Kingdom	Banking, holding company	100	2	-
Barclays Bank UK PLC	United Kingdom	Banking, holding company	100	-	-
Barclays Bank Ireland PLC	Ireland	Banking	100	-	-
Barclays Execution Services Limited	United Kingdom	Service company	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. Refer to Note 30 for more information.

Determining whether the 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 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 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 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 Group has control of an entity. However, the entity set out below is excluded from consolidation because the Group does not have exposure to its variable returns.

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 Group. Interests relating to this entity are included in Note 35.

Significant restrictions
As is typical for a group of its size and international scope, there are restrictions on the ability of Barclays PLC 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

Barclays' principal subsidiary companies have assets and liabilities before intercompany eliminations of £1,795bn (2019: £1,474bn) and £1,703bn (2019: £1,388bn) 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 PLC, on a going concern basis.

In order to meet capital requirements, subsidiaries may issue certain equity-accounted and debt-accounted financial instruments and non-equity instruments such as Tier 1 and Tier 2 capital instruments and other forms of subordinated liabilities. Refer to Note 27 and Note 28 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 Group are required to meet applicable PRA or local regulatory requirements pertaining to liquidity. Some of the regulated subsidiaries include Barclays Bank PLC and Barclays Capital Securities Limited (which are regulated on a combined basis under a Domestic Liquidity Sub-Group (DoLSub) arrangement), Barclays Bank UK PLC, Barclays Bank Ireland PLC, Barclays Capital Inc. and Barclays Bank Delaware. Refer to the Liquidity risk section for further details of liquidity requirements, including those of the Group's significant subsidiaries.

Statutory requirements
The 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 PLC, the ultimate 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 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 Group. The assets typically affected are disclosed in Note 38.

Other restrictions
The Group is required to maintain balances with central banks and other regulatory authorities, and these amounted to £3,392m (2019: £4,893m).

35 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 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 Group has contractual arrangements which may require it to provide financial support to the following types of consolidated structured entities:

- Securitisation vehicles: The Group uses securitisation as a source of financing and a means of risk transfer. Refer to Note 37 for further detail.
- Commercial paper (CP) and medium-term conduits: The Group provided £11.7bn (2019: £8.3bn) in undrawn contractual backstop liquidity facilities to CP conduits.
- Employee benefit trusts: The 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 Group provided undrawn liquidity facilities of £2.9bn (2019: £2.5bn) to certain trusts.

Unconsolidated structured entities in which the 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 Group. Such interests include holdings of debt or equity securities, derivatives that transfer financial risks from the entity to the Group, lending, loan commitments, financial guarantees and investment management agreements.

Interest rate swaps, foreign exchange derivatives that are not complex and which expose the 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 Group's interests in structured entities is summarised below:

Summary of interests in unconsolidated structured entities

	Secured financing	Short-term traded interests	Traded derivatives	Other interests	Total
	£m	£m	£m	£m	£m
As at 31 December 2020					
Assets					
Trading portfolio assets	**-**	**11,361**	**-**	**-**	**11,361**
Financial assets at fair value through the income statement	**56,265**	**-**	**-**	**2,864**	**59,129**
Derivative financial instruments	**-**	**-**	**2,968**	**-**	**2,968**
Financial assets at fair value through other comprehensive income	**-**	**-**	**-**	**153**	**153**
Loans and advances at amortised cost	**-**	**-**	**-**	**20,946**	**20,946**
Reverse repurchase agreements and other similar secured lending	**10**	**-**	**-**	**-**	**10**
Other assets	**-**	**-**	**-**	**16**	**16**
Total assets	**56,275**	**11,361**	**2,968**	**23,979**	**94,583**
Liabilities					
Derivative financial instruments	**-**	**-**	**7,075**	**-**	**7,075**
As at 31 December 2019					
Assets					
Trading portfolio assets	-	9,585	-	76	9,661
Financial assets at fair value through the income statement	32,859	-	-	2,659	35,518
Derivative financial instruments	-	-	2,369	-	2,369
Financial assets at fair value through other comprehensive income	-	-	-	391	391
Loans and advances at amortised cost	-	-	-	19,061	19,061
Reverse repurchase agreements and other similar secured lending	77	-	-	-	77
Other assets	-	-	-	28	28
Total assets	32,936	9,585	2,369	22,215	67,105
Liabilities					
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 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 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 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 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 Group's £11,361m (2019: £9,585m) short-term traded interests were comprised of debt securities issued by asset securitisation vehicles.

Traded derivatives
The 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 14. The risk of loss 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 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 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 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 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 £m	Lending £m	Other £m	Total £m
As at 31 December 2020				
Trading portfolio assets	**-**	**-**	**-**	**-**
Financial assets at fair value through the income statement	**-**	**98**	**2,766**	**2,864**
Financial assets at fair value through other comprehensive income	**-**	**106**	**47**	**153**
Loans and advances at amortised cost	**5,146**	**12,721**	**3,079**	**20,946**
Other assets	**8**	**3**	**5**	**16**
Total on-balance sheet exposures	**5,154**	**12,928**	**5,897**	**23,979**
Total off-balance sheet notional amounts	**11,750**	**7,555**	**-**	**19,305**
Maximum exposure to loss	**16,904**	**20,483**	**5,897**	**43,284**
Total assets of the entity	**87,004**	**159,804**	**36,083**	**282,891**
As at 31 December 2019				
Trading portfolio assets	-	-	76	76
Financial assets at fair value through the income statement	-	159	2,500	2,659
Financial assets at fair value through other comprehensive income	-	-	391	391
Loans and advances at amortised cost	5,930	8,132	4,999	19,061
Other assets	17	4	7	28
Total on-balance sheet exposures	5,947	8,295	7,973	22,215
Total off-balance sheet notional amounts	8,649	3,751	1,621	14,021
Maximum exposure to loss	14,596	12,046	9,594	36,236
Total assets of the entity	78,716	145,181	34,099	257,996

Maximum exposure to loss
Unless specified otherwise below, the 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 overcollateralisation, seller guarantees, or other credit enhancements provided to the conduit. The 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 Group is protected from loss through overcollateralisation, seller guarantees, or other credit enhancements provided to the conduit.

Lending
The portfolio includes lending provided by the 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 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 Group incurred an impairment of £23m (2019: £7m) against such facilities.

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 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).

36 Investments in associates and joint ventures

Accounting for associates and joint ventures

The Group applies IAS 28 *Investments in Associates* and IFRS 11 *Joint Arrangements*. Associates are entities in which the Group has significant influence, but not control, over the operating and financial policies. Generally the Group holds more than 20%, but less than 50%, of their voting shares. Joint ventures are arrangements where the Group has joint control and rights to the net assets of the entity.

The Group's investments in associates and joint ventures are initially recorded at cost and increased (or decreased) each year by the Group's share of the post acquisition profit/(loss). The 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 the Group.

	2020			2019		
	Associates	**Joint ventures**	**Total**	Associates	Joint ventures	Total
	£m	**£m**	**£m**	£m	£m	£m
Equity accounted	**464**	**317**	**781**	457	264	721
Held at fair value through profit or loss	**-**	**437**	**437**	-	516	516
Total	**464**	**754**	**1,218**	457	780	1,237

Summarised financial information for the Group's equity accounted associates and joint ventures is set out below. The amounts shown are the 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	**(24)**	10	**24**	43
Other comprehensive income/(expense)	**(3)**	-	**(6)**	2
Total comprehensive income/(loss) from continuing operations	**(27)**	10	**18**	45

Unrecognised shares of the losses of individually immaterial associates and joint ventures were £nil (2019: £nil).

The Barclays commitments and contingencies to its associates and joint ventures comprised unutilised credit facilities provided to customers of £1,897m (2019: £1,726m). In addition, the Group has made commitments to finance or otherwise provide resources to its joint ventures and associates of £443m (2019: £403m).

37 Securitisations

Accounting for securitisations

The 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 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 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 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 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

The Group was party to securitisation transactions involving its credit card balances and other personal lending. 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 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
Loans and advances at amortised cost								
Credit cards, unsecured and other retail lending	**1,033**	**1,121**	**(1,019)**	**(1,033)**	3,516	3,678	(2,918)	(2,922)

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 the 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, refer to Note 38.

Continuing involvement in financial assets that have been derecognised
In some cases, the 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 Group's involvement with asset backed securities, residential mortgage backed securities and commercial mortgage backed 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:

	Continuing involvement[a]			Gain/(loss) from continuing involvement	
	Carrying amount	Fair value	Maximum exposure to loss	For the year ended	Cumulative to 31 December
Type of transfer	£m	£m	£m	£m	£m
2020					
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**
Total	**348**	**342**	**348**	**4**	**8**
2019					
Commercial mortgage backed securities	189	188	189	1	4
Total	189	188	189	1	4

Note
a Assets which represent the Group's continuing involvement in derecognised assets are recorded in Loans and advances at amortised cost and Debt securities at FVTP&L.

38 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 Group balance sheet, for example because Barclays retains substantially all the exposure to those assets under an agreement to repurchase them in the future for a fixed price.

Assets pledged or transferred as collateral include all assets categorised as encumbered in the disclosure on pages 222 to 223 of the Barclays PLC Pillar 3 Report 2020 (unaudited), other than those held in commercial paper conduits. In these transactions, the Group will be required to step in to provide financing itself under a liquidity facility if the vehicle cannot access the commercial paper market.

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 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:

	2020 £m	2019 £m
Cash collateral and settlements	**72,042**	64,400
Loans and advances at amortised cost	**37,257**	39,354
Trading portfolio assets	**77,198**	65,532
Financial assets at fair value through the income statement	**5,584**	10,104
Financial assets at fair value through other comprehensive income	**22,185**	9,278
Assets pledged	**214,266**	188,668

The following table summarises the transferred financial assets and the associated liabilities:

	Transferred assets £m	Associated liabilities £m
At 31 December 2020		
Derivatives	**77,574**	**(77,574)**
Repurchase agreements	**65,673**	**(44,076)**
Securities lending arrangements	**61,183**	**-**
Other	**9,836**	**(7,408)**
	214,266	**(129,058)**
At 31 December 2019		
Derivatives	68,609	(68,609)
Repurchase agreements	52,840	(35,708)
Securities lending arrangements	49,106	-
Other	18,113	(12,005)
	188,668	(116,322)

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		
	Transferred assets £m	Associated liabilities £m	Transferred assets £m	Associated liabilities £m	Net position £m
2020					
Recourse to transferred assets only	**1,033**	**(1,019)**	**1,121**	**(1,033)**	**88**
2019					
Recourse to transferred assets only	3,516	(2,918)	3,678	(2,922)	756

The Group has an additional £6.3bn (2019: £12bn) 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. Refer to Note 33 for further details.

Collateral held as security for assets
Under certain transactions, including reverse repurchase agreements and stock borrowing transactions, the 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 or transferred to others was as follows:

	2020 £m	2019 £m
Fair value of securities accepted as collateral	**793,573**	656,598
Of which fair value of securities re-pledged/transferred to others	**685,300**	554,988

Additional disclosure has been included in collateral and other credit enhancements in the Risk review section. Assets pledged as collateral include all assets categorised as encumbered in the disclosure on pages 222 to 223 of the Barclays PLC Pillar 3 Report 2020 (unaudited).

Notes to the financial statements

Other disclosure matters

The notes included in this section focus on related party transactions, Auditors' remuneration and Directors' remuneration. Related parties include any subsidiaries, associates, joint ventures and Key Management Personnel.

39 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.

Subsidiaries

Transactions between Barclays PLC and its subsidiaries meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Group's financial statements. Transactions between Barclays PLC and its subsidiaries are fully disclosed in Barclays PLC's financial statements. A list of the Group's principal subsidiaries is shown in Note 34.

Associates, joint ventures and other entities

The Group provides banking services to its associates, joint ventures and the 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. Group companies also provide investment management and custodian services to the Group pension schemes. All of these transactions are conducted on the same terms as third party transactions. Summarised financial information for the Group's investments in associates and joint ventures is set out in Note 36.

Amounts included in the Group's financial statements, in aggregate, by category of related party entity are as follows:

	Associates £m	Joint ventures £m	Pension funds £m
For the year ended and as at 31 December 2020			
Total income	**-**	**10**	**5**
Credit impairment charges	**-**	**-**	**-**
Operating expenses	**(26)**	**-**	**(1)**
Total assets	**-**	**1,388**	**4**
Total liabilities	**66**	**-**	**69**
For the year ended and as at 31 December 2019			
Total income	-	12	5
Credit impairment charges	-	-	-
Operating expenses	(46)	-	-
Total assets	-	1,303	3
Total liabilities	-	-	75

Total liabilities includes derivatives transacted on behalf of the pension 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 PLC (directly or indirectly) and comprise the Directors and Officers of Barclays PLC, certain direct reports of the Group Chief Executive and the heads of major business units and functions.

The Group provides banking services to Key Management Personnel and persons connected to them. Transactions during the year and the balances outstanding were as follows:

Loans outstanding

	2020 £m	2019 £m
As at 1 January	**7.2**	7.2
Loans issued during the year[a]	**2.3**	4.8
Loan repayments during the year[b]	**(0.3)**	(4.8)
As at 31 December	**9.2**	7.2

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 £m	2019 £m
As at 1 January	**12.1**	6.9
Deposits received during the year[a]	**41.6**	36.0
Deposits repaid during the year[b]	**(43.3)**	(30.8)
As at 31 December	**10.4**	12.1

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 refers to the total of any undrawn amounts on credit cards and/or overdraft facilities provided to Key Management Personnel. Total commitments outstanding as at 31 December 2020 were £0.9m (2019: £0.8m).

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, and is consistent with the approach adopted for disclosures set out in the Directors' Remuneration Report. 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 £m	2019 £m
Salaries and other short-term benefits	**41.6**	38.5
Pension costs	**-**	0.1
Other long-term benefits	**8.2**	8.7
Share-based payments	**13.2**	13.4
Employer social security charges on emoluments	**7.2**	7.4
Costs recognised for accounting purposes	**70.2**	68.1
Employer social security charges on emoluments	**(7.2)**	(7.4)
Other long-term benefits – difference between awards granted and costs recognised	**-**	(0.6)
Share-based payments – difference between awards granted and costs recognised	**1.1**	2.2
Total remuneration awarded	**64.1**	62.3

Disclosure required by the Companies Act 2006
The following information regarding the Barclays PLC Board of Directors is presented in accordance with the Companies Act 2006:

	2020 £m	2019 £m
Aggregate emoluments[a]	**8.4**	8.5
Amounts paid under LTIPs[b]	**-**	0.8
	8.4	9.3

Notes
a The aggregate emoluments include amounts paid for the 2020 year. In addition, deferred share awards for 2020 with a total value at grant of £0.6m (2019: £2m) will be made to James E Staley and Tushar Morzaria 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. The LTIP figure in the single total figure table for Executive Directors' 2020 remuneration in the Directors' Remuneration Report relates to the 2018 – 2020 LTIP cycle.

There were no pension contributions paid to defined contribution schemes on behalf of Directors (2019: £nil). 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).

Directors' and Officers' shareholdings and options
The beneficial ownership of ordinary share capital of Barclays PLC by all Directors and Officers of Barclays PLC (involving 26 persons) at 31 December 2020 amounted to 27,470,067 (2019: 22,789,126) ordinary shares of 25p each (0.16% of the ordinary share capital outstanding).

As at 31 December 2020, Executive Directors and Officers of Barclays PLC (involving 16 persons) held options to purchase a total of 78,495 (2019: 40,428) Barclays PLC ordinary shares of 25p each at a weighted average price of 101p under Sharesave.

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 £0.1m (2019: £0.3m). The total value of guarantees entered into on behalf of Directors during 2020 was £nil (2019: £nil).

40 Auditor’s remuneration
Auditor’s remuneration is included within consultancy, legal and professional fees in administration and general expenses and comprises:

	2020 £m	2019 £m	2018 £m
Audit of the Barclays Group's annual accounts	**9**	10	8
Other services:			
Audit of the Company's subsidiaries[a]	**38**	35	32
Other audit related fees[b]	**10**	9	9
Other services	**2**	2	2
Total Auditor's remuneration	**59**	56	51

Notes
a Comprises the fees for the statutory audit of subsidiaries both inside and outside the UK and fees for 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 £52m (2019: £50m, 2018: £45m), audit-related fees £6m (2019: £5m, 2018: £5m), tax fees £nil (2019: £nil, 2018: £nil), and all other fees £1m (2019: £1m, 2018: £1m).

41 Interest rate benchmark reform

Following the financial crisis, the reform and replacement of benchmark interest rates such as IBOR 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 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 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. Retail lending and mortgage exposure in Barclays UK is minimal.

The 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

Barclays 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 and the Group Finance Director. 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 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 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 Barclays 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. Barclays 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 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 Group has in place detailed plans, processes and procedures to support the transition of the remainder during 2021. Barclays 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 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 Group to various risks, which are being managed through the LIBOR Transition Programme. The material risks identified include those set out below:

- **Conduct and Litigation 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, in connection with IBOR 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 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 Barclays and its clients that markets are disrupted due to IBOR reform. This could give rise to financial losses should Barclays be unable to operate effectively in financial markets.

- **Accounting Risk:** This would occur if the hedged items and hedging instruments of Barclays 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 Barclays and the industry in general. Barclays' 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 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 £m	USD LIBOR £m	JPY LIBOR £m	CHF LIBOR £m	Others £m	Total £m
Non-derivative financial assets						
Loans and advances at amortised cost	30,179	18,109	173	18	1,725	50,204
Reverse repurchase agreements and other similar secured lending	-	334	-	-	-	334
Financial assets at fair value through the income statement	3,496	6,373	-	283	209	10,361
Financial assets at fair value through other comprehensive income	186	114	-	-	8	308
Non-derivative financial assets	33,861	24,930	173	301	1,942	61,207
Non-derivative financial liabilities						
Debt securities in issue	(1,023)	(10,718)	(1,201)	-	-	(12,942)
Subordinated liabilities	(71)	(1,592)	-	-	-	(1,663)
Financial liabilities designated at fair value	(149)	(1,273)	(759)	-	(139)	(2,320)
Non-derivative financial liabilities	(1,243)	(13,583)	(1,960)	-	(139)	(16,925)
Standby facilities, credit lines and other commitments	18,944	74,011	-	74	15,951	108,980

The table above represents the exposures to interest rate benchmark reform by balance sheet account, 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.

The 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 £m	USD LIBOR £m	EONIA £m	JPY LIBOR £m	CHF LIBOR £m	Others £m	Total £m
Derivative notional contract amount							
OTC interest rate derivatives	592,827	2,832,802	457,844	754,206	25,681	41,782	4,705,142
OTC interest rate derivatives - cleared by central counterparty	1,684,553	2,891,029	638,202	1,091,479	119,382	198,113	6,622,758
Exchange traded interest rate derivatives	300,182	333,705	-	-	2,494	-	636,381
OTC foreign exchange derivatives	155,285	589,334	-	93,108	31,257	1,921	870,905
OTC equity and stock index derivatives	1,845	7,946	544	1,929	491	2,141	14,896
Derivative notional contract amount	2,734,692	6,654,816	1,096,590	1,940,722	179,305	243,957	12,850,082

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 Group also had £28bn 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:

Current benchmark rate	Over one year but not more than two years £m	Over two years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Non-derivative financial assets					
GBP LIBOR	4,771	11,309	2,409	15,372	33,861
USD LIBOR	8,389	14,654	1,715	172	24,930
JPY LIBOR	11	144	-	18	173
CHF LIBOR	22	73	90	116	301
Other	931	713	60	238	1,942
Non-derivative financial assets	14,124	26,893	4,274	15,916	61,207
Non-derivative financial liabilities					
GBP LIBOR	(1,055)	(116)	-	(72)	(1,243)
USD LIBOR	(5,529)	(3,623)	(4,174)	(257)	(13,583)
JPY LIBOR	(1,289)	(145)	(241)	(285)	(1,960)
CHF LIBOR	-	-	-	-	-
Other	(12)	(5)	-	(122)	(139)
Non-derivative financial liabilities	(7,885)	(3,889)	(4,415)	(736)	(16,925)
Equity					
GBP LIBOR	-	-	-	(3,500)	(3,500)
USD LIBOR	-	-	-	(3,131)	(3,131)
Equity	-	-	-	(6,631)	(6,631)
Derivative notional contract amount					
GBP LIBOR	890,497	767,769	491,063	585,363	2,734,692
USD LIBOR	2,020,529	2,572,716	1,350,762	710,809	6,654,816
EONIA	397,989	421,460	212,185	64,956	1,096,590
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	50,775	96,657	72,127	24,398	243,957
Derivative notional contract amount	3,734,327	4,514,594	2,904,089	1,697,072	12,850,082
Standby facilities, credit lines and other commitments					
GBP LIBOR	5,134	12,016	505	1,289	18,944
USD LIBOR	15,368	56,300	735	1,608	74,011
CHF LIBOR	-	74	-	-	74
Other	2,897	12,170	862	22	15,951
Standby facilities, credit lines and other commitments	23,399	80,560	2,102	2,919	108,980

42 Barclays PLC (the Parent company)

Total income

Dividends received from subsidiaries

Dividends received from subsidiaries of £763m (2019: £1,560m, 2018: £15,360m) largely relates to dividends received from Barclays Bank PLC £263m, Barclays Execution Services Limited £250m and Barclays Bank UK PLC £220m. The dividends received in 2018 included both a dividend in specie, representing the transfer of the holding in Barclays Bank UK PLC from Barclays Bank PLC to Barclays PLC, and ordinary dividends from subsidiaries.

The dividends received from its banking subsidiaries were paid up to Barclays PLC 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 its banking subsidiaries. Further detail can be found in the notes below.

Other income

Other income of £1,192m (2019: £1,760m, 2018: £923m) includes £857m (2019: £813m, 2018: £752m) of income received from gross coupon payments on Barclays Bank PLC and Barclays Bank UK PLC issued AT1 securities and £248m (2019: £947m) of fair value and foreign exchange losses on other positions with subsidiaries.

Total assets and liabilities
Investment in subsidiaries
The investment in subsidiaries of £58,886m (2019: £59,546m) predominantly relates to investments in Barclays Bank PLC of £44,015m (2019: £42,363m) and Barclays Bank UK PLC of £14,245m (2019: 16,595m) which includes holdings of their AT1 securities of £10,995m (2019: £10,843m). The decrease of £660m during the year was predominantly driven by a £2,573m impairment in the cost of investment of Barclays Bank UK PLC and the redemption of AT1 holdings of €1,000m, partially offset by capital contributions to Barclays Bank PLC totaling £1,500m and Barclays Bank UK PLC totaling £220m, as well as additional AT1 holdings of $1,500m in Barclays Bank PLC.

At the end of each reporting period an impairment review is undertaken in respect of investment in the ordinary shares of subsidiaries. Impairment is indicated where the investment exceeds the recoverable amount. The recoverable amount is calculated as a value in use (VIU) which is derived from the present value of future cash flows expected to be received from the investment. The VIU calculations use forecast attributable profit based on financial budgets approved by management, covering a five year period as an approximation of future cash flows discounted using a pre-tax discount rate appropriate to the subsidiary being tested. A terminal growth rate has then been applied to the cash flows thereafter which is based upon expectations of future inflation rates. The review identified an impairment in the investment in Barclays Bank UK PLC (see below). For the other investment in subsidiaries the value in use calculated was higher than the carrying value.

Impairment in subsidiaries
Due to the impact of the COVID-19 pandemic on the macroeconomic environment, the review identified impairment of the investment in Barclays Bank UK PLC of £2,573m, reducing its carrying value to £11,672m. The VIU calculation uses 5-year profit before tax forecasts based on the formally agreed medium term plans approved by the Board as an approximation of future cash flows. The Personal Banking cash flows specific to Barclays Bank UK PLC contained in the calculation have been extended to a sixth year (prior to the calculation of terminal values) to reflect an observed 15bp inflexion point in the yield curve which was beyond the period of the medium term plan.

A discount rate of 13.8% (2019: 13.7%) has been applied to the cash flow forecast. In determining the discount rate, management have identified a cost of equity associated with a market participant that closely resemble the subsidiary and adjusted for tax to arrive at the pre-tax equivalent rate. A terminal growth rate of 2.0% (2019: 1.6%) has been used to calculate a terminal value for the investment. In prior years the terminal growth rate used has been based on estimated economic growth rates (GDP). Due to the macroeconomic uncertainties management now consider inflation rates to provide a better approximation of future long term growth.

A 1% increase in the discount rate or terminal growth rate would increase the impairment amount in Barclays Bank UK by £1,056m and £714m respectively. A reduction in the forecasted cash flows by 10% per annum would increase impairment by £1,061m.

Loans and advances in subsidiaries
During the year, loans and advances to subsidiaries decreased by £4,140m to £24,710m (2019: £28,850m). The decrease was driven by the maturity of £1,200m dated subordinated loans and waiving £1,000m of dated subordinated loans in relation to Barclays Bank PLC, the maturity of £1,100m dated subordinated notes in relation to Barclays Bank UK PLC, the £900m partial buy back of dated subordinated loans from Barclays Bank PLC and Barclays Bank UK PLC and a £220m reduction used to fund a capital contribution to Barclays Bank UK PLC. This was partially offset by c£1,300m new issuances of dated subordinated notes by Barclays Bank UK PLC to Barclays PLC.

Financial assets and liabilities designated at fair value
Financial liabilities designated at fair value of £9,507m (2019: £3,498m) includes new issuances during the year of $2,500m Fixed Rate Resetting Senior Callable Notes, $1,750m Fixed-to-Floating Rate Senior Callable Notes, €2,000m Reset Notes, £400m Reset Notes and $300m Zero Coupon Callable Notes. The proceeds raised through these transactions were used to invest in subsidiaries of Barclays PLC and are included within the financial assets designated at fair value through the income statement balance of £17,521m (2019: £10,348m). The effect of changes in the liabilities' fair value, including those due to credit risk, is expected to offset the changes in the fair value of the related financial asset in the income statement The difference between the financial liabilities' carrying amount and the contractual amount on maturity is £324m (2019: £174m).

Subordinated liabilities and debt securities in issue
During the year, Barclays PLC issued £500m and $1,000m of Fixed Rate Resetting Subordinated Callable Notes, which are included within the subordinated liabilities balance of £7,724m (2019: £7,656m) and redeemed €1,250m Fixed Rate Subordinated Callable Notes. Debt securities in issue of £28,428m (2019: £30,564m) have reduced in the year due to the maturity of positions with subsidiaries as well as the partial buy back of Senior Fixed Rate Notes of €330m and Senior Floating Rate Notes of $776m.

Management of internal investments, loans and advances
Barclays PLC retains the discretion to manage the nature of its internal investments in subsidiaries according to their regulatory and business needs. Barclays PLC may invest capital and funding into Barclays Bank PLC, Barclays Bank UK PLC and other Group subsidiaries such as Barclays Execution Services Limited and the US Intermediate Holding Company (IHC).

Total equity
Called up share capital and share premium
Called up share capital and share premium of Barclays PLC is £4,637m (2019: £4,594m). The increase in the year is primarily due to shares issued under employee share schemes.

Other equity instruments
Other equity instruments of £11,169m (2019: £10,865m) comprises AT1 securities issued by Barclays PLC. 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. During the year there has been a new AT1 issuance with principal amount totaling $1,500m (£1,142m) and a redemption of principal amount €1,000m (£831m). For further details, please refer to Note 28.

Shareholder information

Annual General Meeting (AGM)

Looking ahead to the 2021 AGM, the Board currently intends to hold the AGM on 5 May 2021 at 11:00am, subject to the ongoing COVID-19 pandemic and any UK Government guidance on social distancing, non-essential travel and/or public gatherings.

The arrangements for the Company's 2021 AGM and details of the resolutions to be proposed, together with explanatory notes, will be set out in the Notice of AGM to be published on the Company's website (www.barclays.com)

Guidance on whether physical attendance by shareholders will be possible will be determined nearer the time of the AGM. We will keep the considerable benefits of shareholder engagement in the AGM at the forefront of our planning for the 2021 AGM. Further details will be provided in the Notice of AGM.

Keep your personal details up to date

Please remember to tell Equiniti if:
- You move
- You need to update your bank or building society details.

If you are a Shareview member, you can update your bank or building society account or address details online. If you hold 2,500 shares or less, you can update details quickly and easily over the telephone using the Equiniti contact details overleaf. If you hold more than 2,500 shares you will need to write to Equiniti.

Dividends

The Barclays PLC 2020 full year dividend for the year ended 31 December 2020 will be 1.0p per share, making the 2020 total dividend 1.0p.

Save time and receive your dividends faster by Choosing to have them paid directly into your bank or building society account

It is easy to set up and your money will be in your bank account on the dividend payment date. If you hold 2,500 shares or less, you can provide your bank or building society details quickly and easily over the telephone using the Equiniti contact details overleaf. If you hold more than 2,500 shares, please contact Equiniti for details of how to change your payment instruction.

Dividend Re-investment Plan

Barclays has decided to cease to offer the scrip dividend programme and will no longer offer a scrip alternative for dividends. For those shareholders who wish to elect to use their cash dividends to purchase additional ordinary shares in the market, rather than receive a cash payment, Barclays has arranged for its registrar, Equiniti, to provide and administer a dividend re-investment plan (DRIP). Further details regarding the DRIP can be found at www.barclays.com and www.shareview.co.uk/info/drip

Managing your shares online

Shareview

Barclays shareholders can go online to manage their shareholding and find out about Barclays performance by joining Shareview. Through Shareview, you:
- will receive the latest updates from Barclays direct to your email;
- can update your address and bank details online;
- can vote in advance of general meetings.

To join Shareview, please follow these three easy steps:
Step 1 Go to **portfolio.shareview.co.uk**
Step 2 Register for electronic communications by following the instructions on screen
Step 3 You will be sent an activation code in the post the next working day

Returning funds to shareholders

Over 60,000 shareholders did not cash their Shares Not Taken Up (SNTU) cheque following the Rights Issue in September 2013. In 2020, we continued the tracing process to reunite these shareholders with their SNTU monies and any unclaimed dividends and by the end of the year, we had returned approximately £26,978 to our shareholders, (2019: approximately £23,000). Since 2015, we have returned approximately £4.2m to our shareholders.

Donations to charity

We launched a Share Dealing Service in October 2017 aimed at shareholders with relatively small shareholdings for whom it might otherwise be uneconomical to deal. One option open to shareholders was to donate their sale proceeds to ShareGift. As a result of this initiative, the total donated to ShareGift since 2015 is over £461,267.

Useful contact details

Equiniti

The Barclays share register is maintained by Equiniti. If you have any questions about your Barclays shares, please contact Equiniti by visiting **shareview.co.uk**

0371 384 2055[a]
(in the UK)

+44 121 415 7004
(from overseas)

0371 384 2255[a]
(for the hearing impaired in the UK)

+44 121 415 7028
(for the hearing impaired from overseas)

Shareholder information

Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

To find out more, contact Equiniti or visit: **home.barclays/dividends**

American Depositary Receipts (ADRs)
ADRs represent the ownership of Barclays PLC shares which are traded on the New York Stock Exchange. ADRs carry prices, and pay dividends, in US dollars.

If you have any questions about ADRs, please contact Shareowner Services:
StockTransfer@equiniti.com or visit **adr.com**

+1 800 990 1135
(toll free in US and Canada)

+1 651 453 2128
(outside the US and Canada)

Shareowner Services, PO Box 64504, St Paul, MN 55164-0504, USA

Delivery of ADR certificates and overnight mail
Shareowner Services, 1110 Centre Point Curve, Suite 101, Mendota Heights, MN 55120, USA

Qualifying US and Canadian resident ADR holders should contact Shareowner Services for further details regarding the DRIP

Shareholder Relations
To give us your feedback or if you have any questions, please contact:
privateshareholderrelations@barclays.com

Shareholder Relations Barclays PLC
1 Churchill Place London E14 5HP

Share price
Information on the Barclays share price and other share price tools are available at: **home.barclays/investorrelations**

Alternative formats
Shareholder documents can be provided in large print, audio CD or Braille free of charge by calling Equiniti.

0371 384 2055[a]
(in the UK)

+44 121 415 7004
(from overseas)

Audio versions of the Strategic Report will also be available at the AGM.

Key dates
1 April 2021
Full year dividend payment date

30 April 2021
Q1 Results Announcement

5 May 2021
Annual General Meeting at 11.00am

Shareholder security
Shareholders should be wary of any cold calls with an offer to buy or sell shares. Fraudsters use persuasive and high pressure techniques to lure shareholders into high-risk investments or scams. You should treat any unsolicited calls with caution.

Please keep in mind that firms authorised by the Financial Conduct Authority (FCA) are unlikely to contact you out of the blue. You should consider getting independent financial or professional advice from someone unconnected to the respective firm before you hand over any money.

Report a scam
If you suspect that you have been approached by fraudsters please tell the FCA using the share fraud reporting form at fca.org.uk/scams. You can also call the FCA Helpline on 0800 111 6768 or through Action Fraud on 0300 123 2040.

Note
a Lines open 8.30am to 5.30pm (UK time) Monday to Friday, excluding public holidays.

Additional shareholder information

Articles of Association

Barclays PLC (the "Company") is a public limited company registered in England and Wales under company number 48839. Barclays, originally named Barclay & Company Limited, was incorporated in England and Wales on 20 July 1896 under the Companies Acts 1862 to 1890 as a company limited by shares. The company name was changed to Barclays Bank Limited on 17 February 1917 and it was registered on 15 February 1982 as a public limited company under the Companies Acts 1948 to 1980. On 1 January 1985, the company changed its name to Barclays 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 at the Company's Annual General Meeting ("AGM") on 30 April 2010 and amended at the AGM of the Company on 25 April 2013.

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.

(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) No Director may act (either himself/herself or through his/her firm) as an auditor of the Company. A Director may hold any other office of the Company on such terms as the Board shall determine.

(iv) At each AGM of the Company, one third of the Directors (rounded down) are required under the Articles of Association to retire from office by rotation and may offer themselves for re-election. The Directors so retiring are first, those who wish to retire and not offer themselves for re-election, and, second those who have been longest in office (and in the case of equality of service length are selected by lot). Other than a retiring Director, no person shall (unless recommended by the Board) be eligible for election unless a member notifies the Company Secretary in advance of his/her intention to propose a person for election. It is Barclays' practice that all Directors offer themselves for re-election annually in accordance with the UK Corporate Governance Code.

(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. He/she is not taken into account in determining the number of Directors retiring by rotation.

(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) that the Director underwrite any issue of securities of the Company (or any other member of the Group);

(f) 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

(g) 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.

(xi) A Director may not vote or be counted in the quorum on any resolution which concerns his/her own employment or appointment to any office of the Company or any other company in which the Company is interested.

(xii) Subject to applicable legislation, the provisions described in sub-paragraphs (x) and (xi) may be relaxed or suspended by an ordinary resolution of the members of the Company or any applicable governmental or other regulatory body.

(xiii) A Director is required to hold an interest in ordinary shares having a nominal value of at least £500, which currently equates to 2,000 Ordinary Shares unless restricted from acquiring or holding such interest by any applicable law or regulation or any applicable governmental or other regulatory body. A Director may act before acquiring those shares but must acquire the qualification shares within two months from his/her appointment. Where a Director is unable to acquire the requisite number of shares within that time owing to law, regulation or requirement of any governmental or other relevant authority, he/she must acquire the shares as soon as reasonably practicable once the restriction(s) end.

(xiv) The Board may exercise all of the powers of the Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities.

Classes of Shares
The Company only has Ordinary Shares in issue. The Articles of Association also provide for pound sterling preference shares of £100 each, US dollar preference shares of US$100 each, US dollar preference shares of $0.25 each, euro preference shares of €100 each and yen preference shares of ¥10,000 each (together, the "Preference Shares"). In accordance with the authority granted at the AGM on 25 April 2013, Preference Shares may be issued by the Board from time to time in one or more series with such rights and subject to such restrictions and limitations as the Board may determine. No Preference Shares have been issued to date.

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.

The Board may, with the approval of an ordinary resolution of the Company, offer Shareholders the right to choose to receive an allotment of additional fully paid Ordinary Shares instead of cash in respect of all or part of any dividend. The Company currently provides a scrip dividend programme pursuant to an authority granted at the AGM held on 25 April 2013 and renewed at the AGM on 1 May 2018.

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 financial year end. 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 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
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.

Dividends on the ordinary shares of Barclays PLC

The dividends declared for each of the last five years were:

Pence per 25p ordinary share	2020	2019	2018	2017	2016
Half year	**-**	3.00	2.50	1.00	1.00
Full year	**1.00**	-	4.00	2.00	2.00
Total	**1.00**	3.00	6.50	3.00	3.00

US Dollars per 25p ordinary share	2020	2019	2018	2017	2016
Half year	**-**	0.04	0.03	0.01	0.01
Full year	**0.01**	-	0.05	0.02	0.02
Total	**0.01**	0.04	0.08	0.03	0.03

The gross dividends applicable to an American Depositary Share (ADS) representing four ordinary shares, before deduction of withholding tax, are as follows:

US Dollars per American Depositary Share	2020	2019	2018	2017	2016
Half year	**-**	0.15	0.13	0.05	0.05
Full year	**0.06**	-	0.21	0.10	0.10
Total	**0.06**	0.15	0.34	0.15	0.15

The final dividends shown above are expressed in Dollars translated at the closing spot rate for Pounds Sterling as determined by Bloomberg at 5pm in New York City (the 'Closing Spot Rate') on the latest practicable date for inclusion in this report. No representation is made that Pounds Sterling amounts have been, or could have been, or could be, converted into Dollars at these rates.

Trading market for ordinary shares of Barclays PLC

The principal trading market for Barclays PLC ordinary shares is the London Stock Exchange. At the close of business on 31 December 2020, 17,359,296,032 ordinary shares were in issue.

Ordinary share listings were also obtained on the New York Stock Exchange (NYSE) with effect from 9 September 1986. Trading on the NYSE is in the form of ADSs under the symbol 'BCS'. Each ADS represents four ordinary shares and is evidenced by an American Depositary Receipt (ADR). The ADR depositary is JP Morgan Chase Bank, N.A. Details of trading activity are published in the stock tables of leading daily newspapers in the US.

There were 413 ADR holders and 1,655 recorded holders of ordinary shares with US addresses at 31 December 2020, whose shareholdings represented approximately 3.60% of total outstanding ordinary shares on that date. Since a certain number of the ordinary shares and ADRs were held by brokers or other nominees, the number of recorded holders in the US may not be representative of the number of beneficial holders or of their country of residence.

Shareholdings at 31 December 2020[a]	Number of shareholders	Percentage of holders %	Shares held	Percentage of capital %
Classification of shareholders				
Personal Holders	**232,282**	**97.40**	**402,031,578**	**2.31**
Banks and Nominees	**2,306**	**0.97**	**14,596,933,657**	**84.09**
Other Companies	**3,893**	**1.67**	**2,360,325,147**	**13.60**
Insurance Companies	**1**	**-**	**208**	**-**
Pension Funds	**4**	**-**	**5,442**	**-**
Total	**238,486**	**100.00**	**17,359,296,032**	**100.00**
Shareholding range				
1 - 100	**16,824**	**7.05**	**623,483**	**-**
101 - 250	**50,247**	**21.07**	**10,299,399**	**0.06**
251 - 500	**64,522**	**27.05**	**22,625,643**	**0.13**
501 - 1,000	**38,141**	**15.99**	**27,001,571**	**0.16**
1,001 - 5,000	**48,354**	**20.28**	**107,607,686**	**0.62**
5,001 - 10,000	**10,677**	**4.48**	**75,191,484**	**0.43**
10,001 - 25,000	**6,357**	**2.67**	**96,414,702**	**0.56**
25,001 - 50,000	**1,515**	**0.64**	**51,517,339**	**0.30**
50,001 and over	**1,849**	**0.78**	**16,968,084,725**	**17.75**
Total	**238,486**	**100.00**	**17,359,296,032**	**100.00**
United States Holdings	**1,655**	**0.69**	**3,983,403**	**0.02**

Note
a These figures do not include Barclays Sharestore members.

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 Ordinary Shares of Barclays PLC or ADSs representing such Ordinary 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 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 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 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 shares under the Dividend Re-Investment Plan
Where a shareholder elects to purchase Shares using their cash dividend as part of the Dividend Re-Investment Plan, such shareholder will generally be liable for UK tax on the amount of the dividend as described in (i) Taxation of dividends above, in the same way as the shareholder would have been on the receipt of a cash dividend. For capital gains purposes, the base cost of Shares purchased under the Dividend Re-Investment Plan will be the amount of the cash dividend used to purchase such Shares.

(iii) Taxation of capital gains
The disposal of Shares (including, for the avoidance of doubt, any shares purchased as part of the Dividend Re-Investment Plan or previously purchased as part of the Scrip Dividend Programme) 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). To arrive at the total base cost of any Barclays PLC shares held, in appropriate cases the amount subscribed for rights taken up in 1985, 1988 and 2013 must be added to the cost of all such shares held. 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.

(iv) Stamp duty and stamp duty reserve tax
Dealings in Shares (including, for the avoidance of doubt, any Shares purchased as part of the Dividend Re-Investment Plan or previously purchased as part of the Scrip Dividend Programme) 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 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.

(v) Inheritance tax
An individual may be liable to inheritance tax on the transfer of Shares (including, for the avoidance of doubt, any Shares purchased as part of the Dividend Re-Investment Plan or previously purchased as part of the Scrip Dividend Programme). 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 Ordinary Shares of Barclays PLC or ADSs representing such Ordinary 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 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 Ordinary 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 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 Ordinary 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 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 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 PLC was not a PFIC (as defined below) in the year of the distribution or the immediately preceding taxable year. The ADRs are listed on the New York Stock Exchange, and will qualify as readily tradable on an established securities market so long as they are so listed. In addition, the US Treasury has determined that the Treaty meets the requirements for reduced rates of taxation, and Barclays PLC believes that it is eligible for the benefits of the Treaty. Based on its audited financial statements and relevant market and shareholder date, Barclays 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 PLC does not anticipate becoming a PFIC for its current taxable year or in the foreseeable future.

Dividends paid by Barclays 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 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 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.

US Holders that receive a distribution of additional shares or rights to subscribe for additional shares as part of a pro rata distribution to all our shareholders generally will not be subject to US federal income tax in respect of the distribution, unless the US Holder has the right to receive cash or property, in which case the US Holder will be treated as if it received cash equal to the fair market value of the distribution.

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 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 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 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 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 PLC was a PFIC at any time during such holder’s holding period in its Shares.

If Barclays 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 Ordinary Shares, see the section "Taxation of UK holders – (iv) 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 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 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 PLC in the United Kingdom is E1QAZN.00000.LE.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 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 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**.

Fees and charges payable by a holder of ADSs

The ADR depositary collects fees for delivery and surrender of ADSs directly from investors depositing ordinary shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them.

The charges of the ADR depositary payable by investors are as follows:

Type of service	ADR depositary actions	Fee
ADR depositary or substituting the underlying shares	Issuance of ADSs against the deposit of ordinary shares, including deposits and issuances in respect of: – Share distributions, stock splits, rights issues, mergers – Exchange of securities or other transactions or event or other distribution affecting the ADSs or deposited securities	$5.00 or less per 100 ADSs (or portion thereof) evidenced by the new ADSs delivered
Receiving or distributing cash dividends	Distribution of cash dividends	$0.04 or less per ADS[a]
Selling or exercising rights	Distribution or sale of securities, the fee being in an amount equal to the fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities	$5.00 or less per each 100 ADSs (or portion thereof)
Withdrawing an underlying ordinary share	Acceptance of ADSs surrendered for withdrawal of deposited ordinary shares	$5.00 or less for each 100 ADSs (or portion thereof)
General depositary services, particularly those charged on an annual basis	Other services performed by the ADR depositary in administering the ADS program	No fee currently payable
Expenses of the ADR depositary	Expenses incurred on behalf of Holders in connection with: – Expenses of the ADR depositary in connection with the conversion of foreign currency into US dollars (which are paid out of such foreign currency) – Taxes and other governmental charges – Cable, telex and facsimile transmission/delivery – Transfer or registration fees, if applicable, for the registration of transfers or underlying ordinary shares – Any other charge payable by ADR depositary or its agents	Expenses payable at the sole discretion of the ADR depositary by billing Holders or by deducting charges from one or more cash dividends or other cash distributions

Note
a There was no distribution of dividends in the year ended 31 December 2020 and therefore no dividend fee per ADS was charged for the period.

Fees and payments made by the ADR depositary to Barclays

The ADR depositary has agreed to provide Barclays with an amount based on any cash dividend, issuance and cancellations fees charged during each twelve-month period for expenses incurred by Barclays in connection with the ADS program. Barclays has not yet received any such amounts from the ADR depositary for the year ended 31 December 2020.

Under certain circumstances, including non-routine corporate actions, removal of the ADR depositary or termination of the ADS program by Barclays, Barclays may be charged by the ADR depositary certain fees (including in connection with depositary services, certain expenses paid on behalf of Barclays, an administrative fee, fees for non-routine services and corporate actions and any other reasonable fees/expenses incurred by the ADR depositary).

The ADR depositary has agreed to waive certain of its fees chargeable to Barclays with respect to standard costs associated with the administration of the ADS program.

NYSE Corporate Governance Statement

As our main listing is on the London Stock Exchange, we follow the UK Corporate Governance Code. However, as Barclays also has American Depositary Receipts listed on the New York Stock Exchange (NYSE), we are also subject to the NYSE's Corporate Governance Rules (NYSE Rules). We are exempt from most of the NYSE Rules, which US domestic companies must follow, because we are a non-US company listed on the NYSE. However, we are required to provide an Annual Written Affirmation to the NYSE of our compliance with the applicable NYSE Rules and must also disclose any significant differences between our corporate governance practices and those followed by domestic US companies listed on the NYSE. Key differences between the Code and NYSE Rules are set out here:

Director Independence

NYSE Rules require the majority of the Board to be independent. The Code requires at least half of the Board (excluding the Chairman) to be independent. The NYSE Rules contain different tests from the Code for determining whether a Director is independent. We follow the Code's recommendations as well as developing best practices among other UK public companies. The independence of our non-executive Directors is reviewed by the Board on an annual basis and it takes into account the guidance in the Code and the criteria we have established for determining independence, which are described in the Directors' Report.

Board Committees

We have a Board Nominations Committee and a Board Remuneration Committee, both of which are broadly similar in purpose and constitution to the Committees required by the NYSE Rules and whose terms of reference comply with the Code's requirements. The NYSE Rules state that both Committees must be composed entirely of independent Directors. As the Group Chairman was independent on appointment, the Code permits him to chair the Board Nominations Committee. Except for this appointment, both Committees are composed solely of non-executive Directors, whom the Board has determined to be independent. We comply with the NYSE Rules requirement that we have a Board Audit Committee comprised solely of independent non-executive Directors as defined under Rule 10A-3. However, we follow the Code recommendations, rather than the NYSE Rules, regarding the responsibilities of the Board Audit Committee (except for applicable mandatory responsibilities under the Sarbanes-Oxley Act), although both are broadly comparable. Although the NYSE Rules state that the Board Audit Committee is to take responsibility for risk oversight, Barclays has an additional Board Committee which addresses different areas of risk management. To enhance Board governance of risk, Barclays has the Board Risk Committee. A full description of the Board Risk Committee can be found in the Directors' Report.

Corporate Governance Guidelines

The NYSE Rules require domestic US companies to adopt and disclose corporate governance guidelines. There is no equivalent recommendation in the Code but the Board Nominations Committee has developed corporate governance guidelines, 'Corporate Governance in Barclays', which have been approved and adopted by the Board.

Code of Ethics

The NYSE Rules require that domestic US companies adopt and disclose a code of business conduct and ethics for Directors, officers and employees. *The Barclays Way* was introduced in 2013, this is a Code of Conduct which outlines the Values and Behaviours which govern our way of working across our business globally. *The Barclays Way* has been adopted on a Group wide basis by all Directors, Officers and employees. *The Barclays Way* is available to view on the Barclays website at home.barclays/about-barclays/barclays-values.

Shareholder Approval of Equity-compensation Plans

The NYSE listing standards require that shareholders must be given the opportunity to vote on all equity-compensation plans and material revisions to those plans. We comply with UK requirements, which are similar to the NYSE standards. However, the Board does not explicitly take into consideration the NYSE's detailed definition of what are considered 'material revisions'.

Major shareholders

Major shareholders do not have different voting rights from those of other shareholders. Information provided to the Company by substantial shareholders pursuant to the FCA's Disclosure Guidance and Transparency Rules are published via a Regulatory Information Service and is available on the Company's website.

Refer to the Directors' report, Other statutory information section for a breakdown of major shareholders as at 31 December 2020. Comparatives for 2019 and 2018 are presented below.

As at 31 December 2019, the Company had been notified under Rule 5 of the Disclosure and Transparency Rules of the UKLA of the following holdings of voting rights in its shares:

2019

Holder	Number of Barclays shares	% of total voting rights attached to issued share capital[a]
BlackRock Inc[b]	1,039,595,156	6.02
Qatar Holding LLC[c]	1,017,455,690	5.87
Sherborne Investors[d]	943,949,089	5.48
The Capital Group Companies Inc[e]	855,511,385	4.96

Notes

a The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules.

b Total shown includes 6,950,721 contracts for difference to which voting rights are attached. Part of the holding is held as American Depositary Receipts. On 4 February 2020, BlackRock Inc. disclosed by way of a Schedule 13G filed with the Securities Exchange Commission beneficial ownership of 1,149,011,610 ordinary shares of the company, representing 6.6% of that class of shares.

c Qatar Holding LLC is wholly-owned by Qatar Investment Authority.

d We understand from disclosures that the Sherborne shares are held via three funds ultimately controlled by Edward Bramson and Stephen Welker in their capacity as managing directors of Sherborne Investors Management GP, LLC (Sherborne Management GP), and Sherborne Investors GP, LLC. Sherborne Management GP is the general partner of Sherborne Investors Management LP (Sherborne Investors) which is the investment manager of each of the three funds beneficially interested in the Sherborne shares being Whistle Investors LLC, Whistle Investors II LLC and Whistle Investors III LLC. Amendment No.2 to a Schedule 13D filing, filed on 7 November 2019, also disclosed that certain funded derivative transactions, which were used to purchase 505,086,254 of such shares, have been extended to expire on various dates during the period beginning 14 December 2021 (previously 21 October 2019) and ending 22 July 2022 (previously 16 March 2021).

e The Capital Group Companies Inc (CG) holds its shares via CG Management companies. Part of the CG holding is held as American Depositary Receipts.

As at 31 December 2018, the Company had been notified under Rule 5 of the Disclosure and Transparency Rules of the UKLA of the following holdings of voting rights in its shares:

2018

Holder	Number of Barclays shares	% of total voting rights attached to issued share capital[a]
The Capital Group Companies Inc[b]	1,172,090,125	6.84
Qatar Holding LLC[c]	1,017,455,690	5.94
BlackRock Inc[d]	1,018,388,143	5.95
Sherborne Investors[e]	923,787,634	5.41
Norges Bank	514,068,594	3.00

Notes

a The percentage of voting rights detailed above was calculated at the time of the relevant disclosures made in accordance with Rule 5 of the Disclosure Guidance and Transparency Rules.

b The Capital Group Companies Inc (CG) holds its shares via CG Management companies and funds. Part of the CG holding is held as American Depositary Receipts. On 14 February 2019, CG disclosed by way of a Schedule 13G filed with the SEC, beneficial ownership of 277,002,140 ordinary shares of the Company as of 31 December 2018, representing 1.6% of that class of shares.

c Qatar Holding LLC (QH) is wholly-owned by Qatar Investment Authority.

d Total shown includes 8,879,783 contracts for difference to which voting rights are attached. Part of the holding is held as American Depositary Receipts. On 4 February 2019, BlackRock, Inc. disclosed by way of a Schedule 13G filed with the SEC beneficial ownership of 1,119,810,169 ordinary shares of the Company as of 31 December 2018, representing 6.5% of that class of shares.

e We understand from disclosures that the Sherborne Shares are held via three funds ultimately controlled by Edward Bramson and Stephen Welker in their capacity as managing directors of Sherborne Investors Management GP, LLC (Sherborne Management GP) and Sherborne Investors GP, LLC. Sherborne Management GP is the general partner of Sherborne Investors Management LP (Sherborne Investors) which is the investment manager to two of the funds, Whistle Investors LLC and Whistle Investors II LLC. Sherborne Investors Management (Guernsey) LLC, the investment manager to the third fund, SIGC, LP, is wholly owned by Sherborne Investors. On 8 February 2019, Sherborne Investors disclosed by way of a Schedule 13D filed with the SEC beneficial ownership of 943,949,089 ordinary shares of the Company as of 29 January 2019, representing approximately 5.5% of that class of shares. Such Schedule 13D also disclosed Edward Bramson and Stephen Welker as the ultimate deemed beneficial owners of the Sherborne Shares and that 505,086,254 of such shares were purchased through funded derivative transactions.

Additional information

Disclosure controls and procedures

The Chief Executive, James E Staley, and the Group Finance Director, Tushar Morzaria, conducted with Group Management an evaluation of the effectiveness of the design and operation of the Group's disclosure controls and procedures of each of Barclays 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 and Group Finance Director concluded that the design and operation of these disclosure controls and procedures were effective.

Board of Directors

See the Directors' report for biographies.

Group Executive Committee

Officers of the Group		Date of Appointment as Officer
James E Staley	Group Chief Executive	2015
Paul Compton	Global Head of Banking, Co-President of Barclays Bank PLC (BBPLC)	2016
Alistair Currie	Head of Barclays Corporate Banking	2019
Stephen Dainton	Deputy Head of Markets	2019
Matt Hammerstein	CEO, Barclays UK	2019
Tushar Morzaria	Group Finance Director	2013
Laura Padovani	Group Chief Compliance Officer	2017
Mark Ashton Rigby	Group Chief Operating Officer, Chief Executive Officer, BX	2019
Tristram Roberts	Group HR Director	2015
Taalib Shaah	Group Chief Risk Officer	2020
Stephen Shapiro	Group General Counsel and Company Secretary	2017
Ashok Vaswani	CEO, Consumer Banking and Payments	2012
C S Venkatakrishnan	Global Head of Markets, Co-President of Barclays Bank PLC (BBPLC)	2016
Sasha Wiggins	Group Head of Public Policy and Corporate Responsibility	2020

Jes Staley, Group Chief Executive, Executive Director
See the Directors' report for biography.

Tushar Morzaria, Group Finance Director, Executive Director
See the Directors' report for biography.

Mark Ashton-Rigby, Group Chief Operating Officer, Chief Executive Officer, BX
In his role as Group Chief Operating Officer, Mark is responsible for Barclays Operations and Technology, leading on the ambition to be a world-class provider of simple, efficient, innovative and secure Operation and Technology services to Barclays' trading entities, generating sustainable growth and returns. Mark's responsibilities also include Real Estate, Controls, and the Chief Data Office. Mark is also Chief Executive Officer, Barclays Execution Services (BX). In that capacity, Mark leads the continuous enhancement of Barclays' operating structure, to drive efficiency across the organisation and generate excellent outcomes for our customers and clients. Mark joined Barclays in September 2016 as Group Chief Information Officer. In this role, Mark was responsible for the bank's global technology systems and infrastructure, and led on the transformation of the technology foundations across our retail and wholesale businesses. The increased digitisation of our consumer offering demonstrates that our technology infrastructure and innovation capabilities are a competitive advantage for Barclays, building a compelling client value proposition. Prior to joining Barclays, Mark was Chief Information Officer for JP Morgan's Corporate and Investment bank. Prior to that, he held various Senior Technology roles at UBS and Deutsche Bank.

Paul Compton, Global Head of Banking, Co-President of Barclays Bank PLC (BBPLC)
Paul Compton is Global Head of Banking, Co-President of Barclays Bank PLC (BBPLC), and a member of the Group Executive Committee of Barclays, based in New York. Paul leads the provision of our financial advisory, capital raising, financing and risk management services to corporations, governments and financial institutions worldwide, and, together with C.S. Venkatakrishnan, is responsible for overseeing the Corporate and Investment Bank, which comprises our global Banking, Markets and Corporate Banking businesses. Prior to his appointment as Global Head of Banking and Co-President of BBPLC in October 2020, Paul served as President of BBPLC, and previously as Barclays Group Chief Operating Officer, and as Chief Executive Officer of Barclays Execution Services (BX), delivering operations and technology services to Barclays businesses globally. Before joining Barclays in 2016, Paul served for nearly two decades in a variety of senior roles at JPMorgan Chase, including Group Chief Administrative Officer, and Chief Financial Officer and Chief Administrative Officer of the Investment Bank. Previous to JPMorgan, Paul spent 10 years as Principal at Ernst & Young in the Brisbane, Australia and New York offices.

Alistair Currie, Head of Barclays Corporate Banking
Alistair Currie joined Barclays in August 2017 as Chief Operating Officer & Head of Product for Corporate Banking and is a member of the Corporate Banking and the Barclays International COO Executive Committees. In October 2017 Alistair became Co-Head of Corporate Banking and in September 2018 Alistair was appointed as Head of Corporate Banking. Prior to joining Barclays, Alistair was at the ANZ Banking Group in Australia where he most recently held the role of Group Chief Operating Officer, responsible for technology, shared services, operations and property, and played a key role in the ANZ's digital transformation. Before taking up this role in 2011, he had previously joined ANZ in 2008 as Managing Director, Transaction Banking. Before ANZ, Alistair spent 18 years at HSBC in a variety of international banking roles in the UK, Middle East and Asia including President and CEO of HSBC, Taiwan, between 2007 and 2008. As Regional Head of Trade Services, HSBC Asia Office in Hong Kong from 2004 to 2007, Alistair further developed HSBC's market-leading trade finance position in the region and from 2001 to 2004, he was COO, Wells Fargo HSBC Trade Bank NA, San Francisco. With 27 years as a banking professional, Mr. Currie has a wealth of experience in institutional, large corporate, mid-corporate and consumer client segments as well as transaction banking, trade finance, cash management and technology, and a track record in delivering business transformation and high quality customer outcomes.

Stephen Dainton, Deputy Head of Markets
Stephen Dainton is Deputy Head of Markets and a member of the Group Executive Committee of Barclays, based in London. He is responsible for Global Sales, Senior Relationship Management (SRM) and Financing. Stephen has over 30 years of experience in global markets across

trading, sales, risk, capital markets, structuring, and research. He joined Barclays in September 2017 as Global Head of Equities and Co Head of Markets. Prior to Barclays, Stephen spent 14 years at Credit Suisse where he served as Co-Head of Global Markets for the EMEA region. He joined Credit Suisse in 2003 in the Equity Division and went on to become Head of Equities for the region, before assuming his global markets role. Previously, Stephen worked at Goldman Sachs as Head of US and International Equities, based in New York. He has also held roles in Equities at Donaldson, Lufkin & Jenrette in both London and New York.

Matt Hammerstein, CEO, Barclays UK
Matt Hammerstein is the CEO for Barclays Bank UK, covering Retail Banking, Investments and Wealth UK, Business Banking and Barclaycard UK. Prior to becoming CEO, Matt was Head of Retail Lending covering both the secured and unsecured lending businesses. Matt joined Barclays in 2004 as Director of Group Strategy, later progressing to become the Group Chief of Staff; a key strategic role in which he provided vital support to the Group CEO during the financial crisis. Matt went on to manage Barclays Group Corporate Strategy and Corporate Relations, Barclays Customer and Client Experience in Retail and Business Banking and Barclays UK Retail Products and Segments. Before Joining Barclays, Matt was a Senior Management Consultant at Marakon Associates where he worked for 12 years in the financial services, consumer products and energy sectors within the Americas and Europe.

Laura Padovani, Group Chief Compliance Officer
Laura is currently the Group Chief Compliance Officer for Barclays and has worked at the bank since 2015. Laura joined the bank as the Head of Global Compliance Services and was promoted to the role of Group Chief Compliance Officer in 2018. Laura joined from American Express and has over 25 years of financial services experience. She started her career with American Express in Argentina in 1991 where she established the first Compliance office and co-ordinated their Legal function. Laura moved to New York in 1997 to assist with the development of the Global Anti-Money Laundering Program for American Express. In 2000, Laura broadened her Financial Services experience moving to Aviva as the Head of International Compliance responsible for all non-UK offices across North America, Europe and Asia Pacific. Laura returned to American Express in 2004 focused on Global Consumer Financial Services and European Emerging Markets, and then as the Global Head of International Regulatory Compliance. Laura is fluent in Spanish and Italian and has been involved in many networking initiatives for Women, both at American Express and now at Barclays. She is also the global executive sponsor for Spectrum, Barlcays' LGBTQ network

Tristram Roberts, Group HR Director
Tristram is the Group Human Resources Director and a member of the Group Executive Committee. Tristram joined Barclays in July 2013 as HR Director for the Investment Bank. His remit was expanded in May 2014 to include HR responsibilities for Barclays Non-Core, and he became the Group HR Director in December 2015. Prior to Barclays, Tristram was Head of Human Resources for Global Functions and Operations & Technology at HSBC, as well as Group Head of Performance and Reward. Previously, he was Group Reward and Policy Director for Vodafone Group plc. Tristram began his career in consulting. He became a partner with Arthur Andersen in 2001 and was subsequently a partner with both Deloitte and KPMG.

Taalib Shaah, Group Chief Risk Officer
Taalib Shaah is Group Chief Risk Officer for Barclays, based in London. He is responsible for helping to define, set and manage the risk profile of the bank and leads the risk management organisation across the group. He is a member of the Group Executive Committee. Taalib joined Barclays in late 2014 as Chief Risk Officer for the Investment Bank and in 2017 assumed the role of Chief Risk Officer for Barclays International (BBPLC), responsible for the Corporate and Investment Bank, the Private Bank and the Cards & Payments business. He assumed his current role in October 2020. Prior to Barclays, Taalib spent four years at Citigroup where he was most recently Chief Risk Officer for Market Risk, Real Estate Credit, Treasury, Private Equity and Head of Model Validation. Previously, Taalib spent 17 years at Credit Suisse, working in various areas, including risk and the front office. He began his career at Ernst and Young.

Stephen Shapiro, Group General Counsel and Company Secretary
Stephen joined Barclays in November 2017 as Group Company Secretary and was subsequently appointed Group General Counsel in August 2020, in addition to his role as Company Secretary. Before joining Barclays Stephen served as the Group Company Secretary and Deputy General Counsel of SABMiller plc, and prior to this, he practised law as a partner in a law firm in South Africa, and subsequently in corporate law and M&A at Hogan Lovells in the UK. Stephen has extensive experience in corporate governance, legal, regulatory and compliance matters. Stephen serves as Vice Chair of the GC100, the association of General Counsel and Company Secretaries working in FTSE 100 companies, and has previously served as Chairman of the ICC UK's Committee on Anti-Corruption.

Ashok Vaswani, CEO, Consumer Banking & Payments
Ashok Vaswani is the Chief Executive Officer of Consumer Banking and Payments overseeing the execution of plans for the Group's consumer banking, private banking and payments businesses across Asia, UK, Europe and the US. Prior to this Ashok was the CEO for Barclays Bank UK, covering Retail Banking, Wealth, Business Banking and Barclaycard UK. Ashok joined Barclays in 2010, managing the credit card business across the UK, Europe and the Nordics, becoming chairman of Entercard. He went on to manage Barclays in Africa, Barclays Retail Business Bank globally and Barclays Personal and Corporate Banking. Ashok is a member of Barclays Executive Committee, and a board member for Pratham Board and the Trustee Board at Citizens Advice. He also sits on the advisory boards of a number of institutions such as Rutberg & Co and is Founder Director of Lend-a-Hand, a non-profit organisation focused on rural education in India. Ashok has previously served as a Non-Executive Director on the Board of Barclays Africa Group Limited, The Board of Directors, Telenor ASA and the advisory boards of S. P. Jain Institute of Management, Insead Singapore and Visa Asia Pacific. Prior to Barclays, Ashok was a partner with a JP Morgan Chase funded private equity firm – Brysam Global Partners, which was focused on building retail financial service businesses in emerging markets. Ashok has demonstrated a passion for building and managing businesses across the globe. He started his career in Mumbai, India and since then, has worked and lived in Asia, Europe, the Middle East and the US. Ashok spent twenty years with Citigroup. His last position at Citigroup was CEO, Asia Pacific. Ashok was also a member of the Citigroup Operating Committee, the Citigroup Management Committee, and the Global Consumer Planning Group.

C.S. Venkatakrishnan, Global Head of Markets, Co-President of Barclays Bank PLC (BBPLC)
C.S. Venkatakrishnan ("Venkat") is Global Head of Markets, Co-President of Barclays Bank PLC (BBPLC), and a member of the Group Executive Committee of Barclays, based in New York. Venkat leads our Credit, Equities, Macro, and Securitized Products businesses, and, together with Paul Compton, is responsible for overseeing the Corporate and Investment Bank, which comprises our global Banking, Markets and Corporate Banking businesses. Prior to his appointment as Global Head of Markets and Co-President of BBPLC in October 2020, Venkat served as Chief Risk Officer at Barclays. Prior to joining Barclays in 2016, he worked at JP Morgan Chase from 1994, holding senior roles in Asset Management where he was Chief Investment Officer for approximately $200 billion in Global Fixed Income, as well as in Investment Banking, and in Risk. Venkat is the executive sponsor for Embrace, the global multi-cultural network at Barclays.

Sasha Wiggins, Group Head of Public Policy and Corporate Responsibility
Sasha Wiggins is the Group Head of Public Policy and Corporate Responsibility at Barclays, based in London. She is a member of the bank's Group Executive Committee. Sasha is responsible for leading Barclays' efforts in tackling climate change, and for integrating the bank's ambition and commitments to help accelerate the transition to a low-carbon economy into the business. She also has accountability for the bank's sustainability and citizenship agendas, and for ensuring the company's societal purpose is present in strategic decision-making at the highest levels in the organisation. In addition, Sasha has overall responsibility for Corporate Relations and Regulatory Relations, and is also Group Chief of Staff to the Group Chief Executive. Sasha joined Barclays in 2002, progressing through a number of roles in the Private Bank. In 2015, she was appointed CEO of Barclays Bank Ireland, overseeing the Corporate Banking and Wealth businesses in the region. She subsequently became Head of East and South East for UK Corporate Banking coverage in 2017 where she was responsible for developing and executing the bank's strategy for the mid-corporate client segment. Sasha was appointed the Group Chief of Staff in 2018, and assumed her current role in May 2020, joining the Group Executive Committee.

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 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.

Summary of Barclays Group share and cash plans and long-term incentive plans

Barclays operates a number of share, cash and long-term incentive plans. The principal plans used for awards made in or, in respect of, the 2020 performance year are shown in the table below. Awards are granted by the Barclays PLC Board Remuneration Committee (the "Committee"), and are subject to the applicable plan rules (as amended from time to time). Share awards are granted over ordinary shares in Barclays PLC ("Shares"). Barclays has a number of employee benefit trusts which operate in conjunction with these plans. In some cases the trustee purchases Shares in the market to satisfy awards; in others, new issue or treasury Shares may be used to satisfy awards where the appropriate shareholder approval has been obtained.

Summary of principal share and cash plans and long-term incentive plans

Name of plan	Eligible employees	Executive Directors eligible	Delivery	Design details
Deferred Share Value Plan (DSVP)	All employees (excluding Directors)	No	Deferred Share awards, typically released in instalments over a three, five or seven year period, dependent on future service and subject to malus provisions	– Plan typically used for mandatory deferral of a proportion of bonus into Shares where bonus is above a threshold (set annually by the Committee). – This plan typically works in tandem with the CVP (below). – DSVP awards vest over three, five or seven years dependent on future service. – Vesting is subject to malus, suspension provisions and the other provisions of the rules of the DSVP. – For awards granted before 2018, dividend equivalents may be released based on the number of Shares under award that are released. – On cessation of employment, eligible leavers (as set out in the rules of the DSVP) normally remain eligible for release (on the scheduled release dates) subject to the Committee and/or trustee discretion. For other leavers, awards will normally lapse. – On change of control, awards may vest at the Committee's and/or trustee's discretion. – For DSVP awards made to Material Risk Takers ("MRTs"), a holding period of either 6 or 12 months will apply to Shares (after tax) on release.
Share Value Plan (SVP)	All employees (including executive Directors)	Yes	Deferred Share awards, typically released in instalments over a three, five or seven year period, dependent on future service and subject to malus provisions	– The SVP is in all material respects the same as the DSVP described above. The principle differences are that (i) executive Directors may only participate in the SVP and (ii) under the DSVP, if a MRT whose award is deferred over five or seven years resigns after the third anniversary of grant, they will automatically be treated as an eligible leaver in respect of any unvested tranches of that award.
Cash Value Plan (CVP)	All employees (excluding Directors)	No	Deferred cash award typically released in instalments over a three, five or seven year period, dependent on future service and subject to malus provisions	– The CVP is typically used for mandatory deferral of a proportion of bonus where bonus is above a threshold (set annually by the Committee. – This plan typically works in tandem with the DSVP. – CVP awards vest over three, five or seven years dependent on future service. – Vesting is subject to malus, suspension provisions and the other provisions of the rules of the CVP. – Participants granted awards before 2020 may be awarded a service credit of 10% of the initial value of the award on the third anniversary of a grant. – Change of control and leaver provisions are as for DSVP.
Barclays Long Term Incentive Plan (LTIP)	Selected employees (including executive Directors)	Yes	Awards over Shares subject to risk-adjusted performance conditions and malus provisions	– Awarded on a discretionary basis with participation reviewed by the Committee. – Awards only vest if the risk-adjusted performance conditions are satisfied over a three year period. – LTIP awards vest over seven years dependent on future service.

				– Vesting is subject to malus, suspension provisions and the other provisions of the rules of the LTIP. – Any Shares released under the LTIP award (after payment of tax) will be subject to an additional holding period of no less than the minimum regulatory requirements (currently 12 months). – On cessation of employment, eligible leavers normally remain eligible for release (on the scheduled release dates) pro-rated for time and performance. For other leavers, awards will normally lapse. – On change of control, awards may vest at the Committee's discretion.
Sharesave	All employees in the UK and Ireland	Yes	Options over Shares at a discount of 20%, with Shares delivered or cash value of savings returned after three to five years	– HMRC tax advantaged plan in the UK and approved by the Revenue Commissioners in Ireland. – Opportunity to purchase Shares at a discount price (currently a 20% discount) set on award date with savings made over three or five year term. – Maximum individual savings of £300 per month or the Euro equivalent in Ireland. – On cessation of employment, eligible leavers may exercise options and acquire Shares to the extent of their savings for six months. – On change of control, participants may exercise options and acquire Shares to the extent of their savings for six months.
Sharepurchase	All employees in the UK	Yes	Shares purchased from gross salary deductions and Dividend/Matching Shares are held in trust for three to five years	– HMRC tax advantaged plan in the UK. – Participants may purchase up to £1,800 of Shares each tax year ("Partnership Shares"). – Barclays matches the first £600 of Partnership Shares on a one for one basis for each tax year ("Matching Shares"). – Dividends received are awarded as Dividend Shares. – Partnership Shares may be withdrawn at any time (though if removed prior to three years from award, the corresponding Matching Shares are forfeited). – Depending on reason for and timing of leaving, Matching Shares may be forfeited. – On change of control, participants are able to instruct the Sharepurchase trustee how to act or vote on their behalf in relation to their Shares.
Global Sharepurchase	Employees in certain non-UK jurisdictions	Yes	Shares purchased from net salary deductions and Dividend/Matching Shares are held in trust for three to five years	– Global Sharepurchase is an extension of the Sharepurchase plan (above). – Operates in substantially the same way as Sharepurchase but without the tax advantages.

Related undertakings

The 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' 2020 Country Snapshot provides details of where the 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 and the share capital disclosed comprises ordinary and/or common shares, 100% of the nominal value of which is held by the Group subsidiaries.

Notes

A	Directly held by Barclays PLC
B	Partnership Interest
C	Membership Interest
D	Trust Interest
E	Guarantor
F	Preference Shares
G	A Preference Shares
H	B Preference Shares
I	Ordinary/Common Shares in addition to other shares
J	A Ordinary Shares
K	B Ordinary Shares
L	C Ordinary Shares
M	F Ordinary Shares
N	W Ordinary Shares
O	First Preference Shares, Second Preference Shares
P	Registered Address not in country of incorporation
Q	Core Shares, Insurance (Classified) Shares
R	B, C, D, E (94.36%), F (94.36%), G (94.36%), H (94.36%), I (94.36%), J (95.23%) and K Class Shares
S	A Unit Shares, B Unit Shares
T	Non-Redeemable Ordinary Shares
U	C Preference Shares, D Preference Shares
V	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
W	First Class Common Shares, Second Class Common Shares
X	PEF Carry Shares
Y	EUR Tracker 1 Shares, GBP Tracker 1 Shares, USD Tracker 1 Shares, USD Tracker 2 Shares, USD Tracker 3 Shares
Z	Not Consolidated (see Note 35 Structured entities)
AA	USD Linked Ordinary Shares
BB	Redeemable Class B Shares
CC	Capital Contribution Shares
DD	Nominal Shares
EE	Class A Redeemable Preference Shares
FF	Class B Redeemable Preference Shares
GG	A Shares – Tranche I, Premium – Tranche I, C Shares – Tranche II, Premium – Tranche II
II	D Ordinary Shares

Wholly owned subsidiaries	Note
United Kingdom	
- 1 Churchill Place, London, E14 5HP	
Aequor Investments Limited	
Ardencroft Investments Limited	
B D & B Investments Limited	
B.P.B. (Holdings) Limited	
Barclay Leasing Limited	
Barclays (Barley) Limited (In Liquidation)	J, K
Barclays Aldersgate Investments Limited	
Barclays Asset Management Limited	
Barclays Bank PLC	A, F, I
Barclays Bank UK PLC	A
Barclays Capital Asia Holdings Limited	
Barclays Capital Finance Limited	
Barclays Capital Japan Securities Holdings Limited	
Barclays Capital Nominees (No.2) Limited	
Barclays Capital Nominees (No.3) Limited	
Barclays Capital Nominees Limited	
Barclays Capital Securities Client Nominee Limited	
Barclays Capital Securities Limited	F, I
Barclays CCP Funding LLP	B
Barclays Converted Investments (No.2) Limited	
Barclays Direct Investing Nominees Limited	
Barclays Directors Limited	
Barclays Equity Holdings Limited	
Barclays Execution Services Limited	A
Barclays Executive Schemes Trustees Limited	
Barclays Financial Planning Nominee Company Limited	
Barclays Funds Investments Limited	
Barclays Global Shareplans Nominee Limited	
Barclays Group Holdings Limited	
Barclays Group Operations Limited	
Barclays Industrial Development Limited	
Barclays Industrial Investments Limited	
Barclays Insurance Services Company Limited	
Barclays International Holdings Limited	
Barclays Investment Management Limited	
Barclays Investment Solutions Limited	
Barclays Leasing (No.9) Limited	
Barclays Long Island Limited	
Barclays Marlist Limited	
Barclays Mercantile Business Finance Limited	
Barclays Nominees (George Yard) Limited	Z
Barclays Pension Funds Trustees Limited	
Barclays Principal Investments Limited	A, J, K
Barclays Private Bank	
Barclays SAMS Limited	

Wholly owned subsidiaries	Note
Barclays Security Trustee Limited	A
Barclays Services (Japan) Limited	
Barclays Shea Limited	
Barclays Singapore Global Shareplans Nominee Limited	
Barclays Term Funding Limited Liability Partnership	B
Barclays UK Investments Limited	
Barclays Unquoted Investments Limited	
Barclays Unquoted Property Investments Limited	
Barclays Wealth Nominees Limited	
Barclayshare Nominees Limited	
Barcosec Limited	
Barsec Nominees Limited	
BB Client Nominees Limited	
BMBF (No.24) Limited	
BMI (No.9) Limited	
BNRI ENG 2013 Limited Partnership	B
BNRI ENG 2014 Limited Partnership	B
BNRI ENG GP LLP	B
BNRI England 2010 Limited Partnership	B
BNRI England 2011 Limited Partnership	B
BNRI England 2012 Limited Partnership	B
Carnegie Holdings Limited	I, J, K
Chapelcrest Investments Limited	
Clydesdale Financial Services Limited	
Cobalt Investments Limited	
Cornwall Homes Loans Limited	
CP Flower Guaranteeco (UK) Limited (In Liquidation)	E
CPIA England 2009 Limited Partnership	B
CPIA England No.2 Limited Partnership	B
DMW Realty Limited	
Dorset Home Loans Limited	
Durlacher Nominees Limited	
Eagle Financial and Leasing Services (UK) Limited	
Equity Value Investments No.1 Limited	
Equity Value Investments No.2 Limited	
Finpart Nominees Limited	
FIRSTPLUS Financial Group Limited	
Foltus Investments Limited	
Global Dynasty Natural Resource Private Equity Limited Partnership	B
Globe Nominees Limited	
Hawkins Funding Limited	
Heraldglen Limited	I, O
Isle of Wight Home Loans Limited	
J.V. Estates Limited	

Wholly owned subsidiaries	Note
Kirsche Investments Limited	
Long Island Assets Limited	
Maloney Investments Limited	
Menlo Investments Limited	
Mercantile Credit Company Limited	
Mercantile Leasing Company (No.132) Limited	
MK Opportunities LP	B
Murray House Investment Management Limited (In Liquidation)	
Naxos Investments Limited	
North Colonnade Investments Limited	
Northwharf Investments Limited	I, X
Northwharf Nominees Limited	
Radbroke Mortgages UK Limited	
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	I, Y
Roder Investments No. 2 Limited	I, Y
RVT CLO Investments LLP	B
Solution Personal Finance Limited	
Surety Trust Limited	
Sustainable Impact Capital Limited	
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	
Westferry Investments Limited	
Woolwich Homes Limited	
Woolwich Qualifying Employee Share Ownership Trustee Limited	
Zeban Nominees Limited	
- Hill House, 1 Little New Street, London, EC4A 3TR	
Barclays Nominees (Branches) Limited (In Liquidation)	
Gerrard Management Services Limited (In Liquidation)	
Lombard Street Nominees Limited (In Liquidation)	
Ruthenium Investments Limited (In Liquidation)	
Woolwich Plan Managers Limited (In liquidation)	
Woolwich Surveying Services Limited (In liquidation)	

Related undertakings continued

Wholly owned subsidiaries	Note
- 5 The North Colonnade, London, E14 4BB	
Leonis Investments LLP	B
- Aurora Building, 120 Bothwell Street, Glasgow, G2 7JS	
R.C. Grieg Nominees Limited	
- 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ	
BNRI PIA Scot GP Limited	
BNRI Scots GP, LLP	B
Pecan Aggregator LP	B
- Logic House, Waterfront Business Park, Fleet Road, Fleet, GU51 3SB	
The Logic Group Enterprises Limited	
The Logic Group Holdings Limited	J
- 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
Argentina	
- 855 Leandro N.Alem Avenue, 8th Floor, Buenos Aires	
Compañía Sudamerica S.A.	
- Marval, O'Farrell & Mairal, Av. Leandro N. Alem 882, Buenos Aires, C1001AAQ	
Compañia Regional del Sur S.A.	
Brazil	
- Av. Brigadeiro Faria Lima, No. 4.440, 12th Floor, Bairro Itaim Bibi, Sao Paulo, CEP, 04538-132	
Barclays Brasil Assessoria Financeira Ltda	
BNC Brazil Consultoria Empresarial Ltda	
Canada	
- 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	
- 5 The North Colonnade London, E14 4BB	
CPIA Canada Holdings	B, P
Cayman Islands	
- 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	
Barclays Capital (Cayman) Limited	
Barclays Securities Financing Limited	F, I
Braven Investments No.1 Limited	
Calthorpe Investments Limited	
Capton Investments Limited	
Claudas Investments Limited	I,EE,FF
Claudas Investments Two Limited	
CPIA Investments No.1 Limited	V
CPIA Investments No.2 Limited	F, I
Gallen Investments Limited	
Hurley Investments No.1 Limited	
JV Assets Limited	L
Mintaka Investments No. 4 Limited	
OGP Leasing Limited	
Palomino Limited	Z
Pelleas Investments Limited	
Pippin Island Investments Limited	
Razzoli Investments Limited	F, I
RVH Limited	F, I
Wessex Investments Limited	
- Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, KY1- 9008	
Long Island Holding B Limited	

Wholly owned subsidiaries	Note
China	
- Room 213, Building 1, No. 1000 Chenhui Rvh Road, Zhangjiang Hi-Tech Park, Shanghai	
Barclays Technology Centre (Shanghai) Company Limited (In Liquidation)	
Germany	
- TaunusTurm, Taunustor 1, 60310, Frankfurt	
Barclays Capital Effekten GmbH	
- Stuttgarter Straße 55-57, 73033 Göppingen	
Holding Stuttgarter Straße GmbH (In Liquidation)	
Guernsey	
- P.O. Box 33, Dorey Court, Admiral Park, St. Peter Port, GY1 4AT	
Barclays UKRF No.1 IC Limited	Z
Barclays UKRF ICC Limited	Z
Barclays Insurance Guernsey PCC Limited	Q
- PO BOX 41, Floor 2, Le Marchant House, Le Truchot, St Peter Port, GY1 3BE	
Barclays Nominees (Guernsey) Limited (In Liquidation)	
Hong Kong	
- 42nd floor Citibank Tower, Citibank Plaza, 3 Garden Road	
Barclays Bank (Hong Kong Nominees) Limited (in Liquidation)	
Barclays Capital Asia Nominees Limited (In Liquidation)	
- Level 41, Cheung Kong Center, 2 Queen's Road, Central	
Barclays Capital Asia Limited	
India	
- 208 Ceejay House, Shivsagar Estate, Dr A Beasant Road, Worli, Mumbai, 400 018	
Barclays Securities (India) Private Limited	
Barclays Wealth Trustees (India) Private Limited	
- 5th to 12th Floor (Part), Building G2, Gera Commerzone SEZ, Survey No.65, Kharadi, Pune, 411014	
Barclays Global Service Centre Private Limited	
- Level 10, Block B6, Nirlon Knowledge Park, Off Western Express Highway, Goregaon (East), Mumbai, 40063	
Barclays Investments & Loans (India) Private Limited	F, I
Ireland	
- One Molesworth Street, Dublin 2, D02RF29	
Barclaycard International Payments Limited	
Barclays Bank Ireland Public Limited Company	
Barclays Europe Client Nominees Designated Activity Company	
Barclays Europe Firm Nominees Designated Activity Company	
Barclays Europe Nominees Designated Activity Company	
- 25-28 North Wall Quay, Dublin 1, D01H104	
Erimon Home Loans Ireland Limited	
-70 Sir John Rogerson's Quay, Dublin 2	
Barclays Finance Ireland Limited	
Isle of Man	
- P O Box 9, Victoria Street, Douglas, IM99 1AJ	
Barclays Nominees (Manx) Limited	
Barclays Private Clients International Limited	J, K
-2nd Floor, St Georges Court, Upper Church Street, Douglas, IM1 1EE	
Barclays Holdings (isle of Man) Limited (In Liquidation)	
Japan	
- 10-1, Roppongi 6-chome, Minato-ku, Tokyo	
Barclays Funds and Advisory Japan Limited	

Wholly owned subsidiaries	Note
Barclays Securities Japan Limited	
Barclays Wealth Services Limited	
Jersey	
- 2nd Floor, Gaspé House, 66-72 Esplanade, St. Helier, JE1 1GH	
Barclays Services Jersey Limited	
- 5 Espalanade, St Helier, JE2 3QA	
Barclays Wealth Management Jersey Limited	
BIFML PTC Limited	
- 13 Castle Street, St. Helier, JE4 5UT	
Barclays Index Finance Trust	S
- Lime Grove House, Green Street, St Helier, JE1 2ST	
Barbridge Limited (In Liquidation)	I, DD
- 13 Library Place, St Helier, JE4 8NE	
Barclays Nominees (Jersey) Limited	
Barclaytrust Channel Islands Limited	
- Estera Trust (Jersey) Limited, 13-14 Esplanade, St Helier, JE1 1EE	
MK Opportunities GP Ltd	
Korea, Republic of	
- A-1705 Yeouido Park Center, 28-3 Yeouido-dong, Yeongdeungpo-gu, Seoul	
Barclays Korea GP Limited	
Luxembourg	
- 9, allée Scheffer, L-2520	
Barclays Alzin Investments S.à r.l.	
Barclays Bayard Investments S.à r.l.	J, K
Barclays Bedivere Investments S.à r.l.	
Barclays Bordang Investments S.à r.l.	
Barclays BR Investments S.à r.l.	
Barclays Cantal Investments S.à r.l.	
Barclays Capital Luxembourg S.à r.l.	
Barclays Capital Trading Luxembourg S.à r.l.	J, K
Barclays Claudas Investments S.à r.l.	
Barclays Equity Index Investments S.à r.l.	
Barclays International Luxembourg Dollar Holdings S.à r.l.	
Barclays Lamorak Investments S.à r.l.	T
Barclays Leto Investments S.à r.l.	
Barclays Luxembourg EUR Holdings S.à r.l	T
Barclays Luxembourg Finance S.à r.l.	
Barclays Luxembourg GBP Holdings S.à r.l.	T
Barclays Luxembourg Global Funding S.à r.l.	
Barclays Luxembourg Holdings S.à r.l.	I, AA
Barclays Luxembourg Holdings SSC	B
Barclays Pelleas Investments S.à r.l.	
- 68-70 Boulevard de la Petrusse, L-2320	
Adler Toy Holding Sarl	
Mauritius	
- C/O Rogers Capital Corporate Services Limited, 3rd Floor, Rogers House, No.5 President John Kennedy Street, Port Louis	
Barclays Capital Mauritius Limited (In Liquidation)	
Barclays Capital Securities Mauritius Limited	
- Fifth Floor, Ebene Esplanade, 24 Cybercity, Ebene	
Barclays Mauritius Overseas Holdings Limited	
Mexico	
- Paseo de la Reforma 505, 41 Floor, Torre Mayor, Col. Cuauhtemoc, CP 06500	
Barclays Bank Mexico, S.A.	K, M
Barclays Capital Casa de Bolsa, S.A. de C.V.	K, M
Grupo Financiero Barclays Mexico, S.A. de C.V.	K, M
Servicios Barclays, S.A. de C.V.	
Monaco	
- 31 Avenue de la Costa, Monte Carlo BP 339	
Barclays Private Asset Management (Monaco) S.A.M	

Additional information

Related undertakings continued

Wholly owned subsidiaries	Note
Philippines	
- 21/F, Philamlife Tower, 8767 Paseo de Roxas, Makati City, 1226	
Meridian (SPV-AMC) Corporation	
Saudi Arabia	
- 3rd Floor Al Dahna Center, 114 Al-Ahsa Street, PO Box 1454, Riyadh 11431	
Barclays Saudi Arabia (In Liquidation)	
Singapore	
- 10 Marina Boulevard, #24-01 Marina Bay Financial Centre, Tower 2, 018983	
Barclays Capital Futures (Singapore) Private Limited	
Barclays Capital Holdings (Singapore) Private Limited	
Barclays Merchant Bank (Singapore) Ltd.	
Spain	
- Calle Jose, Abascal 51, 28003, Madrid	
Barclays Tenedora De Inmuebles SL.	
BVP Galvani Global, S.A.U.	
Switzerland	
- Chemin de Grange Canal 18-20, PO Box 3941, 1211, Geneva	
Barclays Bank (Suisse) SA	
Barclays Switzerland Services SA	
BPB Holdings SA	
United States	
- Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	
Analytical Trade Holdings LLC	
Analytical Trade Investments LLC	BB
Archstone Equity Holdings Inc	
Barclays Bank Delaware	F, I
Barclays Capital Derivatives Funding LLC	C
Barclays Capital Energy Inc.	
Barclays Capital Equities Trading GP	B
Barclays Capital Holdings Inc.	G, H, I
Barclays Capital Real Estate Finance Inc.	
Barclays Capital Real Estate Holdings Inc.	
Barclays Capital Real Estate Inc.	
Barclays Commercial Mortgage Securities LLC	C
Barclays Dryrock Funding LLC	C
Barclays Electronic Commerce Holdings Inc.	
Barclays Financial LLC	C
Barclays Group US Inc.	G, I
Barclays Insurance U.S. Inc.	
Barclays Oversight Management Inc.	
Barclays Receivables LLC	C
Barclays Services Corporation	
Barclays Services LLC	C
Barclays US CCP Funding LLC	C
Barclays US Funding LLC	C
Barclays US Investments Inc.	J, K
Barclays US LLC	G,H,I, U
BCAP LLC	C
Crescent Real Estate Member LLC	C
Curve Investments GP	B
Gracechurch Services Corporation	
Lagalla Investments LLC	
Long Island Holding A LLC	C
LTDL Holdings LLC	C
Marbury Holdings LLC	
Preferred Liquidity, LLC	J
Procella Investments No.2 LLC	C
Procella Investments No.3 LLC	C
Relative Value Holdings, LLC	
Surrey Funding Corporation	
Sussex Purchasing Corporation	
Sutton Funding LLC	C
TPProperty LLC	C

Wholly owned subsidiaries	Note
US Secured Investments LLC	CC
Verain Investments LLC	
Wilmington Riverfront Receivables LLC	J, K
-Corporation Service Company, 80 State Street, Albany, NY, 12207-2543	
Barclays Payment Solutions Inc.	
- Corporation Service Company, 100 Pearl Street, 17th Floor, MC-CSC1, Hartford, CT 06103	
Barclays Capital Inc.	
- 745 Seventh Avenue, New York NY 10019	
Alynore Investments Limited Partnership	B
Glenwood Ave, Suite 550, Raleigh, NC, 27608	
Barclays US GPF Inc.	
Equifirst Corporation (In Liquidation)	
Zimbabwe	
- 2 Premium Close, Mount Pleasant Business Park, Mount Pleasant, Harare	
Branchcall Computers (Pvt) Limited	

Other Related Undertakings

Unless otherwise stated, the undertakings below are consolidated and the share capital disclosed comprises ordinary and/or common shares which are held by subsidiaries of the Group. The Group's overall ownership percentage is provided for each undertaking.

Other Related Undertakings	%	Note
United Kingdom		
- 1 Churchill Place, London, E14 5HP		
Barclaycard Funding PLC	75.00	J
PSA Credit Company Limited (In Liquidation)	50.00	J, L
Barclays Covered Bond Funding LLP (In Liquidation)	50.00	B
Barclays Covered Bonds Limited Liability Partnership	50.00	B
- St Helen's, 1 Undershaft, London, EC3P 3DQ		
Igloo Regeneration (General Partner) Limited	25.00	L, Z
- 3 - 5 London Road, Rainham, Kent, ME8 7RG		
Trade Ideas Limited	20.00	Z
- 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ		
Equistone Founder Partner II L.P.	20.00	B, Z
Equistone Founder Partner III L.P.	35.00	B, Z
- Enigma, Wavendon Business Park Milton Keynes, MK17 8LX		
Intelligent Processing Solutions Limited	19.50	Z
- 65A Basinghall Street, London, EC2V 5DZ		
Cyber Defence Alliance Limited	25.00	E, Z
- Gate House, Turnpike Road, High Wycombe, Buckinghamshire HP12 3NR		
GW City Ventures Limited	50.00	K, Z
GN Tower Limited	50.00	Z
- 55 Baker Street, London, W1U 7EU		
Formerly H Limited (In Liquidation)	70.32	J,Z,K,L,II
- Haberfield Old Moor Road, Wennington, Lancaster, LA2 8PD		
Full House Holdings Limited	67.42	J,Z,K.L,II
- 6th Floor 60 Gracechurch Street, London, EC3V 0HR		
- 13-15 York Buildings, London, WC2N 6JU		
BGF Group PLC	24.58	Z
- Aurora Building, 120 Bothwell Street, Glasgow, G2 7JS		
Buchanan Wharf (Glasgow) Management Limited	78.00	E

Other Related Undertakings	%	Note
Cayman Islands		
-PO Box 309GT, Ugland House, South Church Street, Grand Cayman, KY1-1104		
Barclays US Holdings Limited	90	J
Third Energy Holdings Limited	78.94	F, J, K, Z
Korea, Republic of		
- 18th Floor, Daishin Finance Centre, 343, Samil-daero, Jung-go, Seoul		
Woori BC Pegasus Securitization Specialty Co., Limited	70.00	W
Luxembourg		
- 9, allée Scheffer, L-2520		
BNRI Limehouse No.1 Sarl	96.30	R
Preferred Funding S.à r.l.	33.33	FF
Preferred Investments S.à r.l.	33.33	FF, I
Malta		
- RS2 Buildings, Fort Road, Mosta MST 1859		
RS2 Software PLC	18.25	Z
Monaco		
- 31 Avenue de la Costa, Monte Carlo		
Societe Civile Immobiliere 31 Avenue de la Costa	75.00	
Netherlands		
- Alexanderstraat 18, 2514 JM, The Hague		
Tulip Oil Holding BV	30.36	GG, Z
Portugal		
Av. Manuel Júlio Carvalho e Costa, no. 15-A, 2750-423 Cascais		
Projepolska, S.A. (In Liquidation)	24.50	Z
South Africa		
- 9 Elektron Road, Techno Park, Stellenbosch 7600		
Imalivest Mineral Resources LP	66.63	J, K, Z
Sweden		
- c/o ForeningsSparbanken AB, 105 34 Stockholm		
EnterCard Group AB	40.00	K, Z
United States of America		
- Corporation Services Company, 251 Little Falls, Drive Wilmington, DE, 19808		
DG Solar Lessee II, LLC	75.00	C, Z
DG Solar Lessee, LLC	75.00	C, Z
-Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington DE 19801		
VS BC Solar Lessee I LLC	50.00	C, Z

Subsidiaries by virtue of control

The related undertakings below are Subsidiaries in accordance with s.1162 Companies Act 2006 as Barclays can exercise dominant influence or control over them.

Subsidiaries by virtue of control	%	Note
United Kingdom		
- 1 Churchill Place, London, E14 5HP		
Oak Pension Asset Management Limited	00.00	Z
Water Street Investments Limited	00.00	Z
Cayman Islands		
- PO Box 309GT, Ugland House, South Church Street, Grand Cayman, KY1-1104		
Hornbeam Limited	00.00	Z

Related undertakings continued

Joint Ventures

The related undertakings below are Joint Ventures in accordance with s. 18, Schedule 4, The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and are proportionally consolidated.

Joint Ventures	%	Note
United Kingdom		
- All Saints Triangle, Caledonian Road, London, N1 9UT		
Vaultex UK Limited	50.00	

Joint management factors

The Joint Venture Board comprises two Barclays representative directors, two JV partner directors and three non-JV partner directors. The Board are responsible for setting the company strategy and budgets.

Deposits and short-term borrowings

Deposits

Deposits include deposits from banks and customer accounts.

Average for the year ended 31 December	2020 £m	2019 £m	2018 £m
Deposits at amortised cost			
UK	**364,736**	329,810	313,829
Europe	**47,365**	39,191	32,707
Americas	**37,032**	31,531	33,441
Asia	**12,509**	8,809	6,761
Africa	**8,865**	7,589	7,273
Total deposits at amortised cost	**470,507**	416,930	394,011

For the year ended 31 December[a]	2020 £m	2019 £m	2018 £m
Deposits at amortised cost	**481,036**	415,787	394,838
In offices in the United Kingdom:			
Current and demand accounts			
- interest free	**132,484**	98,207	94,074
- interest bearing	**40,543**	34,362	31,309
Savings accounts	**145,376**	128,290	123,789
Other time deposits - retail	**11,549**	14,585	12,677
Other time deposits - wholesale	**70,125**	64,774	64,675
Total repayable in offices in the United Kingdom	**400,077**	340,218	326,524
In offices outside the United Kingdom:			
Current and demand accounts			
- interest free	**15,309**	10,613	11,091
- interest bearing	**13,772**	12,932	12,240
Savings accounts	**14,940**	14,109	13,801
Other time deposits	**36,938**	37,915	31,182
Total repayable in offices outside the United Kingdom	**80,959**	75,569	68,314

Deposits at amortised cost in offices in the United Kingdom received from non-residents amounted to £34,370m (2019: £32,685m).

Note
a The UK/Non-UK deposit analysis is based on the location of the office where the transactions are recorded.

Additional financial disclosure

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 £m	2019 £m	2018 £m
Year-end balance	**17,343**	15,402	14,166
Average balance[a]	**25,255**	22,162	19,736
Maximum balance[a]	**38,215**	27,009	26,426
Average interest rate during year	**0.3%**	1.5%	2.0%
Year-end interest rate	**0.5%**	2.2%	2.7%

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.

	2020 £m	2019 £m	2018 £m
Year-end balance	**14,430**	14,269	14,479
Average balance[a]	**20,939**	18,289	12,192
Maximum balance[a]	**25,427**	21,086	15,192
Average interest rate during year	**1.2%**	1.2%	1.1%
Year-end interest rate	**1.8%**	1.5%	0.9%

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 £m	2019 £m	2018 £m
Year-end balance	**7,160**	8,056	10,861
Average balance[a]	**13,418**	11,153	18,485
Maximum balance[a]	**19,317**	13,769	24,098
Average interest rate during year	**1.0%**	2.8%	1.2%
Year-end interest rate	**1.8%**	3.9%	2.0%

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 £m	2019 £m	2018 £m
Year-end balance	**14,174**	14,517	18,578
Average balance[a]	**21,015**	17,036	19,962
Maximum balance[a]	**35,958**	22,292	23,341
Average interest rate during year	**0.3%**	0.9%	0.9%
Year-end interest rate	**0.5%**	1.4%	1.0%

Note
a Calculated based on month-end balances.

Additional financial disclosure

Commitments and contractual obligations

Commercial commitments include guarantees, contingent liabilities and standby facilities.

Commercial commitments

	Amount of commitment expiration per period				
	Less than one year	Between one to three years	Between three to five years	After five years	Total amounts committed
	£m	£m	£m	£m	£m
As at 31 December 2020					
Guarantees and letters of credit pledged as collateral security	**15,642**	**23**	**-**	**-**	**15,665**
Performance guarantees, acceptances and endorsements	**5,942**	**2**	**-**	**-**	**5,944**
Documentary credits and other short-term trade related transactions	**1,086**	**-**	**-**	**-**	**1,086**
Standby facilities, credit lines and other commitments	**331,374**	**359**	**202**	**28**	**331,963**
As at 31 December 2019					
Guarantees and letters of credit pledged as collateral security	17,493	107	6	-	17,606
Performance guarantees, acceptances and endorsements	6,810	78	22	11	6,921
Documentary credits and other short-term trade related transactions	1,291	-	-	-	1,291
Standby facilities, credit lines and other commitments	332,160	367	273	364	333,164

Contractual obligations include debt securities and purchase obligations.

Contractual obligations

	Payments due by period				
	Less than one year	Between one to three years	Between three to five years	After five years	Total
	£m	£m	£m	£m	£m
As at 31 December 2020					
Long-term debt[a]	**32,723**	**19,182**	**15,867**	**34,899**	**102,671**
Purchase obligations	**981**	**1,387**	**342**	**125**	**2,835**
Total	**33,704**	**20,569**	**16,209**	**35,024**	**105,506**
As at 31 December 2019					
Long-term debt[a]	27,979	22,152	20,418	36,272	106,821
Purchase obligations	651	951	463	128	2,193
Total	28,630	23,103	20,881	36,400	109,014

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 £3.3bn (2019: £2.4bn).

Further information on the contractual maturity of the 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 £m	2019 £m	2018 £m
Investment securities			
US government, other public bodies and agencies	**18,192**	16,952	14,323
United Kingdom government	**16,680**	17,617	9,400
Other government	**33,337**	18,748	16,067
Mortgage and asset backed securities	**4,012**	2,730	2,119
Corporate and other issuers	**29,320**	25,817	14,856
Debt securities	**101,541**	81,864	56,765
Equity securities	**761**	1,023	1,122
Investment securities	**102,302**	82,887	57,887
Other securities			
US government, other public bodies and agencies	**21,005**	19,782	23,890
United Kingdom government	**7,193**	10,393	10,155
Other government	**17,831**	12,045	9,825
Mortgage and asset backed securities	**1,733**	2,354	2,024
Corporate and other issuers	**10,413**	13,415	15,911
Debt securities	**58,175**	57,989	61,805
Equity securities	**66,812**	63,495	45,584
Other securities	**124,987**	121,484	107,389

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.

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	
As at 31 December 2020	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %	Amount £m	Yield %
US government, other public bodies and agencies	**3,211**	**1.3%**	**8,119**	**0.6%**	**5,259**	**1.1%**	**1,603**	**2.5%**	**18,192**	**1.0%**
United Kingdom government	**653**	**1.3%**	**8,002**	**1.4%**	**2,085**	**2.0%**	**5,940**	**1.1%**	**16,680**	**1.3%**
Other government	**8,435**	**0.6%**	**11,443**	**1.1%**	**9,474**	**0.8%**	**3,985**	**1.6%**	**33,337**	**0.9%**
Other issuers	**4,648**	**1.2%**	**16,271**	**1.6%**	**7,365**	**1.1%**	**5,048**	**1.0%**	**33,332**	**1.3%**
Total book value	**16,947**	**0.9%**	**43,835**	**1.2%**	**24,183**	**1.0%**	**16,576**	**1.3%**	**101,541**	**1.1%**

The yield for each range of maturities is calculated by dividing the annualised interest income prevailing at the 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 financial disclosure

Average balance sheet

Average balances are based upon monthly averages.

Assets		2020				
		Average balance £m	Interest income £m	Interest expense[a] £m	Total net interest £m	Rate %
Cash and balances at central banks	UK	79,242	133	(19)	114	0.1
Cash and balances at central banks	Non-UK	123,183	142	(281)	(139)	(0.1)
Cash and balances at central banks	**Total**	**202,425**	**275**	**(300)**	**(25)**	**-**
Loans and advances at amortised cost	UK	286,214	7,194	-	7,194	2.5
Loans and advances at amortised cost	Non-UK	72,177	2,986	(4)	2,982	4.1
Loans and advances at amortised cost[b]	**Total**	**358,391**	**10,180**	**(4)**	**10,176**	**2.8**
Cash collateral	UK	65,225	214	(31)	183	0.3
Cash collateral	Non-UK	18,110	36	-	36	0.2
Cash collateral	**Total**	**83,335**	**250**	**(31)**	**219**	**0.3**
Reverse repurchase agreements	UK	1,893	16	-	16	0.8
Reverse repurchase agreements	Non-UK	8,917	4	(9)	(5)	(0.1)
Reverse repurchase agreements	**Total**	**10,810**	**20**	**(9)**	**11**	**0.1**
Interest earning assets at fair value through other comprehensive income	UK	71,931	721	-	721	1.0
Interest earning assets at fair value through other comprehensive income	Non-UK	2,927	55	-	55	1.9
Interest earning assets at fair value through other comprehensive income	**Total**	**74,858**	**776**	**-**	**776**	**1.0**
Other interest and similar income[c]			391	-	391	-
Total interest earning assets not at fair value through income statement		**729,819**	**11,892**	**(344)**	**11,548**	**1.6**
Less: interest and similar expense			(3,770)	344	(3,426)	-
Net interest		**729,819**	**8,122**	**-**	**8,122**	**-**
Financial assets at fair value through income statement	UK	187,927				
Financial assets at fair value through income statement	Non-UK	76,369				
Financial assets at fair value through income statement	**Total**	**264,296**				
Total interest earning assets		**994,115**				
Impairments		(7,969)				
Non-interest earning assets		425,438				
Total		**1,411,584**				
Percentage of total average interest earning assets in offices outside the UK		**30%**				

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 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 Group.

c Other interest and similar income principally includes interest income relating to hedging activity.

Additional information
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Assets		2019				
		Average balance	Interest income	Interest expense[a]	Total net interest	Rate
		£m	£m	£m	£m	%
Cash and balances at central banks	UK	70,371	465	(28)	437	0.6
Cash and balances at central banks	Non-UK	101,423	626	(233)	393	0.4
Cash and balances at central banks	**Total**	171,794	1,091	(261)	830	0.5
Loans and advances at amortised cost	UK	271,607	8,682	-	8,682	3.2
Loans and advances at amortised cost	Non-UK	71,976	3,768	(3)	3,765	5.2
Loans and advances at amortised cost[b]	**Total**	343,583	12,450	(3)	12,447	3.6
Cash collateral	UK	59,446	394	(14)	380	0.6
Cash collateral	Non-UK	7,400	49	-	49	0.7
Cash collateral	**Total**	66,846	443	(14)	429	0.6
Reverse repurchase agreements	UK	2,990	57	-	57	1.9
Reverse repurchase agreements	Non-UK	2,041	11	-	11	0.5
Reverse repurchase agreements	**Total**	5,031	68	-	68	1.4
Interest earning assets at fair value through other comprehensive income	UK	63,366	957	-	957	1.5
Interest earning assets at fair value through other comprehensive income	Non-UK	2,961	75	-	75	2.5
Interest earning assets at fair value through other comprehensive income	**Total**	66,327	1,032	-	1,032	1.6
Other interest and similar income[c]			372	-	372	-
Total interest earning assets not at fair value through income statement		653,581	15,456	(278)	15,178	2.3
Less: interest and similar expense			(6,049)	278	(5,771)	-
Net interest		653,581	9,407	-	9,407	-
Financial assets at fair value through income statement	UK	192,300				
Financial assets at fair value through income statement	Non-UK	68,031				
Financial assets at fair value through income statement	**Total**	260,331				
Total interest earning assets		913,912				
Impairments		(6,574)				
Non-interest earning assets		356,756				
Total		1,264,094				
Percentage of total average interest earning assets in offices outside the UK		28%				

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 Group.
c Other interest and similar income principally includes interest income relating to hedging activity.

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Additional financial disclosure

Assets				2018		
		Average balance	Interest income	Interest expense[a]	Total net interest	Rate
		£m	£m	£m	£m	%
Cash and balances at central banks	UK	70,719	297	(48)	249	0.4
Cash and balances at central banks	Non-UK	106,370	826	(208)	618	0.6
Cash and balances at central banks	**Total**	177,089	1,123	(256)	867	0.5
Loans and advances at amortised cost	UK	262,796	8,744	-	8,744	3.3
Loans and advances at amortised cost	Non-UK	66,619	3,329	(2)	3,327	5.0
Loans and advances at amortised cost[b]	**Total**	329,415	12,073	(2)	12,071	3.7
Cash collateral	UK	52,218	324	(12)	312	0.6
Cash collateral	Non-UK	5,343	47	-	47	0.9
Cash collateral	**Total**	57,561	371	(12)	359	0.6
Reverse repurchase agreements	UK	857	2	-	2	0.2
Reverse repurchase agreements	Non-UK	855	10	-	10	1.2
Reverse repurchase agreements	**Total**	1,712	12	-	12	0.7
Interest earning assets at fair value through other comprehensive income	UK	53,499	956	-	956	1.8
Interest earning assets at fair value through other comprehensive income	Non-UK	2,850	73	-	73	2.6
Interest earning assets at fair value through other comprehensive income	**Total**	56,349	1,029	-	1,029	1.8
Other interest and similar income[c]		-	(67)	-	(67)	
Total interest earning assets not at fair value through income statement		622,126	14,541	(270)	14,271	2.3
Less: interest and similar expense		-	(5,479)	270	(5,209)	
Net interest		622,126	9,062	-	9,062	
Financial assets at fair value through income statement	UK	171,318				
Financial assets at fair value through income statement	Non-UK	73,153				
Financial assets at fair value through income statement	**Total**	244,471				
Total interest earning assets		866,597				
Impairments		(6,875)				
Non-interest earning assets		349,877				
Total		1,209,599				
Percentage of total average interest earning assets in offices outside the UK		29%				

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 Group.

c Other interest and similar income principally includes interest income relating to hedging activity.

Additional financial disclosure

Liabilities		2020				
		Average balance	Interest expense	Interest income[a]	Total net interest	Rate
		£m	£m	£m	£m	%
Deposits at amortised cost	UK	272,031	586	(15)	571	0.2
Deposits at amortised cost	Non-UK	70,382	444	(15)	429	0.6
Deposits at amortised cost	**Total**	**342,413**	**1,030**	**(30)**	**1,000**	**0.3**
Cash collateral	UK	52,869	96	(31)	65	0.1
Cash collateral	Non-UK	13,921	38	-	38	0.3
Cash collateral	**Total**	**66,790**	**134**	**(31)**	**103**	**0.2**
Debt securities in issue	UK	67,529	1,006	-	1,006	1.5
Debt securities in issue	Non-UK	23,543	354	(2)	352	1.5
Debt securities in issue	**Total**	**91,072**	**1,360**	**(2)**	**1,358**	**1.5**
Subordinated liabilities	UK	18,845	662	-	662	3.5
Subordinated liabilities	Non-UK	220	8	-	8	3.6
Subordinated liabilities	**Total**	**19,065**	**670**	**-**	**670**	**3.5**
Repurchase agreements	UK	19,694	68	-	68	0.3
Repurchase agreements	Non-UK	1,321	7	(5)	2	0.2
Repurchase agreements	**Total**	**21,015**	**75**	**(5)**	**70**	**0.3**
Other interest and similar expense[b]		-	501	-	501	-
Total interest bearing liabilities not at fair value through P&L		**540,355**	**3,770**	**(68)**	**3,702**	**0.7**
Interest bearing liabilities at fair value through P&L	UK	240,792				
Interest bearing liabilities at fair value through P&L	Non-UK	51,890				
Interest bearing liabilities at fair value through P&L	**Total**	**292,682**				
Total interest bearing liabilities		**833,037**				
Interest free customer deposits	UK	115,234				
Interest free customer deposits	Non-UK	12,860				
Interest free customer deposits	**Total**	**128,094**				
Other non-interest bearing liabilities		381,243				
Shareholders' equity		69,210				
Total		**1,411,584**				
Percentage of total average interest bearing liabilities in offices outside the UK		**19%**				

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 includes interest expense relating to hedging activity.

Liabilities		2019				
		Average balance	Interest expense	Interest income[a]	Total net interest	Rate
		£m	£m	£m	£m	%
Deposits at amortised cost	UK	244,387	1,306	-	1,306	0.5
Deposits at amortised cost	Non-UK	67,556	1,143	(1)	1,142	1.7
Deposits at amortised cost	**Total**	311,943	2,449	(1)	2,448	0.8
Cash collateral	UK	50,638	214	(10)	204	0.4
Cash collateral	Non-UK	8,332	82	-	82	1.0
Cash collateral	**Total**	58,970	296	(10)	286	0.5
Debt securities in issue	UK	61,053	1,134	-	1,134	1.9
Debt securities in issue	Non-UK	25,730	772	(2)	770	3.0
Debt securities in issue	**Total**	86,783	1,906	(2)	1,904	2.2
Subordinated liabilities	UK	19,499	1,046	-	1,046	5.4
Subordinated liabilities	Non-UK	374	22	-	22	5.9
Subordinated liabilities	**Total**	19,873	1,068	-	1,068	5.4
Repurchase agreements	UK	14,655	127	-	127	0.9
Repurchase agreements	Non-UK	2,381	20	-	20	0.8
Repurchase agreements	**Total**	17,036	147	-	147	0.9
Other interest and similar expense[b]		-	183	-	183	-
Total interest bearing liabilities not at fair value through P&L		494,605	6,049	(13)	6,036	1.2
Interest bearing liabilities at fair value through P&L	UK	232,242				
Interest bearing liabilities at fair value through P&L	Non-UK	62,304				
Interest bearing liabilities at fair value through P&L	**Total**	294,546				
Total interest bearing liabilities		789,151				
Interest free customer deposits	UK	94,733				
Interest free customer deposits	Non-UK	10,375				
Interest free customer deposits	**Total**	105,108				
Other non-interest bearing liabilities		307,952				
Shareholders' equity		61,883				
Total		1,264,094				
Percentage of total average interest bearing liabilities in offices outside the UK		21%				

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 financial disclosure

Liabilities		2018				
		Average balance £m	Interest expense £m	Interest income[a] £m	Total net interest £m	Rate %
Deposits at amortised cost	UK	235,002	1,301	-	1,301	0.6
Deposits at amortised cost	Non-UK	57,576	949	-	949	1.6
Deposits at amortised cost	**Total**	292,578	2,250	-	2,250	0.8
Cash collateral	UK	44,782	176	(7)	169	0.4
Cash collateral	Non-UK	5,498	70	-	70	1.3
Cash collateral	**Total**	50,280	246	(7)	239	0.5
Debt securities in issue	UK	48,973	1,123	-	1,123	2.3
Debt securities in issue	Non-UK	32,177	554	(28)	526	1.6
Debt securities in issue	**Total**	81,150	1,677	(28)	1,649	2.0
Subordinated liabilities	UK	21,369	1,208	-	1,208	5.7
Subordinated liabilities	Non-UK	145	15	-	15	10.3
Subordinated liabilities	**Total**	21,514	1,223	-	1,223	5.7
Repurchase agreements	UK	13,660	157	-	157	1.1
Repurchase agreements	Non-UK	6,302	35	-	35	0.6
Repurchase agreements	**Total**	19,962	192	-	192	1.0
Other interest and similar expense[b]		-	(109)	-	(109)	-
Total interest bearing liabilities not at fair value through P&L		465,484	5,479	(35)	5,444	1.2
Interest bearing liabilities at fair value through P&L	UK	225,502				
Interest bearing liabilities at fair value through P&L	Non-UK	56,872				
Interest bearing liabilities at fair value through P&L	**Total**	282,374				
Total interest bearing liabilities		747,858				
Interest free customer deposits	UK	91,935				
Interest free customer deposits	Non-UK	9,496				
Interest free customer deposits	**Total**	101,431				
Other non-interest bearing liabilities		298,521				
Shareholders' equity		61,789				
Total		1,209,599				
Percentage of total average interest bearing liabilities in offices outside the UK		21%				

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.

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	**(323)**	**47**	**(370)**	188	(1)	189
Cash and balances at central banks	Non-UK	**(532)**	**71**	**(603)**	(225)	(29)	(196)
Cash and balances at central banks	**Total**	**(855)**	**118**	**(973)**	(37)	(30)	(7)
Loans and advances at amortised cost	UK	**(1,488)**	**447**	**(1,935)**	(62)	286	(348)
Loans and advances at amortised cost	Non-UK	**(783)**	**10**	**(793)**	438	275	163
Loans and advances at amortised cost	**Total**	**(2,271)**	**457**	**(2,728)**	376	561	(185)
Cash collateral	UK	**(197)**	**32**	**(229)**	68	43	25
Cash collateral	Non-UK	**(13)**	**39**	**(52)**	2	16	(14)
Cash collateral	**Total**	**(210)**	**71**	**(281)**	70	59	11
Reverse repurchase agreements	UK	**(41)**	**(16)**	**(25)**	55	12	43
Reverse repurchase agreements	Non-UK	**(16)**	**5**	**(21)**	1	9	(8)
Reverse repurchase agreements	**Total**	**(57)**	**(11)**	**(46)**	56	21	35
Interest earning assets at fair value through other comprehensive income	UK	**(236)**	**116**	**(352)**	1	162	(161)
Interest earning assets at fair value through other comprehensive income	Non-UK	**(20)**	**(1)**	**(19)**	2	3	(1)
Interest earning assets at fair value through other comprehensive income	**Total**	**(256)**	**115**	**(371)**	3	165	(162)
Other interest income		**19**	**-**	**19**	439	-	439
Total interest receivable		**(3,630)**	**750**	**(4,380)**	907	776	131

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	**(735)**	**125**	**(860)**	5	51	(46)
Deposits at amortised cost	Non-UK	**(713)**	**46**	**(759)**	193	168	25
Deposits at amortised cost	**Total**	**(1,448)**	**171**	**(1,619)**	198	219	(21)
Cash collateral	UK	**(139)**	**9**	**(148)**	35	23	12
Cash collateral	Non-UK	**(44)**	**36**	**(80)**	12	30	(18)
Cash collateral	**Total**	**(183)**	**45**	**(228)**	47	53	(6)
Debt securities in issue	UK	**(128)**	**114**	**(242)**	11	249	(238)
Debt securities in issue	Non-UK	**(418)**	**(61)**	**(357)**	244	(122)	366
Debt securities in issue	**Total**	**(546)**	**53**	**(599)**	255	127	128
Subordinated liabilities	UK	**(385)**	**(34)**	**(351)**	(161)	(103)	(58)
Subordinated liabilities	Non-UK	**(14)**	**(7)**	**(7)**	7	15	(8)
Subordinated liabilities	**Total**	**(399)**	**(41)**	**(358)**	(154)	(88)	(66)
Repurchase agreements	UK	**(59)**	**35**	**(94)**	(30)	11	(41)
Repurchase agreements	Non-UK	**(18)**	**(6)**	**(12)**	(15)	(28)	13
Repurchase agreements	**Total**	**(77)**	**29**	**(106)**	(45)	(17)	(28)
Other interest expense		**319**	**-**	**319**	291	-	291
Total interest payable		**(2,334)**	**257**	**(2,591)**	592	294	298

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 at amortised cost:

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 under IFRS 9, including the classification into stages of gross exposures and approach to the measurement of lifetime expected credit losses, can be found in Note 1.

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. The 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 greater than 90 days as at 31 December 2020, there are a further £167m of Stage 2 mortgage 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. For information on restructured loans refer to disclosures on forbearance in the credit risk section.

These risk elements in loans and advances may be analysed between the United Kingdom and Rest of the World as follows:

Risk elements in loans and advances at amortised cost

As at 31 December	2020 £m	2019 £m	2018 £m	2017[a] £m	2016[a] £m
Gross stage 3 credit impaired loans (2017 – 2016: Individually impaired loans)					
United Kingdom	**4,828**	4,552	5,150	2,648	2,688
Rest of the world	**4,169**	3,371	3,353	1,756	1,926
Total	**8,997**	7,923	8,503	4,404	4,614
Accruing gross loans which are not stage 3 credit impaired loans and are contractually overdue 90 days or more as to principal or interest (2017 – 2016: Accruing gross loans which are not individually impaired loans and are contractually overdue 90 days or more as to principal or interest)					
United Kingdom	**167**	139	167	752	810
Rest of the world	**-**	-	-	516	664
Total	**167**	139	167	1,268	1,474
Other gross restructured loans (2017 – 2016: Impaired and restructured loans)[b]					
United Kingdom	**-**	-	-	-	-
Rest of the world	**-**	-	-	-	-
Total	**-**	-	-	-	-
Total risk elements in loans and advances at amortised cost					
United Kingdom	**4,995**	4,691	5,317	3,400	3,498
Rest of the world	**4,169**	3,371	3,353	2,272	2,590
Total	**9,164**	8,062	8,670	5,672	6,088

Note
a The comparatives for 2017 and 2016 have been presented on an IAS 39 basis.
b Prior year comparatives have been restated to ensure a consistent basis of reporting with 2020.

Interest forgone on risk elements in loans and advances at amortised cost

	2020 £m	2019[a] £m	2018[a] £m
Interest income that would have been recognised under the original contractual terms			
United Kingdom	**117**	108	141
Rest of the World	**69**	83	77
Total	**186**	191	218

Note
a Prior year comparatives have been restated to ensure a consistent basis of reporting with 2020.

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.

The loans and advances at amortised cost by product disclosure in the credit risk section 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 forborne state. Further details can be found in the credit risk section.

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, 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. Further information on monitoring weaknesses in portfolios can be found in the Barclays PLC Pillar 3 Report 2020 (unaudited).

Impairment

The comparatives for 2017 and 2016 are presented on an IAS 39 basis.

Movements in allowance for impairment by geography

	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Allowance for impairment as at 1 January	**6,308**	6,770	7,102	4,620	4,921
Exchange and other adjustments	**(381)**	(834)	(226)	(293)	(816)
Amounts written off:					
United Kingdom	**(715)**	(732)	(949)	(1,111)	(1,272)
Europe	**(202)**	(98)	(62)	(157)	(218)
Americas	**(1,043)**	(1,037)	(862)	(1,038)	(664)
Africa and Middle East	**(3)**	(9)	-	(9)	(20)
Asia	**(1)**	(7)	(18)	(14)	(19)
New and increased/(released) impairment allowance:					
United Kingdom	**1,787**	1,087	842	1,345	1,371
Europe	**425**	116	84	110	260
Americas	**1,931**	1,072	809	1,192	1,025
Africa and Middle East	**192**	(30)	32	23	44
Asia	**37**	10	18	(16)	8
Allowance for impairment as at 31 December	**8,335**	6,308	6,770	4,652	4,620
Average loans and advances at amortised cost for the year	**358,391**	343,583	329,415	296,068	304,805

Analysis of impairment charges

As at 31 December	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
Impairment charges:					
United Kingdom	**1,527**	786	742	1,138	1,130
Europe	**472**	127	48	92	242
Americas	**1,686**	927	758	1,084	921
Africa and Middle East	**189**	(14)	17	22	43
Asia	**35**	8	25	(16)	7
Loans and advances at amortised cost	**3,909**	1,833	1,590	2,320	2,343
Provision for undrawn contractually committed facilities and guarantees provided	**776**	71	(125)	13	9
Loans impairment	**4,685**	1,904	1,465	2,333	2,352
Cash collateral and settlement balances	**2**	1	(1)	-	-
Financial investments	**-**	-	-	3	21
Other financial assets measured at amortised cost	**149**	6	-	-	-
Financial assets at fair value through other comprehensive income	**2**	1	4	-	-
Impairment charges	**4,838**	1,912	1,468	2,336	2,373

Additional financial disclosure

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.

Total impairment charges on loans and advances at amortised cost by industry

As at 31 December	2020 £m	2019 £m	2018 £m	2017 £m	2016 £m
United Kingdom:					
Financial institutions	**(37)**	(3)	71	(42)	(1)
Manufacturing	**26**	(6)	(2)	(11)	39
Construction	**32**	1	-	10	7
Property	**154**	16	(13)	(10)	(13)
Energy and water	**12**	6	-	35	12
Wholesale and retail distribution and leisure	**67**	42	(38)	51	38
Business and other services	**175**	24	(97)	220	56
Home loans	**21**	6	1	31	(4)
Cards, unsecured and other personal lending	**1,008**	685	877	856	975
Other	**69**	15	(57)	(2)	20
Total United Kingdom	**1,527**	786	742	1,138	1,129
Overseas	**2,382**	1,048	848	1,182	1,214
Total impairment charges	**3,909**	1,833	1,590	2,320	2,343

Allowance for impairment by industry

	2020[a]		2019		2018		2017		2016	
As at 31 December	£m	%	£m	%	£m	%	£m	%	£m	%
United Kingdom:										
Financial institutions	**80**	**1.0**	65	1.0	68	1.0	11	0.2	5	0.1
Manufacturing	**49**	**0.6**	42	0.7	38	0.6	34	0.7	60	1.3
Construction	**64**	**0.8**	43	0.7	41	0.6	37	0.8	35	0.8
Property	**222**	**2.7**	81	1.3	94	1.4	48	1.0	89	1.9
Government and central bank	**1**	**-**	1	-	11	0.2	1	-	-	-
Energy and water	**58**	**0.7**	21	0.3	6	0.1	108	2.3	114	2.5
Wholesale and retail distribution and leisure	**355**	**4.3**	159	2.5	140	2.1	186	4.0	143	3.1
Business and other services	**247**	**3.0**	205	3.2	196	2.9	482	10.4	252	5.5
Home loans	**110**	**1.3**	93	1.5	98	1.4	137	2.9	144	3.1
Cards, unsecured and other personal lending	**2,761**	**33.1**	2,440	38.7	2,766	40.9	1,671	35.9	1,653	35.8
Other	**152**	**1.8**	95	1.5	102	1.5	42	0.9	49	1.1
Total United Kingdom	**4,099**	**49.2**	3,246	51.5	3,560	52.6	2,757	59.3	2,544	55.1
Overseas	**4,236**	**50.8**	3,062	48.5	3,210	47.4	1,895	40.7	2,076	44.9
Total	**8,335**	**100.0**	6,308	100.0	6,770	100.0	4,652	100.0	4,620	100.0

Note
a Other financial assets subject to impairment not included in the table above include £165m impairment allowance relating to cash collateral and settlement balances, financial assets at fair value through other comprehensive income and other assets.

Additional financial disclosure

Amounts written off and recovered by industry

	Amounts written off					Recoveries of amounts previously written off				
	2020	2019	2018	2017	2016	**2020[a]**	2019	2018	2017	2016
As at 31 December	**£m**	£m	£m	£m	£m	**£m**	£m	£m	£m	£m
United Kingdom:										
Financial institutions	**26**	6	8	2	2	**18**	5	2	47	1
Manufacturing	**3**	2	12	2	15	**14**	4	3	3	3
Construction	**8**	9	7	10	5	**3**	1	1	3	1
Property	**21**	42	46	22	18	**5**	13	6	1	11
Energy and water	**3**	-	4	32	-	**12**	-	-	-	2
Wholesale and retail distribution and leisure	**23**	13	48	23	25	**35**	20	15	8	5
Business and other services	**37**	49	227	105	52	**40**	6	9	9	10
Home loans	**5**	10	10	13	11	**1**	1	3	-	-
Cards, unsecured and other personal lending	**578**	593	552	897	1,134	**25**	41	93	132	206
Other	**11**	8	35	5	10	**31**	5	7	4	2
Total United Kingdom	**715**	732	949	1,111	1,272	**184**	96	139	207	241
Overseas	**1,249**	1,151	942	1,218	921	**215**	28	56	127	125
Total	**1,964**	1,883	1,891	2,329	2,193	**399**	124	195	334	366

Note

a Recoveries include £364m for reimbursements expected to be received under the arrangement where the 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 £35m.

Impairment ratios

	2020	2019	2018	2017	2016
	%	%	%	%	%
Impairment charges as a percentage of average loans and advances at amortised cost	**1.31**	0.56	0.45	0.79	0.78
Amounts written off (net of recoveries) as a percentage of average loans and advances at amortised cost	**0.44**	0.51	0.51	0.67	0.60
Allowance for impairment balance as a percentage of loans and advances at amortised cost as at 31 December	**2.37**	1.83	2.03	1.42	1.32

Maturity analysis of gross loans and advances at amortised cost

Maturity analysis of gross loans and advances at amortised cost

As at 31 December 2020	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
United Kingdom									
Corporate lending	**2,173**	**3,845**	**1,642**	**3,283**	**15,150**	**9,666**	**18,090**	**20,557**	**74,406**
Other lending to customers in the United Kingdom	**4,225**	**975**	**2,569**	**1,959**	**10,830**	**11,422**	**21,998**	**137,948**	**191,926**
Total United Kingdom	**6,398**	**4,820**	**4,211**	**5,242**	**25,980**	**21,088**	**40,088**	**158,505**	**266,332**
Europe	**3,456**	**2,854**	**947**	**1,693**	**8,134**	**3,231**	**2,482**	**3,176**	**25,973**
Americas	**3,935**	**2,725**	**1,867**	**2,813**	**13,064**	**7,859**	**6,017**	**5,724**	**44,004**
Africa and Middle East	**879**	**803**	**232**	**423**	**427**	**443**	**452**	**203**	**3,862**
Asia	**1,218**	**1,271**	**1,378**	**386**	**1,435**	**4,749**	**117**	**242**	**10,796**
Total gross loans and advances at amortised cost	**15,886**	**12,473**	**8,635**	**10,557**	**49,040**	**37,370**	**49,156**	**167,850**	**350,967**
As at 31 December 2019									
United Kingdom									
Corporate lending	2,667	2,902	1,152	3,218	15,313	12,096	7,871	20,266	65,485
Other lending to customers in the United Kingdom	4,178	1,438	6,652	4,618	11,262	10,755	23,532	132,785	195,220
Total United Kingdom	6,845	4,340	7,804	7,836	26,575	22,851	31,403	153,051	260,705
Europe	2,852	2,157	1,117	2,479	7,062	4,322	2,640	3,757	26,386
Americas	4,356	2,456	2,475	4,110	10,772	9,751	7,332	7,498	48,750
Africa and Middle East	662	662	267	128	384	771	208	189	3,271
Asia	1,358	1,415	1,635	457	544	543	132	227	6,311
Total gross loans and advances at amortised cost	16,073	11,030	13,298	15,010	45,337	38,238	41,715	164,722	345,423

Additional information
Additional financial disclosure

Industrial and geographical concentrations of Gross loans and advances at amortised cost

Gross loans and advances at amortised cost by industry

As at 31 December	2020 £m	2019 £m	2018 £m	2017[a] £m	2016[a] £m
Financial institutions	**30,384**	29,366	28,237	35,654	49,648
Manufacturing	**8,287**	8,392	8,849	9,193	12,198
Construction	**4,236**	2,877	2,802	3,284	3,525
Property	**22,194**	21,673	20,933	20,364	20,831
Government and central bank	**28,449**	23,851	12,776	9,090	9,312
Energy and water	**4,943**	5,442	5,582	5,644	7,154
Wholesale and retail distribution and leisure	**12,992**	10,224	11,809	12,605	13,070
Business and other services	**20,107**	17,420	19,989	20,381	21,390
Home loans	**160,185**	154,911	150,735	147,460	145,184
Cards, unsecured loans and other personal lending	**46,929**	60,045	60,561	57,245	59,851
Other	**12,261**	11,222	10,903	7,780	8,357
Gross loans and advances at amortised cost	**350,967**	345,423	333,176	328,700	350,520

Gross loans and advances at amortised cost in the UK

As at 31 December	2020 £m	2019 £m	2018 £m	2017[a] £m	2016[a] £m
Financial institutions	**7,878**	7,268	6,200	6,233	8,200
Manufacturing	**5,741**	4,904	4,440	6,198	6,816
Construction	**4,071**	2,623	2,593	3,025	3,254
Property	**19,637**	18,876	18,036	18,168	18,145
Government and central bank	**19,140**	19,902	7,867	7,906	7,226
Energy and water	**2,454**	2,777	2,668	2,501	2,229
Wholesale and retail distribution and leisure	**11,205**	8,547	9,970	10,617	10,586
Business and other services	**14,325**	12,460	15,092	16,385	16,425
Home loans	**149,964**	144,734	138,323	134,820	131,945
Cards, unsecured loans and other personal lending	**23,035**	30,808	31,139	30,786	31,260
Other	**8,882**	7,806	7,348	6,220	6,464
Gross loans and advances at amortised cost in the UK	**266,332**	260,705	243,676	242,859	242,550

Gross loans and advances at amortised cost in Europe

As at 31 December	2020 £m	2019 £m	2018 £m	2017[a] £m	2016[a] £m
Financial institutions	**5,986**	5,958	5,950	6,143	5,541
Manufacturing	**906**	1,072	1,335	1,347	2,522
Construction	**127**	133	85	80	30
Property	**515**	510	716	734	1,047
Government and central bank	**2,513**	1,849	1,778	323	702
Energy and water	**831**	827	676	621	1,217
Wholesale and retail distribution and leisure	**616**	752	735	808	907
Business and other services	**898**	907	991	1,023	1,014
Home loans	**8,139**	8,387	10,563	11,578	12,189
Cards, unsecured loans and other personal lending	**4,930**	5,108	5,076	4,483	4,283
Other	**512**	883	839	632	385
Gross loans and advances at amortised cost in Europe	**25,973**	26,386	28,744	27,772	29,837

Additional financial disclosure

Gross loans and advances at amortised cost in the Americas

As at 31 December	2020 £m	2019 £m	2018 £m	2017[a] £m	2016[a] £m
Financial institutions	**12,614**	12,374	12,458	18,559	30,348
Manufacturing	**1,096**	1,782	2,426	1,262	2,348
Construction	**5**	77	71	147	204
Property	**1,824**	2,161	2,097	1,272	1,463
Government and central bank	**395**	471	2,869	-	162
Energy and water	**1,397**	1,437	1,667	1,986	2,709
Wholesale and retail distribution and leisure	**774**	635	613	660	949
Business and other services	**4,384**	3,623	2,973	2,629	3,322
Home loans	**771**	646	715	567	595
Cards, unsecured loans and other personal lending	**18,236**	23,445	23,756	21,486	23,700
Other	**2,508**	2,099	2,187	523	828
Gross loans and advances at amortised cost in the Americas	**44,004**	48,750	51,832	49,091	66,628

Gross loans and advances at amortised cost in Africa and Middle East

As at 31 December	2020 £m	2019 £m	2018 £m	2017[a] £m	2016[a] £m
Financial institutions	**1,422**	948	1,319	1,066	1,065
Manufacturing	**138**	160	51	13	60
Construction	**-**	-	-	-	2
Property	**72**	55	55	112	80
Government and central bank	**297**	269	262	860	1,031
Energy and water	**59**	116	200	252	494
Wholesale and retail distribution and leisure	**100**	67	123	219	328
Business and other services	**326**	363	221	64	237
Home loans	**843**	728	698	378	357
Cards, unsecured loans and other personal lending	**562**	534	494	406	494
Other	**43**	31	96	97	200
Gross loans and advances at amortised cost in Africa and Middle East	**3,862**	3,271	3,519	3,467	4,348

Gross loans and advances at amortised cost in Asia

As at 31 December	2020 £m	2019 £m	2018 £m	2017[a] £m	2016[a] £m
Financial institutions	**2,484**	2,818	2,310	3,653	4,494
Manufacturing	**406**	474	597	373	452
Construction	**33**	44	53	32	35
Property	**146**	71	29	78	96
Government and central bank	**6,104**	1,360	-	1	191
Energy and water	**202**	285	371	284	505
Wholesale and retail distribution and leisure	**297**	223	368	301	300
Business and other services	**174**	67	712	280	392
Home loans	**468**	416	436	117	98
Cards, unsecured loans and other personal lending	**166**	150	96	84	114
Other	**316**	403	433	308	480
Gross loans and advances at amortised cost in Asia	**10,796**	6,311	5,405	5,511	7,157

Note
a The comparatives for 2017 and 2016 have been presented on an IAS 39 basis.

Interest rate sensitivity of gross loans and advances at amortised cost

	2020			2019		
As at 31 December	Fixed rate £m	Variable rate £m	Total £m	Fixed rate £m	Variable rate £m	Total £m
Gross loans and advances at amortised cost	**171,982**	**178,985**	**350,967**	158,819	186,604	345,423

Additional financial disclosure

Foreign outstandings for countries where this exceeds 0.75% of total Group assets[a]

	As % of assets	Total	Banks and other financial institutions	Government and official institutions	Commercial industrial and other private sectors	Financial guarantees
	%	£m	£m	£m	£m	£m
As at 31 December 2020						
United States	**9.5**	**128,531**	**86,065**	**22,665**	**18,710**	**1,091**
France	**1.2**	**16,085**	**12,691**	**2,429**	**937**	**28**
As at 31 December 2019						
United States	9.4	107,178	64,929	20,668	20,798	783
Germany	1.3	15,216	10,787	2,886	1,447	96
France	1.0	11,269	9,979	-	1,231	59
Netherlands	0.9	10,246	7,224	738	2,084	200
As at 31 December 2018						
United States	8.7	98,695	61,457	17,324	18,713	1,201
Germany	2.1	24,269	5,062	17,240	1,851	116
France	1.8	20,017	12,269	3,636	4,077	35

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.

Off-balance sheet and other credit exposures

	2020	2019	2018
As at 31 December	£m	£m	£m
Off-balance sheet exposures			
Contingent liabilities	**21,609**	24,527	20,303
Commitments	**333,049**	334,455	324,223
On-balance sheet exposures			
Trading portfolio assets	**127,950**	114,195	104,187
Financial assets at fair value through the income statement	**175,151**	133,086	149,648
Derivative financial instruments	**302,446**	229,236	222,538
Financial assets at fair value through other comprehensive income	**78,688**	65,750	52,816

Notional principal amounts of credit derivatives

	2020	2019	2018
As at 31 December	£m	£m	£m
Credit derivatives held or issued for trading purposes[a]	**847,845**	825,516	759,075

Note
a Includes credit derivatives held as economic hedges which are not designated as hedges for accounting purposes.

Related party transactions additional disclosure

For US disclosure purposes, the aggregate emoluments of all Directors and Officers of Barclays PLC who held office during the year (2020: 28 persons, 2019: 31 persons, 2018: 24 persons) for the year ended 31 December 2020 amounted to £70.2m (2019: £68.0m, 2018: £64.3m). In addition, the aggregate amount set aside for the year ended 31 December 2020, to provide pension benefits for the Directors and Officers amounted to £nil (2019: £0.1m, 2018: £nil).

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 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.

'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. Following a sell down of shares resulting in a loss of control, the Barclays Group's shareholding in Absa Group Limited is now classified as a financial asset at fair value through other comprehensive income.

'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 = ((loan 1 balance x Marked to market (MTM) LTV% for loan 1) + (loan 2 balance x Marked to market (MTM) LTV% for loan 2) + ...) / 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.

Glossary of terms

'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.

'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.

'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 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 Group's pension plans.

Glossary of terms

'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 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).

'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 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 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.

Glossary of terms

'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 CBILS 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.

'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.

'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.

Glossary of terms

'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 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 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 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 Group default or not perform any contractual obligations.

'Debt buybacks' Purchases of the Barclays 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 Group. These are liabilities of the Barclays Group and include certificates of deposit and commercial paper.

'Default grades' The Barclays 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.

'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 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 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 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.

Glossary of terms

'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 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.

'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 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 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.

'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.

Glossary of terms

'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.

'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.

Glossary of terms

'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 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 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 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 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_{IRB}'), subject to certain other inputs and criteria.

'Investment Bank' The Barclays 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 Group to meet its legal obligations including regulatory or contractual requirements.

'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.

Glossary of terms

'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 Group liquidity pool comprises cash at central banks and highly liquid collateral specifically held by the Barclays 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 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 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 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.

'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 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.

'Modelled VaR' 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.

'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.

'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.

Glossary of terms

'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 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 Group's earnings and capital being adversely impacted by the Barclays 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 Group uses for capital planning purposes. Head Office allocated tangible equity represents the difference between the Barclays 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.

'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 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 Group, as described in the Risk Review section of the Barclays 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.

Glossary of terms

'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.

'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 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.

'Reputation risk' The risk that an action, transaction, investment or event will reduce trust in the Barclays 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.

'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.

Glossary of terms

'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.

'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_{SA}'), 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 administrated 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 Group (either financial or non-financial), assessing the Barclays 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).

'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.

Glossary of terms

'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 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.

'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 = total outstandings in portfolio/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.

Glossary of terms

'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 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

Exhibit	Description
1.1	Articles of Association of Barclays PLC (incorporated by reference to the Form 6-K filed on May 2, 2013)
2.1	Long Term Debt Instruments: Barclays 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	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934
4.1	Rules of the Barclays Group Incentive Share Plan (incorporated by reference to the Barclays PLC Registration Statement on Form S-8 (File no. 333-153723) filed on September 29, 2008)
4.2	Rules of the Barclays Group Share Value Plan
4.3	Rules of the Barclays PLC Long Term Incentive Plan (Incorporated by reference to the Barclays PLC Registration Statement on Form S-8 (File no. 333-173899) filed on May 3, 2011)
4.4	Rules of the Barclays Group Deferred Share Value Plan
4.5	Contract of Employment – Tushar Morzaria (Incorporated by reference to the 2014 Form 20-F filed on March 14, 2014)
4.6	Contract of employment – James E Staley (incorporated by reference to the 2015 Form 20-F filed on March 1, 2016)
4.7	Transfer of Employment – James E Staley (incorporated by reference to the 2016 Form 20-F filed on February 23, 2017)
4.8	Transfer of Employment – Tushar Morzaria (incorporated by reference to the 2016 Form 20-F filed on February 23, 2017)
4.9	Appointment Letter – Crawford Gillies (incorporated by reference to the 2018 Form 20-F filed on February 21, 2019)
4.10	Appointment Letter – Diane Schueneman (incorporated by reference to the 2018 Form 20-F filed on February 21, 2019)
4.11	Appointment Letter – Sir Ian Cheshire (incorporated by reference to the 2018 Form 20-F filed on February 21, 2019)
4.12	Appointment Letter – Mary Francis (incorporated by reference to the 2018 Form 20-F filed on February 21, 2019)
4.13	Appointment Letter – Mike Ashley (incorporated by reference to the 2018 Form 20-F filed on February 21, 2019)
4.14	Appointment Letter – Tim Breedon (incorporated by reference to the 2018 Form 20-F filed on February 21, 2019)
4.15	Appointment Letter – Nigel Higgins (incorporated by reference to the 2019 Form 20-F filed on February 13, 2020)
4.16	Appointment Letter – Dawn Fitzpatrick (incorporated by reference to the 2019 Form 20-F filed on February 13, 2020)
4.17	Appointment Letter – Mohamed A. El-Erian (incorporated by reference to the 2019 Form 20-F filed on February 13, 2020)
4.18	Appointment Letter – Brian Gilvary (incorporated by reference to the 2019 Form 20-F filed on February 13, 2020)
8.1	List of subsidiaries. The list of subsidiaries of Barclays PLC can be found on page 324 of the Form 20-F.
12.1	Certifications filed pursuant to 17 CFR 240. 13(a)-14(a)
13.1	Certifications filed pursuant to 17 CFR 240. 13(a) and 18 U.S.C 1350(a) and 1350(b)
15.1	Consent of KPMG LLP for incorporation by reference of reports in certain securities registration statements of Barclays PLC.
99.1	A table setting forth the issued share capital of Barclays Group's total shareholders' equity, indebtedness and contingent liabilities as at 31 December 2020.
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 PLC
(Registrant)

By /s/ Tushar Morzaria
Tushar Morzaria, Group Finance Director