# Making a **difference**

Barclays PLC
Pillar 3 Report 2020

BARCLAYS

# Making a **difference**

Barclays is a British universal bank. We support consumers and small businesses through our retail banking services, and larger businesses and institutions through our corporate and investment banking services.

In the wake of an extraordinary year, we have refreshed our corporate Purpose and our Values to ensure they are relevant to today's world.

## Our Purpose

We 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.

## Our Values

### Respect
We harness the power of diversity and inclusion in our business, trust those we work with, and value everyone's contribution.

### Integrity
We operate with honesty, transparency and fairness in all we do.

### Service
We act with empathy and humility, putting the people and businesses we serve at the centre of what we do.

### Excellence
We champion innovation, and use our energy, expertise and resources to make a positive difference.

### Stewardship
We prize sustainability, and are passionate about leaving things better than we found them.

**You can read more about our new Purpose at home.barclays/purposeandvalues**

## Our Stakeholders

Having a strong Purpose and Values ensures we are able to deliver for all our stakeholders:

### For our customers and clients
We help those who use our products, services and expertise realise their aspirations

### For our colleagues
We support their health and wellbeing, enable them to build their career and empower and motivate them to be able to provide excellent service

### For society
Our success over the long term is tied inextricably to the progress of our communities and the preservation of our environment

### For our investors
We continue to build a strong, diversified business that can deliver attractive and sustainable returns

## Inside this book



See page 246 for an index of all risk disclosures in the Pillar 3 and Annual Reports

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

**Barclays PLC Pillar 3 report**

Our annual disclosures contain extensive information on risk as well as capital management. The Pillar 3 report provides a detailed breakdown of Barclays' regulatory capital adequacy and how this relates to Barclays' risk management.

# Capital position and risk management in 2020

**Taalib Shaah**
**Group Chief Risk Officer**

**Tushar Morzaria**
**Group Finance Director**

The Common Equity Tier 1 (CET1) ratio increased to 15.1% (December 2019: 13.8%) as a result of an increase in CET1 capital by £5.5bn to £46.3bn, partially offset by an increase in RWAs of £11.1bn to £306.2bn.

The average UK leverage ratio increased to 5.0% (December 2019: 4.5%) primarily driven by the increase in Tier1 (T1) Capital. The UK leverage ratio also increased to 5.3% (December 2019: 5.1%).

# Summary of risk profile

This section presents a high-level summary of Barclays' risk profile and its interaction with the Group's risk appetite. Please see page 246 for a comprehensive index of all risk disclosures.

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

The Group sets its risk appetite in terms of performance metrics as well as a set of mandate and scale limits to monitor risks. The following risk metrics reflect the Group's risk profile:

**Common Equity Tier 1 ratio**
15.1%
2019: 13.8%
**(see page 16)**

**Common Equity Tier 1 capital**
£46.3bn
2019: £40.8bn
**(see page 17)**

**Risk weighted assets**
£306.2bn
2019: £295.1bn
**(see page 25)**

**Average UK leverage ratio**
5.0%
2019: 4.5%

**UK leverage ratio**
5.3%
2019: 5.1%

**Loan loss rate**
138bps
2019: 55bps
**(see page 161)**

**Average Management Value at Risk**
£32m
2019: £23m
**(see page 126)**

**Liquidity coverage ratio**
162%
2019: 160%
**(see page 38)**

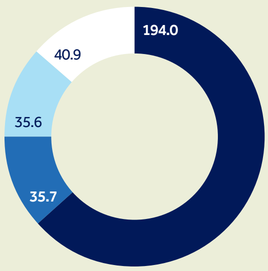
**Own funds and eligible liabilities ratio**
8.2%
2019: 8.6%
**(see page 34)**

# **Summary of risk profile** continued

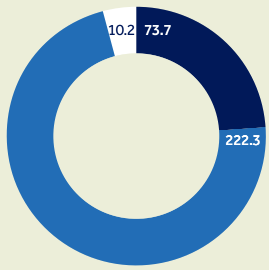
- CET1 capital increased by £5.5bn to £46.3bn reflecting resilient capital generation through £7.9bn of profit before tax, excluding credit impairment charges of £4.8bn and a £1.0bn increase due to the cancellation of the full year 2019 dividend. These increases were partially offset by £0.9bn of Additional Tier1 (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 Corporate and Investment Bank (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 Prudential Regulatory Authority's (PRA) early adoption of CRR II settlement netting
- Credit impairment charges increased to £4,838m (December 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 (December 2019: 55bps)
- Average management Value at Risk (VaR) increased to £32m in 2020 (December 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
- 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 increases in the liquidity pool, LCR and surplus were driven by a 16% growth in customer deposits, which was largely a consequence of government and central bank policy response to the COVID-19 pandemic. Actions taken during the year to maintain the funding and liquidity position at a prudent level given prevailing uncertainty were gradually wound down towards the end of the year as risks abated.

**Please see page 151 for a discussion of risk appetite, and page 147 of the annual report for a discussion of material and emerging risks.**

**RWAs increased £11.1bn to £306.2bn (December 2019: £295.1bn):**




| | 2020 £bn | 2019 £bn |
|---|---|---|
| Credit risk | **194.0** | 191.3 |
| Counterparty credit risk | **35.7** | 32.0 |
| Market risk | **35.6** | 30.8 |
| Operational risk | **40.9** | 41.0 |




| | 2020 £bn | 2019 £bn |
|---|---|---|
| Barclays UK | **73.7** | 74.9 |
| Barclays International | **222.3** | 209.2 |
| Head Office | **10.2** | 11.0 |

- Credit risk RWAs increased £2.7bn to £194.0bn primarily due to a reduction in credit quality within CIB, partially offset by lower consumer lending
- Counterparty credit risk RWA increased £3.6bn to £35.7bn primarily due to an increase in trading activity across both derivatives and SFTs and a reduction in credit quality
- Market risk RWAs increased £4.8bn to £35.6bn primarily due to an increase in trading activity and higher market volatility partially offset by methodology and policy changes
- Operational risk RWAs remained broadly stable at £40.9bn
- Barclays UK RWAs decreased £1.2bn to £73.7bn primarily driven by lower unsecured lending balances, partially offset by growth in mortgages and the transfer of Barclays Partner Finance (BPF)
- Barclays International RWAs increased £13.1bn to £222.3bn primarily due to increased market volatility, client activity and a reduction in credit quality within CIB, partially offset by lower Consumer Cards & Payments (CC&P) balances
- Barclays Head Office RWAs decreased £0.8bn to £10.2bn mainly driven by the reduction in value of Barclays' stake in Absa Group Limited.

**RWAs for credit (page 45), counterparty credit (page 108), market (page 124), and operational (page 145) risks. See pages 25-28 for the main drivers of movements for each of these risk types.**

## Introduction

# Notes on basis of preparation

## Pillar 3 report regulatory framework

The Pillar 3 report is prepared in accordance with the Capital Requirements Regulation and Capital Requirements Directive ('CRR' and 'CRD IV', also known as the 'CRD IV legislative package') as amended by CRR II and CRD V as at the applicable reporting date. In particular, articles 431 to 455 of the CRR specify the Pillar 3 framework requirements. The CRD IV legislative package came into force on 1 January 2014. The Pillar 3 disclosures have also been prepared in accordance with the European Banking Authority (EBA) "Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of CRR" and the EBA "Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013".

**See 'Application of the Basel framework' on page 7 for a more detailed description.**

## Key changes in the 2020 Pillar 3 Report

### Regulatory updates

Under the withdrawal agreement between the UK and the EU, the 11-month transition period expired at 11pm on 31 December 2020. Any references to CRR as amended by CRR II mean, unless otherwise specified, CRR as amended by CRR II, as it forms part of UK law pursuant to the European Union (Withdrawal) Act 2018 and subject to the temporary transitional powers (TTP) available to UK regulators to delay or phase-in on-shoring changes to UK regulatory requirements arising at the end of the transition period until 31 March 2022, as at the applicable reporting date. Throughout the TTP period, the Bank of England (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.

### Disclosure of exposures subject to measures applied in response to the COVID-19 crisis

This report includes 3 new tables per the EBA guidelines (EBA/GL/2020/07) published in June 2020 which introduced additional disclosure requirements in relation to the application of payment moratoria to existing loans as well as new lending subject to public guarantees schemes. These disclosures also reflect the amendments as per the PRA guidelines and are included within tables 63-65 of this document.

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

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

### Credit losses

Where credit impairment or losses are disclosed within this document, Barclays has followed the IFRS definitions used in the Annual Report.

### Scope of application

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

### Definition of credit exposures

- Credit exposure, or 'Exposure at Default' (EAD) is defined as the estimate of the amount at risk in the event of a default (before any recoveries) or through the decline in value of an asset. This estimate takes account of contractual commitments related to undrawn amounts.
- In contrast, an asset in the Group's balance sheet is reported as a drawn balance only. This is one of the reasons why exposure values in the Pillar 3 report differ from asset values as reported in the Annual Report.

**Table 4 provides a reconciliation between IFRS and EAD for credit risk. Table 66 provides a reconciliation between the IFRS impairment provision and the regulatory impairment allowance.**

### Policy, validation and sign-off

Throughout the year ended 31 December 2020, and to date, Barclays has operated a framework of disclosure controls and procedures to ensure the completeness and accuracy of the Group's Pillar 3 disclosure.

**See Appendix F for the reference to Barclays' compliance with the Pillar 3 disclosure requirements.**

Barclays is committed to operating within a strong system of internal controls. A framework of disclosure controls and procedures are in place to support the approval of the Group's external financial disclosures. Specific governance committees are responsible for examining the Group's external reports and disclosures so that they have been subject to adequate verification and comply with applicable standards and legislation. These committees report their conclusions to the Board Audit Committee (BAC).

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

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

**Taalib Shaah**
Chief Risk Officer

**Tushar Morzaria**
Group Finance Director

# Scope and application of Basel rules

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

**Tables 1 and 2 show the scope of permission of calculation approaches that summarises the various approaches to calculate risk weighted assets, and Barclays' permission to use them.**

**Table 3 shows the mapping of financial statement categories to the regulatory risk types and a reconciliation of financial statement carrying values against regulatory exposures.**

**Table 5 shows the entities which have a different method of consolidation between accounting and regulatory balance sheets.**

**Table 8 shows how IFRS balances contribute to the regulatory scope of consolidation on a line-by-line basis.**

## Scope of application of Basel rules

# Application of the Basel framework

## Overview of Pillar 3

Barclays has applied the Basel framework since its implementation. The framework is made up of three pillars:

**Pillar 1:**

covers the regulatory capital requirements including the calculation of risk weighted assets for credit risk, counterparty credit risk, market risk and operational risk

**Pillar 2:**

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

**Pillar 3:**

covers external communication of risk and capital information by banks as specified in the Basel rules to promote transparency and good risk management

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

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

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

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

### Calculation of capital for credit risk

The credit risk weighted assets calculation is based on an estimate of the EAD. In addition, where Barclays has the necessary regulatory permissions, it estimates PD and LGD (see page 169 and the online glossary for definitions):

- Standardised approach: assesses capital requirements using standard industry-wide risk weightings based on a detailed classification of asset types, external credit ratings and maturity
- Internal Ratings-Based approach (IRB): assesses capital requirements using the Group's specific data and internal models to calculate risk weightings. As such, internal calculations of PD, LGD and credit conversion factors are used to model risk exposures.

**See page 45 for more details on capital requirements for credit risk. Also, the Internal Ratings-Based approach to credit risk section on pages 72-82 discusses credit risk modelling in detail.**

### Calculation of capital for counterparty credit risk

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

- The Mark to Market method (MTM, also known as Current Exposure Method) used for derivatives, which is the sum of the current market value of the instrument plus an add-on (dependent on potential future exposure (PFE)) that accounts for the potential change in the value of the contract over its residual maturity
- The Internal Model Method (IMM), subject to regulatory approval, which allows the use of internal models to calculate an effective expected positive exposure (EEPE), multiplied by a factor stipulated by the regulator called alpha. Barclays uses this approach for certain derivative and SFT exposures and its alpha is currently set at 1.4
- The Financial Collateral Comprehensive Method (FCCM), which is the net position of SFT exposures after the application of volatility adjustments prescribed by the CRR.

**See page 108 for more details on capital requirements for counterparty credit risk exposures.**

### Calculation of credit valuation adjustment capital charge

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

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

**See page 123 for more details on CVA**

### Calculation of capital for market risk

RWA calculations for market risk assess the losses from market driven movements in the prices of financial assets and liabilities. Two approaches can be used:

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

**See page 124 for more details on capital requirements for market risk.**

# Scope of application of Basel rules
## Application of the Basel framework continued

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

- Internal ratings based approach (Sec IRBA)
- Standardised approach (Sec SA)
- External ratings based approach/internal assessment approach (Sec ERBA/Sec IAA)
- 1250% if the above approaches are not applicable.

See page 132 for more details on capital requirements for securitisation exposures.

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

To assess capital requirements for operational risk, the standardised approach (TSA) is applied. Under TSA, 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 percentage factor by business lines as per the regulatory requirement.

See page 145 for more details on capital requirements for operational risk.

### Calculation of capital for large exposures
As at 31 December 2020, Barclays had not exceeded the large exposure limit set in CRR, and as such no capital charge applied.

### Prudential regulation on minimum requirements
Beyond the minimum standards required by CRR, the PRA expects the Group, in common with other major UK banks and building societies, to meet a 7% CET1 ratio at the level of the consolidated group since 1 January 2016.

Global Systemically Important Institutions (G-SIIs), 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-SII 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-SII buffer must be met with CET1. In November 2020, the FSB published an update to its list of G-SIIs, maintaining the 1.5% G-SII 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 Financial Policy Committee (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 56.25% 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.

Please see page 234 of the Annual Report for a more complete discussion of prudential developments.

## Regulatory capital, leverage and MREL requirements

### Minimum capital requirements
As at 31 December 2020, the Group's transitional CET1 ratio was 15.1% which exceeded the Overall Capital Requirement for CET1 of 11.2% comprising a 4.5% Pillar 1 minimum, a 2.5% Capital Conservation Buffer (CCB), a 1.5% G-SII buffer, a 2.7% Pillar 2A requirement and a 0.0% CCyB.

### Minimum leverage requirements
The Group is subject to a UK 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 (CCLB) 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. The leverage disclosure requirements reflected in the report are based on CRR.

### Minimum requirements for own funds and eligible liabilities (MREL)
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 exposures, 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.

## Scope of application of Basel rules
# Scope of consolidation

In this report, Barclays PLC is presented on a consolidated basis. All disclosures are published for Barclays PLC for the year ended 31 December 2020. The consolidation basis used is the same as that used for reporting regulatory capital adequacy to the PRA. This scope of consolidation is similar to that used for the reporting of statutory accounts for most of the Group's activities, except for:

- subsidiaries engaged in non-financial activities such as insurance and securitisation vehicles that are fully consolidated for statutory purposes but are not consolidated for regulatory purposes (exposures to securitisation vehicles are subject to a specific capital treatment, see page 133 for further details)
- associates, joint ventures and participations, that are financial in nature and accounted for on an equity basis in the statutory accounts, are consolidated in proportion to Barclays PLC's participation for regulatory purposes
- entities that are not financial in nature, as well as private equity investments treated as associates, are accounted for on an equity basis in the statutory accounts, but are deducted from capital for regulatory purposes.

## Significant subsidiaries

The Group's significant subsidiaries as at 31 December 2020 are Barclays Bank PLC, Barclays Bank UK Group and Barclays Bank Ireland PLC. Barclays Bank PLC's significant subsidiary disclosures are included in this document, whilst the Barclays Bank UK Group and Barclays Bank Ireland PLC Pillar 3 disclosures are published in standalone documents "Barclays Bank UK PLC Pillar 3 Report" and "Barclays Bank Ireland PLC Pillar 3 report" respectively.

### Barclays Bank PLC
Barclays Bank PLC is a wholly-owned subsidiary of Barclays PLC and consists of CIB, CC&P and Head Office.

Barclays Bank PLC is currently regulated by the PRA on a solo-consolidated basis and comprises Barclays Bank PLC plus certain additional subsidiaries, subject to PRA approval. The disclosures provided in this document for Barclays Bank PLC are based on this regulatory scope of consolidation. This differs from the accounting disclosures, where Barclays Bank PLC Group relates to Barclays Bank PLC and all its subsidiaries.

### Barclays Bank UK PLC
Barclays Bank UK PLC is the wholly-owned ring-fenced bank of Barclays PLC. The consolidation of the parent entity, Barclays Bank UK PLC and its subsidiaries, is referred to as Barclays Bank UK Group and consists of Personal Banking, Business Banking and Barclaycard Consumer UK businesses. Refer to the "Barclays Bank UK PLC Pillar 3" report for further information.

### Barclays Bank Ireland PLC
Barclays Bank Ireland PLC is a wholly owned subsidiary of Barclays Bank PLC. Barclays Bank Ireland PLC is licensed as a credit institution by the Central Bank of Ireland (CBI) and is designated as a significant institution, directly supervised via the Single Supervisory Mechanism (SSM) of the European Central Bank (ECB). Refer to the "Barclays Bank Ireland PLC Pillar 3" report for further information.

## Scope of application of Basel rules

# Scope of permission for calculation approaches

## Scope of permission for calculation approaches

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

Barclays has regulatory approval to use its internal credit models in the calculation of the majority of its credit risk and counterparty credit risk exposures. The following table summarises the principal portfolios within Barclays that use the standardised and advanced IRB approaches as at 31 December 2020.

### Table 1: The scope of the standardised and AIRB approaches for credit and counterparty credit risk excluding CVA

| Business as at 31 December 2020 | Credit risk (see Table 32) RWA £m | Counterparty credit risk excl. CVA (see Tables 69) RWA £m | Advanced Internal Ratings Based (AIRB) approach | Standardised approach |
|---|---|---|---|---|
| **Barclays UK** | **61,700** | **394** | ▪ UK managed retail and wholesale portfolios<br>▪ UK cards | ▪ Minor UK Cards portfolio<br>▪ Further Education and Local Authority portfolios<br>▪ High quality liquidity pool assets<br>▪ Minor unsecured loan portfolios (closed books in run off)<br>▪ UK Wealth Portfolio |
| **Barclays International** | **121,247** | **32,795** | ▪ UK Corporate portfolio<br>▪ Germany retail credit cards<br>▪ Most Investment Bank portfolios | ▪ High quality liquidity pool assets<br>▪ UK asset and sales finance<br>▪ Mainly Non-UK managed retail (including Private Bank) and wholesale portfolios (including legacy)<br>▪ Further Education and Local Authority portfolios<br>▪ US retail credit cards, joint card issuance, partner finance, secure lending, commercial payment and any recent portfolio acquisitions<br>▪ European Corporate Portfolio previously in the Corporate Bank<br>▪ Certain Investment Bank portfolios typically with low or no defaults, or other exposures by exception<br>▪ Certain portfolios typically with low or no defaults, or insufficient historical data |
| **Head Office** | **11,022** | **–** | ▪ Small number of portfolios (including Italy Home Loans) | ▪ Small number of portfolios |
| **Group Total** | **193,969** | **33,189** | | |

Barclays' AIRB roll-out plans are discussed with regulators and updated based on an agreed schedule.

# Scope of application of Basel rules
## Scope of permission for calculation approaches continued

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

**As at 31 December 2020**

| Risk Type | Risk weighted assets | Scope |
|---|---|---|
| Credit value adjustment | **2,518** | CVA for all contracts in scope as defined by article 382 of the CRR. Barclays has permission to use an internal model for the specific risk of debt instruments and therefore is allowed to use the advanced method for CVA for such instruments where applicable. The standardised method for CVA is used otherwise. |
| Market risk | **35,629** | As explained on page 182, the risk of loss from changes in the prices of assets in the trading book are captured by a combined RWA calculation for general and specific market risks. The regulatory permission for Barclays to use models considers risk categories and legal entities; see table 10 on page 25 for capital requirements related to each approach and risk category.<br><br>Barclays has regulatory approval for VaR modelling for general market risk, which is designed to capture the risk of loss arising from changes in market interest rates, along with the risk of losses arising from changes in foreign exchange, commodities and equity market value.<br><br>The capital charge for specific market risk is designed to protect against losses from adverse movements in the price of an individual security owing to factors related to the individual issuer. Barclays has permission to model specific market risk, including credit spread, migration, and default risks, for certain legal entities and product types. Where the Group does not have permission to use a model (notably in Barclays Capital Inc), the standardised approach is applied. |
| Operational risk | **40,898** | The Group applies TSA for operational risk regulatory capital purposes. |

## Scope of application of Basel rules

# Linkage between financial statements and regulatory risk

### Table 3: LI1– Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

This table outlines the differences in the basis of consolidation for accounting and regulatory purposes. It provides an allocation of the balance sheet line items reported under the scope of regulatory consolidation between the different regulatory risk frameworks. Information regarding the market risk valuation methodologies, independent price verifications process and procedures for valuation adjustments or reserves can be found in the Management of market risk section from page 180.

| As at 31 December 2020 | Carrying values as reported in published financial statements £m | Carrying values under scope of regulatory consolidation[a] £m | Subject to the credit risk framework £m | Subject to the CCR framework £m | Subject to the securitisation framework[b] £m | Subject to the market risk framework £m | Not subject to capital requirements or subject to deduction from capital[c] £m |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and balances at central banks | 191,127 | 191,043 | 191,043 | – | – | – | – |
| Cash collateral and settlement balances | 101,367 | 101,367 | 12,369 | 54,934 | – | – | 34,064 |
| Loans and advances at amortised cost | 342,632 | 337,822 | 318,127 | – | 19,695 | – | – |
| Reverse repurchase agreements and other similar secured lending | 9,031 | 9,031 | – | 9,031 | – | – | – |
| Trading portfolio assets | 127,950 | 132,837 | 1,737 | – | 97 | 131,003 | – |
| Financial assets at fair value through the income statement | 175,151 | 174,268 | 10,960 | 155,204 | 165 | 161,597 | 1,545 |
| Derivative financial instruments | 302,446 | 302,287 | – | 302,039 | 247 | 298,041 | – |
| Financial assets at fair value through other comprehensive income | 78,688 | 78,772 | 78,666 | – | 106 | – | – |
| Investments in associates and joint ventures | 781 | 184 | 184 | – | – | – | – |
| Goodwill and intangible assets | 7,948 | 7,981 | 1,028 | – | – | – | 6,953 |
| Property, plant and equipment | 4,036 | 4,038 | 4,038 | – | – | – | – |
| Current tax assets | 477 | 477 | 477 | – | – | – | – |
| Deferred tax assets | 3,444 | 3,443 | 3,443 | – | – | – | – |
| Retirement benefit assets | 1,814 | 1,814 | – | – | – | – | 1,814 |
| Other assets | 2,622 | 3,006 | 3,006 | – | – | – | – |
| **Total assets** | **1,349,514** | **1,348,370** | **625,078** | **521,208** | **20,310** | **590,641** | **44,376** |
| **Liabilities** | | | | | | | |
| Deposits at amortised cost | 481,036 | 481,037 | – | – | – | – | 481,037 |
| Cash collateral and settlement balances | 85,423 | 85,423 | – | 63,524 | – | – | 21,899 |
| Repurchase agreements and other similar secured borrowing | 14,174 | 14,174 | – | 4,023 | – | – | 10,151 |
| Debt securities in issue | 75,796 | 68,703 | – | – | – | – | 68,703 |
| Subordinated liabilities | 16,341 | 16,341 | – | – | – | – | 16,341 |
| Trading portfolio liabilities | 47,405 | 50,200 | – | – | – | 49,322 | 878 |
| Financial liabilities designated at fair value | 249,765 | 250,479 | – | 179,445 | – | 234,797 | 15,682 |
| Derivative financial instruments | 300,775 | 300,775 | – | 297,328 | 728 | 296,409 | 2,718 |
| Current tax liabilities | 645 | 642 | – | – | – | – | 642 |
| Deferred tax liabilities | 15 | 15 | – | – | – | – | 15 |
| Retirement benefit liabilities | 291 | 291 | – | – | – | – | 291 |
| Other liabilities | 8,662 | 11,047 | – | – | – | – | 11,047 |
| Provisions | 2,304 | 2,297 | – | – | – | – | 2,297 |
| **Total liabilities** | **1,282,632** | **1,281,424** | **–** | **544,320** | **728** | **580,528** | **631,701** |

**Notes**

The following points should be considered in conjunction with table LI1:

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

b The column "subject to securitisation framework" includes non-trading book positions only. Trading book securitisation positions are included in the "subject to the market risk framework" column.

c For liabilities, balances shown in column "Not subject to capital requirements or subject to deduction from capital" are residual amount so that "Carrying values under the scope of regulatory consolidation" at least equal to the sum of those in the columns relating to the regulatory framework.

# Scope of application of Basel rules
## Linkage between financial statements and regulatory risk continued

### Table 4: LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

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

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

Difference in netting rules: This reflects the effects of master netting agreements in addition to the netting permitted under International Accounting Standards (IAS) framework.

Differences due to consideration of provisions: The carrying value of assets is net of impairment. The regulatory exposure calculated under AIRB approach adds back the impairment.

Differences between input balance and modelled regulatory output: The assets carrying values as defined per IFRS differ from the values used for regulatory reporting purposes, this reflects the modelling of exposures such as use of the IMM.

| As at 31 December 2020 | Total £m[a] | Subject to the credit risk framework £m | Subject to the CCR framework £m | Subject to the securitisation framework £m |
|---|---|---|---|---|
| **Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)** | **1,166,596** | **625,078** | **521,208** | **20,310** |
| Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1) | (545,048) | – | (544,320) | (728) |
| Total net amount under the regulatory scope of consolidation | 621,548 | 625,078 | (23,112) | 19,582 |
| Off-balance sheet amounts[b] | 1,057,831 | 142,783 | 722,803 | 4,142 |
| Differences due to different netting rules | (620,032) | – | (620,032) | – |
| Differences due to consideration of provisions | 4,416 | 4,416 | – | – |
| Differences between input balance and modelled regulatory output | 60,163 | 14,081 | 46,124 | (42) |
| Regulatory exclusion – qualifying central counterparties (CCP) trades for a client where Barclays acts as clearing member on behalf of a counterparty | 143 | – | 143 | – |
| Credit Enhancement Exposure for Sponsor trades | 5,145 | – | – | 5,145 |
| Exposures of Synthetic Securitisation trades | 18,740 | – | – | 18,740 |
| Other | 2,643 | 2,643 | – | – |
| **Exposure amounts considered for regulatory purposes** | **1,150,597** | **789,001** | **125,926** | **47,567** |

**Notes**
The following points should be considered in conjunction with table LI2:

a The total column cannot be directly reconciled back to the carrying values under scope of consolidation shown in table 3 - LI1, as it excludes balances "subject to the market risk framework" and items "not subject to capital requirements or subject to deduction from capital".

b In line item "Off-balance sheet amounts", the amounts shown in the Total column, which relates to exposures pre-CCF, do not equal the sum of the amounts shown in the remaining columns, as these are post-CCF.

# Scope of application of Basel rules

## Linkage between financial statements and regulatory risk continued

### Table 5: LI3 Outline of the differences in the scopes of consolidation (entity by entity)

| | | Method of regulatory consolidation | | | | |
|---|---|---|---|---|---|---|
| Name of the entity | Method of accounting consolidation | Full consolidation | Proportional consolidation | Neither consolidated nor deducted[a] | Deducted | Description of the entity |
| Barclays Insurance Services Company Limited | Fully consolidated | | | Y | | Activities auxiliary to financial services and insurance activities |
| Barclays Insurance Guernsey PCC Limited | Fully consolidated | | | Y | | Insurance, reinsurance and pension funding, except complusory social security |
| Salisbury Receivables Company LLC | Fully consolidated | | | Y | | Financial service activities, except insurance and pension funding |
| Barclays Insurance U.S Inc | Fully consolidated | | | Y | | Insurance, reinsurance and pension funding, except complusory social security |
| CP Flower Guaranteeco (UK) Limited | Fully consolidated | | | Y | | Other services |
| Sheffield Receivables Company LLC | Fully consolidated | | | Y | | Financial service activities, except insurance and pension funding |
| Sunderland Receivables Company LLC | Fully consolidated | | | Y | | Financial service activities, except insurance and pension funding |
| Vaultex UK Limited | Proportionally consolidated | | | Y | | Activities auxiliary to financial services and insurance activities |
| EnterCard Group AB | Equity | | Y | | | Financial service activities, except insurance and pension funding |
| BGF Limited | Equity | | Y | | | Financial service activities, except insurance and pension funding |
| Palomino Limited | Not consolidated | Y | | | | Financial service activities, except insurance and pension funding |

**Note**

a Column "neither consolidated nor deducted": Exposure to and/or equity investment in these entities are risk weighted or deducted from capital subject to threshold

# Analysis of treasury and capital risk

This section details Barclays' capital position providing information on capital resources, requirements, leverage and liquidity.

## Key Metrics in 2020

**Common Equity Tier 1 ratio**
15.1%
(see page 16)

**Average UK leverage ratio**
5.0%

**UK leverage ratio**
5.3%

**CRR leverage Ratio**
4.4%
(see page 31)

**Liquidity Coverage ratio**
162%
(see page 38)

**Own funds and eligible liabilities ratio**
8.2%
(see page 34)

## Risk and capital position review

# Analysis of treasury and capital risk

### Table 6: KM1 – Key metrics

| | | As at 31.12.20 £m | As at 30.09.20 £m | As at 30.06.20 £m | As at 31.03.20 £m | As at 31.12.19 £m |
|---|---|---|---|---|---|---|
| | **Available capital (amounts)** | | | | | |
| 1 | Common Equity Tier 1 (CET1)[a] | **46,296** | 45,509 | 45,380 | 42,518 | 40,813 |
| 1a | Fully loaded Expected Credit Loss (ECL) accounting model[b] | **43,740** | 42,997 | 42,921 | 41,303 | 39,687 |
| 2 | Tier 1[c] | **58,034** | 58,063 | 56,862 | 54,012 | 52,241 |
| 2a | Fully loaded ECL accounting model Tier 1[d] | **54,832** | 54,929 | 53,712 | 52,044 | 50,428 |
| 3 | Total capital[c] | **67,660** | 69,906 | 69,162 | 66,394 | 63,641 |
| 3a | Fully loaded ECL accounting model total capital[d] | **64,604** | 66,610 | 65,454 | 63,145 | 60,294 |
| | **Risk-weighted assets (amounts)** | | | | | |
| 4 | Total risk-weighted assets (RWA)[a] | **306,203** | 310,727 | 318,987 | 325,631 | 295,131 |
| 4a | Fully loaded ECL accounting model total RWA[b] | **305,314** | 309,793 | 318,034 | 325,536 | 295,016 |
| | **Risk-based capital ratios as a percentage of RWA** | | | | | |
| 5 | Common Equity Tier 1 ratio (%)[a] | **15.1%** | 14.6% | 14.2% | 13.1% | 13.8% |
| 5a | Fully loaded ECL accounting model Common Equity Tier 1 (%)[b] | **14.3%** | 13.9% | 13.5% | 12.7% | 13.5% |
| 6 | Tier 1 ratio (%)[a,c] | **19.0%** | 18.7% | 17.8% | 16.6% | 17.7% |
| 6a | Fully loaded ECL accounting model Tier 1 ratio (%)[b,d] | **18.0%** | 17.7% | 16.9% | 16.0% | 17.1% |
| 7 | Total capital ratio (%)[a,c] | **22.1%** | 22.5% | 21.7% | 20.4% | 21.6% |
| 7a | Fully loaded ECL accounting model total capital ratio (%)[b,d] | **21.2%** | 21.5% | 20.6% | 19.4% | 20.4% |
| | **Additional CET1 buffer requirements as a percentage of RWA** | | | | | |
| 8 | Capital conservation buffer requirement (%) | **2.5%** | 2.5% | 2.5% | 2.5% | 2.5% |
| 9 | Countercyclical buffer requirement (%) | **0.0%** | 0.0% | 0.0% | 0.0% | 0.6% |
| 10 | Bank G-SIB and/or D-SIB additional requirements (%) | **1.5%** | 1.5% | 1.5% | 1.5% | 1.5% |
| 11 | Total of bank CET1 specific buffer requirements (%) (row 8 + 9 + 10) | **4.0%** | 4.0% | 4.0% | 4.0% | 4.6% |
| 12 | CET1 available after meeting the bank's minimum capital requirements (%) | **10.6%** | 10.1% | 9.7% | 8.6% | 9.3% |
| | **CRR leverage ratio[e,f]** | | | | | |
| 13 | Total CRR leverage ratio exposure measure | **1,254,157** | 1,306,828 | 1,248,215 | 1,326,549 | 1,126,259 |
| 14 | Fully loaded CRR leverage ratio (%) | **4.4%** | 4.2% | 4.3% | 3.9% | 4.5% |
| | **Average UK leverage ratio (Transitional)[g,h,i]** | | | | | |
| 13a | Total average UK leverage ratio exposure measure | **1,146,919** | 1,111,052 | 1,148,720 | 1,176,198 | 1,142,819 |
| 14a | Transitional average UK leverage ratio (%) | **5.0%** | 5.1% | 4.7% | 4.5% | 4.5% |
| | **UK leverage ratio (Transitional)[f,g,h]** | | | | | |
| 13b | Total UK leverage ratio exposure measure | **1,090,907** | 1,095,097 | 1,071,138 | 1,178,708 | 1,007,721 |
| 14b | Transitional UK leverage ratio (%) | **5.3%** | 5.2% | 5.2% | 4.5% | 5.1% |
| | **Liquidity Coverage Ratio** | | | | | |
| 15 | Total HQLA | **258,198** | 319,785 | 291,116 | 232,296 | 206,448 |
| 16 | Total net cash outflows | **159,320** | 176,394 | 156,201 | 149,946 | 128,901 |
| 17 | LCR ratio (%) | **162%** | 181% | 186% | 155% | 160% |

**Notes**

a CET1 capital and RWAs are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.
b Fully loaded CET1 capital and RWAs are calculated without applying the transitional arrangements of the CRR as amended by CRR II.
c Transitional Tier 1 and Total capital include AT1 and T2 capital that is calculated applying the grandfathering of CRR and CRR II non-compliant capital instruments.
d Fully loaded Tier 1 and Total capital include AT1 and T2 capital that is calculated without applying the grandfathering of CRR and CRR II non-compliant capital instruments.
e Fully loaded CRR leverage ratio is calculated without applying the transitional arrangements of the CRR as amended by CRR II.
f The difference between CRR leverage ratio and UK leverage ratio is driven by the exclusion of qualifying central bank claims and Bounce Back Loans from the UK leverage exposure.
g Transitional UK leverage ratios are calculated applying the IFRS 9 transitional arrangements and in line with the PRA Handbook.
h Fully loaded average UK leverage ratio was 4.8%, with £1,144bn of leverage exposure. Fully loaded UK leverage ratio was 5.0%, with £1,088bn of leverage exposure. Fully loaded UK leverage ratios are calculated without applying the transitional arrangements of the PRA Handbook.
i Average UK leverage ratio uses capital based on the last day of each month in the quarter and an exposure measure for each day in the quarter.

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.

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 7: CC1 – Composition of Regulatory Capital
This table shows the components of regulatory capital presented on both a transitional and fully loaded basis as at 31 December 2020.

| | | Barclays Group | | | Barclays Bank PLC | | |
|---|---|---|---|---|---|---|---|
| | | Ref† | As at 31.12.20 Transitional position £m | As at 31.12.20 Fully loaded position £m | Ref† | As at 31.12.20 Transitional position £m | As at 31.12.20 Fully loaded position £m |
| | **Common Equity Tier 1 capital: instruments and reserves** | | | | | | |
| 1 | Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus | a | 4,637 | 4,637 | a | 2,343 | 2,343 |
| 2 | Retained earnings | b | 45,527 | 45,527 | b | 34,167 | 34,167 |
| 3 | Accumulated other comprehensive income (and other reserves) | c | 4,461 | 4,461 | c | 776 | 776 |
| | Adjustment to retained earnings for foreseeable dividends | | (204) | (204) | | (195) | (195) |
| | Scope of consolidation and other adjustments | | 55 | 55 | | 197 | 197 |
| 6 | **Common Equity Tier 1 capital before regulatory adjustments** | | **54,476** | **54,476** | | **37,288** | **37,288** |
| | **Common Equity Tier 1 capital: regulatory adjustments** | | | | | | |
| 7 | Prudent valuation adjustments | | (1,146) | (1,146) | | (772) | (772) |
| 8 | Goodwill (net of related tax liability) | d,e | (3,922) | (3,922) | d | (95) | (95) |
| 9 | Other intangibles other than mortgage servicing rights (net of related tax liability) | f,g[a] | (2,992) | (2,992) | e | (17) | (17) |
| 10 | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | h | (595) | (595) | g | (280) | (280) |
| 11 | Cash flow hedge reserve | i | (1,575) | (1,575) | h | (1,191) | (1,191) |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities | j | 870 | 870 | i | 795 | 795 |
| 15 | Defined-benefit pension fund net assets | k,g[a] | (1,326) | (1,326) | j,f[a] | (1,324) | (1,324) |
| 16 | Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet) | | (50) | (50) | | – | – |
| 19 | Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold) | | – | – | k,l | (9,205) | (9,291) |
| 22 | Amount exceeding the 17.65% threshold | | – | – | g,k,l | (829) | (1,032) |
| 23 | *Of which: significant investment in the common stock of financials* | | – | – | k,l | (634) | (764) |
| 25 | *Of which: deferred tax assets arising from temporary difference* | | – | – | g | (195) | (267) |
| | Adjustment under IFRS 9 transitional arrangements[b] | | 2,556 | – | | 857 | – |
| 28 | **Total regulatory adjustments to Common Equity Tier 1** | | **(8,180)** | **(10,736)** | | **(12,061)** | **(13,207)** |
| 29 | **Common Equity Tier 1 capital (CET1)** | | **46,296** | **43,740** | | **25,227** | **24,081** |

**Notes**
† The references (a) – (p) identify balance sheet components in Table 8 & 8a: CC2 – Reconciliation of regulatory capital to balance sheet on pages 20 & 21 which are used in the calculation of regulatory capital.
a Deferred tax liabilities on intangible assets and pension fund assets are included as either a negative component of the deferred tax asset or a deferred tax liability on the balance sheet depending on the net deferred tax position of the bank at the time of reporting.
b Barclays Group of which static £893m, of which modified £1,663m; Barclays Bank PLC of which static £336m, of which modified £521m.

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 7: CC1 – Composition of Regulatory Capital – continued

| | | Barclays Group | | | Barclays Bank PLC | | |
|---|---|---|---|---|---|---|---|
| | | Ref† | As at 31.12.20 Transitional position £m | As at 31.12.20 Fully loaded position £m | Ref† | As at 31.12.20 Transitional position £m | As at 31.12.20 Fully loaded position £m |
| | **Additional Tier 1 capital: instruments** | | | | | | |
| 30 | Directly issued qualifying additional Tier 1 instruments plus related stock surplus | l | 11,172 | 11,172 | m | 8,621 | 8,621 |
| 31 | Of which: classified as equity under applicable accounting standards | l | 11,172 | 11,172 | m | 8,621 | 8,621 |
| 33 | Directly issued capital instruments subject to phase-out from additional Tier 1 | | – | – | b,n,o | 805 | – |
| 34 | Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) | m,n | 646 | – | | – | – |
| 35 | *Of which: instruments issued by subsidiaries subject to phase out* | m,n | 805 | – | | – | – |
| 36 | **Additional Tier 1 capital before regulatory adjustments** | | **11,818** | **11,172** | | **9,426** | **8,621** |
| | **Additional Tier 1 capital: regulatory adjustments** | | | | | | |
| 37 | Investments in own additional Tier 1 instruments | | (80) | (80) | | (40) | – |
| 40 | Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation | | – | – | k | (2,441) | (2,441) |
| 43 | **Total regulatory adjustments to additional Tier 1 capital** | | **(80)** | **(80)** | | **(2,481)** | **(2,441)** |
| 44 | **Additional Tier 1 capital (AT1)** | | **11,738** | **11,092** | | **6,945** | **6,180** |
| 45 | **Tier 1 capital (T1 = CET1 + AT1)** | | **58,034** | **54,832** | | **32,172** | **30,261** |
| | **Tier 2 capital: instruments and provisions** | | | | | | |
| 46 | Directly issued qualifying Tier 2 instruments plus related stock surplus | m | 7,836 | 7,836 | o | 7,619 | 7,840 |
| 47 | Directly issued capital instruments subject to phase-out from Tier 2 | | – | – | o | 279 | – |
| 47a | Directly issued capital instruments grandfathered under CRR II | | | | o | 770 | – |
| 48 | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2) | m | 1,893 | 1,199 | | – | – |
| 49 | Of which: instruments issued by subsidiaries subject to phase out | m | 279 | – | | – | – |
| 49a | Of which: instruments issued by subsidiaries grandfathered under CRR II | m | 770 | | | – | – |
| 50 | Provisions | | 57 | 897 | | – | 454 |
| 51 | **Tier 2 capital before regulatory adjustments** | | **9,786** | **9,932** | | **8,668** | **8,294** |
| | **Tier 2 capital: regulatory adjustments** | | | | | | |
| 52 | Investments in own Tier 2 instruments | | (160) | (160) | | (160) | (160) |
| 55 | Significant investments in the capital and other TLAC liabilities of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | | – | – | p | (3,187) | (3,187) |
| 57 | Total regulatory adjustments to Tier 2 capital | | **(160)** | **(160)** | | **(3,347)** | **(3,347)** |
| 58 | Tier 2 capital (T2) | | **9,626** | **9,772** | | **5,321** | **4,947** |
| 59 | Total regulatory capital (TC = T1 + T2) | | **67,660** | **64,604** | | **37,493** | **35,208** |

# Risk and capital position review

## Analysis of treasury and capital risk continued

### Table 7: CC1 – Composition of regulatory capital – continued

| | | | Barclays Group | | | Barclays Bank PLC | |
|---|---|---|---|---|---|---|---|
| | | Ref† | As at 31.12.20 Transitional position £m | As at 31.12.20 Fully loaded position £m | Ref† | As at 31.12.20 Transitional position £m | As at 31.12.20 Fully loaded position £m |
| 60 | **Total risk weighted assets** | | **306,203** | **305,314** | | **178,156** | **177,295** |
| | | | | | | | |
| | **Capital ratios and buffers** | | | | | | |
| 61 | Common Equity Tier 1 (as a percentage of risk-weighted assets) | | 15.1% | 14.3% | | 14.2% | 13.6% |
| 62 | Tier 1 (as a percentage of risk-weighted assets) | | 19.0% | 18.0% | | 18.1% | 17.1% |
| 63 | Total capital (as a percentage of risk-weighted assets) | | 22.1% | 21.2% | | 21.0% | 19.9% |
| 64 | Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets) | | 4.0% | 4.0% | | 2.5% | 2.5% |
| 65 | *Of which: capital conservation buffer requirement* | | 2.5% | 2.5% | | 2.5% | 2.5% |
| 66 | *Of which: countercyclical buffer requirement* | | 0.0% | 0.0% | | 0.0% | 0.0% |
| 67 | *Of which: higher loss absorbency requirement* | | 1.5% | 1.5% | | 0.0% | 0.0% |
| 68 | Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirements | | 10.6% | 9.8% | | 9.7% | 9.1% |
| | **Amounts below the thresholds for deduction (before risk weighting)** | | | | | | |
| 72 | Non-significant investments in the capital and other TLAC liabilities of other financial entities | | 3,706 | 3,706 | | 2,789 | 2,789 |
| 73 | Significant investments in the common stock of financial entities | | 740 | 740 | | 3,526 | 3,440 |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | | 3,210 | 3,474 | | 1,087 | 1,204 |
| | **Applicable caps on the inclusion of provisions in Tier 2** | | | | | | |
| 77 | Cap on inclusion of provisions in Tier 2 under standardised approach | | 818 | 799 | | 564 | 552 |
| 78 | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | | 57 | 1,415 | | – | 526 |
| 79 | Cap for inclusion of provisions in Tier 2 under internal ratings-based approach | | 893 | 897 | | 453 | 454 |
| | **Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)** | | | | | | |
| 82 | Current cap on AT1 instruments subject to phase-out arrangements | | 1,851 | – | | 1,851 | – |
| 84 | Current cap on T2 instruments subject to phase out arrangements | | 554 | – | | 554 | – |

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 8: CC2 – Reconciliation of regulatory capital to balance sheet
These tables show the reconciliation between balance sheet prepared for statutory and regulatory scope of consolidation. The amount shown under the regulatory scope of consolidation is not a RWA measure; it is based on an accounting measure and cannot be directly reconciled to other tables in this report.

**Barclays Group**

| As at 31 December 2020 | Ref† | Accounting balance sheet per published financial statements £m | Deconsolidation of insurance/other entities £m | Consolidation of banking associates/ other entities £m | Balance sheet per regulatory scope of consolidation £m |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and balances at central banks | | 191,127 | (84) | – | 191,043 |
| Cash collateral and settlement balances | | 101,367 | – | – | 101,367 |
| Loans and advances at amortised cost | | 342,632 | (5,053) | 243 | 337,822 |
| Reverse repurchase agreements and other similar secured lending | | 9,031 | – | – | 9,031 |
| Trading portfolio assets | | 127,950 | – | 4,887 | 132,837 |
| Financial assets at fair value through the income statement | | 175,151 | (73) | (810) | 174,268 |
| Derivative financial instruments | | 302,446 | – | (159) | 302,287 |
| Financial assets at fair value through other comprehensive income | | 78,688 | – | 84 | 78,772 |
| Investments in subsidiaries, associates and joint ventures | e | 781 | 162 | (759) | 184 |
| Goodwill and intangible assets | | 7,948 | – | 33 | 7,981 |
| *- Of which: goodwill* | d | 3,891 | – | 31 | 3,922 |
| *- Of which: other intangibles (excluding MSRs)* | f | 4,057 | – | 2 | 4,059 |
| Property, plant and equipment | | 4,036 | – | 2 | 4,038 |
| Current tax assets | | 477 | – | – | 477 |
| Deferred tax assets | g,h | 3,444 | (1) | – | 3,443 |
| Retirement benefit assets | k | 1,814 | – | – | 1,814 |
| Other assets | | 2,622 | 367 | 17 | 3,006 |
| **Total assets** | | **1,349,514** | **(4,682)** | **3,538** | **1,348,370** |
| **Liabilities** | | | | | |
| Deposits at amortised cost | | 481,036 | 1 | – | 481,037 |
| Cash collateral and settlement balances | | 85,423 | – | – | 85,423 |
| Repurchase agreements and other similar secured borrowing | | 14,174 | – | – | 14,174 |
| Debt securities in issue | | 75,796 | (7,093) | – | 68,703 |
| Subordinated liabilities | m | 16,341 | – | – | 16,341 |
| Trading portfolio liabilities | | 47,405 | – | 2,795 | 50,200 |
| Financial liabilities designated at fair value | | 249,765 | – | 714 | 250,479 |
| Derivative financial instruments | | 300,775 | – | – | 300,775 |
| Current tax liabilities | | 645 | (5) | 2 | 642 |
| Deferred tax liabilities | g | 15 | – | – | 15 |
| Retirement benefit liabilities | | 291 | – | – | 291 |
| Other liabilities | | 8,662 | 2,358 | 27 | 11,047 |
| Provisions | | 2,304 | (7) | – | 2,297 |
| **Total liabilities** | | **1,282,632** | **(4,746)** | **3,538** | **1,281,424** |
| **Equity** | | | | | |
| Called up share capital and share premium | | 4,637 | – | – | 4,637 |
| *- Of which: amount eligible for CET1* | a | 4,637 | – | – | 4,637 |
| Other equity instruments | l | 11,172 | – | – | 11,172 |
| Other reserves | c,i,j | 4,461 | 13 | 12 | 4,486 |
| Retained earnings | b | 45,527 | 51 | (12) | 45,566 |
| Total equity excluding non-controlling interests | | 65,797 | 64 | – | 65,861 |
| Non-controlling interests | n | 1,085 | – | – | 1,085 |
| **Total equity** | | **66,882** | **64** | **–** | **66,946** |
| **Total liabilities and equity** | | **1,349,514** | **(4,682)** | **3,538** | **1,348,370** |

**Note**
† The references (a) – (n) identify balance sheet components that are used in the calculation of regulatory capital in Table 7: Composition of regulatory capital on page 17.

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 8a: CC2 – Reconciliation of regulatory capital to balance sheet for significant subsidiary

**Barclays Bank PLC**

| As at 31 December 2020 | Ref† | Accounting balance sheet per published financial statements £m | Consolidation of banking associates/ other entities £m | Balance sheet per regulatory scope of consolidation £m |
|---|---|---|---|---|
| **Assets** | | | | |
| Cash and balances at central banks | | 133,386 | – | 133,386 |
| Cash collateral and settlement balances | | 87,723 | – | 87,723 |
| Loans and advances at amortised cost | p | 191,538 | 3,032 | 194,570 |
| Reverse repurchase agreements and other similar secured lending | | 11,535 | – | 11,535 |
| Trading portfolio assets | | 84,089 | – | 84,089 |
| Financial assets at fair value through the income statement | | 203,073 | (439) | 202,634 |
| Derivative financial instruments | | 297,129 | (74) | 297,055 |
| Financial assets at fair value through other comprehensive income | | 50,308 | – | 50,308 |
| Investments in subsidiaries | k | 17,780 | (3,660) | 14,120 |
| Investments in associates and joint ventures | l | 13 | – | 13 |
| Goodwill and intangible assets | | 112 | – | 112 |
| *- Of which: goodwill* | d | 95 | – | 95 |
| *- Of which: other intangibles (excluding MSRs)* | e | 17 | – | 17 |
| Property, plant and equipment | | 425 | – | 425 |
| Current tax assets | | 545 | – | 545 |
| Deferred tax assets | f,g | 1,171 | – | 1,171 |
| Retirement benefit assets | j | 1,812 | – | 1,812 |
| **Other assets** | | 913 | – | 913 |
| **Total assets** | | **1,081,552** | **(1,141)** | **1,080,411** |
| Liabilities | | | | |
| Deposits at amortised cost | | 272,190 | (840) | 271,350 |
| Cash collateral and settlement balances | | 68,862 | – | 68,862 |
| Repurchase agreements and other similar secured borrowing | | 27,722 | – | 27,722 |
| Debt securities in issue | | 17,221 | – | 17,221 |
| Subordinated liabilities | o | 31,852 | – | 31,852 |
| Trading portfolio liabilities | | 48,093 | – | 48,093 |
| Financial liabilities designated at fair value | | 267,137 | (438) | 266,699 |
| Derivative financial instruments | | 292,538 | (75) | 292,463 |
| Current tax liabilities | | 336 | 15 | 351 |
| Deferred tax liabilities | f | 225 | – | 225 |
| Retirement benefit liabilities | | 104 | – | 104 |
| Other liabilities | | 3,145 | – | 3,145 |
| Provisions | | 984 | – | 984 |
| **Total liabilities** | | **1,030,409** | **(1,338)** | **1,029,071** |
| Equity | | | | |
| Called up share capital and share premium | | 2,348 | – | 2,348 |
| *- Of which: amount eligible for CET1* | a | 2,343 | – | 2,343 |
| *- Of which: amount eligible for AT1* | n | 5 | – | 5 |
| Other equity instruments | m | 13,328 | – | 13,328 |
| Other reserves | c,h,i | 776 | (8) | 768 |
| Retained earnings | b | 34,691 | 205 | 34,896 |
| Total equity excluding non-controlling interests | | 51,143 | 197 | 51,340 |
| **Total equity** | | **51,143** | **197** | **51,340** |
| **Total liabilities and equity** | | **1,081,552** | **(1,141)** | **1,080,411** |

**Note**
† The references (a) – (p) identify balance sheet components that are used in the calculation of regulatory capital in Table 7: Composition of regulatory capital on page 17.

# Risk and capital position review
Analysis of treasury and capital risk continued

## IFRS 9 – Transitional capital arrangements

On 1 January 2018, IFRS 9 transitional capital arrangements were implemented by Regulation (EU) 2017/2395. Barclays elected to apply the transitional arrangements at both consolidated and individual entity levels and will disclose both transitional and fully loaded CET1 ratios until the end of the transitional period. On 27 June 2020, CRR was further amended to extend the transitional period by two years and to introduce a new modified calculation.

The transitional arrangements, implemented under a modified static approach, allow for transitional relief on the "day 1" impact on adoption of IFRS 9 (static element) and for the increase in provisions between "day 1" and the reporting date (modified element), subject to eligibility.

The transitional relief applied to the static element is phased out over a 5-year period with 95% applicable for 2018; 85% for 2019; 70% for 2020; 50% for 2021; 25% for 2022 and with no transitional relief from 2023.

The transitional relief applied to the modified element for increases between "day 1" and 31 December 2019 is phased out in line with the static element. From 27 June 2020, under new legislation, the transitional relief applied to the modified element for increases between 1 January 2020 and the reporting date is phased out over a 5 year period with 100% applicable for 2020 and 2021; 75% for 2022; 50% for 2023; 25% for 2024 and with no transitional relief from 2025.

For the static element, Stage 1, Stage 2 and Stage 3 provisions are eligible for transition, whereas for the modified elements, Stage 3 provisions are excluded.

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

Separate calculations are performed for standardised and advanced Internal Ratings Based (AIRB) portfolios, reflecting the different ways these frameworks take account of provisions.

Under the standardised approach, increases in provisions for both the static and modified elements are eligible for transition. When recalculating the requirements in CRR, as amended by CRR II, under the standardised approach, a risk weight of 100% is assigned to the eligible impairment.

For AIRB exposures, the calculation of capital takes account of the expected loss via a comparison with the impairment allowances. Where regulatory expected losses exceed impairment allowances, the shortfall is deducted from CET1 capital. Where the impairment allowance is higher than expected loss, the excess is added back to tier 2 capital and capped at an amount of 0.6% of AIRB RWAs. For both the static and modified elements, provisions are only eligible for transitional relief to the extent that they exceed regulatory expected loss.

The deferred tax assets (DTAs) created from the increase of impairment are also accounted for in the CET1 ratio. When DTAs arising from temporary differences are above the 10% CET1 capital threshold, any excess above the threshold is deducted and those below the threshold are risk weighted at 250% up to the point they reach threshold. DTAs that rely on future profitability excluding temporary differences are deducted from CET1 capital. To the extent that DTAs have arisen as a result of increases in eligible impairment, the impacts may also be reversed by the transitional relief applied.

# Risk and capital position review
## Analysis of treasury and capital risk continued

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

| | Barclays Group | As at 31.12.20 £m | As at 30.09.20 £m | As at 30.06.20 £m | As at 31.03.20 £m | As at 31.12.19 £m |
|---|---|---|---|---|---|---|
| | **Available capital (amounts)** | | | | | |
| 1 | CET1 capital[b] | **46,296** | 45,509 | 45,380 | 42,518 | 40,813 |
| 2 | CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **43,740** | 42,997 | 42,921 | 41,303 | 39,687 |
| 3 | Tier 1 capital[c] | **58,034** | 58,063 | 56,862 | 54,012 | 52,241 |
| 4 | Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **55,478** | 55,551 | 54,403 | 52,797 | 51,115 |
| 5 | Total capital[c] | **67,660** | 69,906 | 69,162 | 66,394 | 63,641 |
| 6 | Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **65,944** | 68,335 | 67,667 | 65,644 | 62,628 |
| | **Risk-weighted assets (amounts)** | **£m** | £m | £m | £m | £m |
| 7 | Total risk-weighted assets[b] | **306,203** | 310,727 | 318,987 | 325,631 | 295,131 |
| 8 | Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **305,314** | 309,793 | 318,034 | 325,536 | 295,016 |
| | **Capital ratios** | | | | | |
| 9 | CET1 (as a percentage of risk exposure amount)[b] | **15.1%** | 14.6% | 14.2% | 13.1% | 13.8% |
| 10 | CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **14.3%** | 13.9% | 13.5% | 12.7% | 13.5% |
| 11 | Tier 1 (as a percentage of risk exposure amount)[b,c] | **19.0%** | 18.7% | 17.8% | 16.6% | 17.7% |
| 12 | Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **18.2%** | 17.9% | 17.1% | 16.2% | 17.3% |
| 13 | Total capital (as a percentage of risk exposure amount)[b,c] | **22.1%** | 22.5% | 21.7% | 20.4% | 21.6% |
| 14 | Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **21.6%** | 22.1% | 21.3% | 20.2% | 21.2% |
| | **Leverage ratio** | **£m** | £m | £m | £m | £m |
| 15 | Leverage ratio total exposure measure | **1,254,157** | 1,306,828 | 1,248,215 | 1,326,549 | 1,126,259 |
| 16 | Leverage ratio[d] | **4.4%** | 4.2% | 4.3% | 3.9% | 4.5% |
| 17 | Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **4.4%** | 4.2% | 4.3% | 3.9% | 4.5% |

**Notes**

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

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

c Transitional T1 and Total capital are calculated applying the transitional arrangements of the CRR as amended by CRR II. This includes the grandfathering of CRR and CRR II non-compliant capital instruments and IFRS 9 transitional arrangement.

d Fully loaded CRR leverage ratio is calculated without applying the transitional arrangements of the CRR as amended by CRR II.

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 9a: IFRS 9-FL – IFRS 9/Article 468-FL – Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR[a] for significant subsidiary

| | Barclays Bank PLC | As at 31.12.20 £m | As at 30.06.20 £m | As at 31.12.19 £m | As at 30.06.19 £m |
|---|---|---|---|---|---|
| | **Available capital (amounts)** | | | | |
| 1 | CET1 capital[b] | **25,227** | 27,197 | 22,080 | 22,403 |
| 2 | CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **24,081** | 26,116 | 21,433 | 21,757 |
| 3 | Tier 1 capital[c] | **32,172** | 33,781 | 28,600 | 30,193 |
| 4 | Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **31,026** | 32,700 | 27,953 | 29,547 |
| 5 | Total capital[c] | **37,493** | 39,965 | 34,955 | 36,002 |
| 6 | Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **36,801** | 39,245 | 34,308 | 35,356 |
| | **Risk-weighted assets (amounts)** | **£m** | £m | £m | £m |
| 7 | Total risk-weighted assets[b] | **178,156** | 190,049 | 158,393 | 166,717 |
| 8 | Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **177,295** | 189,150 | 157,813 | 166,136 |
| | **Capital ratios** | | | | |
| 9 | CET1 (as a percentage of risk exposure amount)[b] | **14.2%** | 14.3% | 13.9% | 13.4% |
| 10 | CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **13.6%** | 13.8% | 13.6% | 13.1% |
| 11 | Tier 1 (as a percentage of risk exposure amount)[b,c] | **18.1%** | 17.8% | 18.1% | 18.1% |
| 12 | Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **17.5%** | 17.3% | 17.7% | 17.7% |
| 13 | Total capital (as a percentage of risk exposure amount)[b,c] | **21.0%** | 21.0% | 22.1% | 21.6% |
| 14 | Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **20.8%** | 20.7% | 21.7% | 21.2% |
| | **Leverage ratio** | **£m** | £m | £m | £m |
| 15 | Leverage ratio total exposure measure | **826,371** | 817,372 | 731,715 | 800,538 |
| 16 | Leverage ratio[c] | **3.9%** | 4.1% | 3.9% | 3.8% |
| 17 | Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied | **3.8%** | 4.0% | 3.8% | 3.7% |

**Notes**

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

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

c Transitional T1, total capital and leverage are calculated applying the transitional arrangements of the CRR as amended by CRR II. This includes the grandfathering of CRR and CRR II non-compliant capital instruments and IFRS 9 transitional arrangement.

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 10: RWAs by risk type and business
This table shows RWAs by business and risk type.

| | Credit risk | | Counterparty credit risk | | | | Market risk | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| As at 31 December 2020 | Std £m | AIRB £m | Std £m | AIRB £m | Settlement risk £m | CVA £m | Std £m | IMA £m | Operational risk £m | Total RWAs £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** |

### Table 10a: RWAs by risk type and business for significant subsidiary
This table shows RWAs by risk type.

| | Credit risk | | Counterparty credit risk | | | | Market risk | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| As at 31 December 2020 | Std £m | AIRB £m | Std £m | AIRB £m | Settlement risk £m | CVA £m | Std £m | IMA £m | Operational risk £m | Total RWAs £m |
| **Barclays Bank PLC** | **36,568** | **67,975** | **11,831** | **16,799** | **54** | **2,203** | **6,175** | **20,353** | **16,198** | **178,156** |
| **As at 31 December 2019** | | | | | | | | | | |
| **Barclays Bank PLC** | 35,336 | 56,865 | 11,199 | 14,214 | 259 | 2,202 | 6,163 | 17,275 | 14,880 | 158,393 |

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 11: OV1 – Overview of RWAs by risk type and capital requirements
The table shows RWAs, split by risk type and approach. For credit risk, RWAs are shown by credit exposure class.

| | | RWA | | Minimum Capital Requirements | |
|---|---|---|---|---|---|
| | | **As at 31.12.20 £m** | As at 31.12.19 £m | **As at 31.12.20 £m** | As at 31.12.19 £m |
| 1 | **Credit risk (excluding counterparty credit risk) (CCR)** | **171,648** | 174,321 | **13,732** | 13,946 |
| 2 | Of which standardised approach | **51,194** | 58,659 | **4,096** | 4,693 |
| 3 | Of which the foundation IRB (FIRB) approach | **–** | – | **–** | – |
| 4 | Of which the advanced IRB (AIRB) approach | **120,454** | 115,662 | **9,636** | 9,253 |
| 5 | Of which Equity IRB under the Simple risk-weight or the internal models approach | **–** | – | **–** | – |
| 6 | CCR | **35,359** | 31,630 | **2,829** | 2,530 |
| 7 | Of which mark to market | **1,974** | 1,697 | **158** | 136 |
| 8 | Of which original exposure | **–** | – | **–** | – |
| 9 | Of which standardised approach | **–** | – | **–** | – |
| 9a | Of which financial collateral comprehensive method | **4,270** | 4,723 | **342** | 378 |
| 10 | Of which internal model method | **25,482** | 21,708 | **2,039** | 1,736 |
| 11 | Of which risk exposure amount for contributions to the default fund of a CCP | **1,115** | 998 | **89** | 80 |
| 12 | Of which CVA | **2,518** | 2,504 | **201** | 200 |
| 13 | Settlement risk | **246** | 276 | **20** | 22 |
| 14 | Securitisation exposures in banking book (after cap) | **12,642** | 6,899 | **1,011** | 552 |
| 14a | Of which 1250% | **88** | 147 | **7** | 12 |
| 14b | Of which look through approach (KIRB) | **–** | 76 | **–** | 6 |
| 15 | Of which IRB approach | **–** | 2,737 | **–** | 219 |
| 16 | Of which IRB supervisory formula approach (SFA) | **–** | – | **–** | – |
| 17 | Of which internal assessment approach (IAA) | **–** | 106 | **–** | 8 |
| 18 | Of which standardised approach | **–** | – | **–** | – |
| 14c | Of which Sec-ERBA | **514** | 161 | **41** | 13 |
| 14d | Of which Sec-IAA | **1,006** | 931 | **80** | 74 |
| 14e | Of which Sec-SA | **1,487** | 669 | **119** | 54 |
| 14f | Of which Sec-IRBA | **9,547** | 2,072 | **764** | 166 |
| 19 | Market risk | **35,629** | 30,761 | **2,850** | 2,461 |
| 20 | Of which the standardised approach | **13,195** | 13,032 | **1,055** | 1,043 |
| 21 | Of which IMA | **22,434** | 17,729 | **1,795** | 1,418 |
| 22 | Large exposures | **–** | – | **–** | – |
| 23 | Operational risk | **40,898** | 40,957 | **3,272** | 3,277 |
| 24 | Of which basic indicator approach | **–** | – | **–** | – |
| 25 | Of which standardised approach | **40,898** | 40,957 | **3,272** | 3,277 |
| 26 | Of which advanced measurement approach | **–** | – | **–** | – |
| 27 | Amounts below the thresholds for deduction (subject to 250% risk weight) | **9,781** | 10,287 | **782** | 823 |
| 28 | Floor Adjustments | **–** | – | **–** | – |
| 29 | Total | **306,203** | 295,131 | **24,496** | 23,611 |

For further detail on movements in RWAs for each risk type please see Analysis of credit risk (page 45), Analysis of counterparty credit risk (page 108), Analysis of market risk (page 124), Analysis of securitisation exposures (page 132) and Analysis of operational risk (page 145).

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 12: Movements in RWAs
The table below show movements in RWAs, split by risk types and macro drivers.

| RWAs | Credit Risk £m | Counterparty Credit Risk[a] £m | Market Risk £m | Operational Risk £m | Total £m |
|---|---|---|---|---|---|
| **As at 1 January 2020** | **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[b] | (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** |

**Notes**
a RWAs in relation to default fund contributions are included in counterparty credit risk.
b Foreign exchange movement does not include FX for counterparty risk or market risk.

### Overall RWAs increased £11.1bn mainly driven by:
Credit risk RWAs increased £2.6bn mainly due to:
- Book size decreased RWAs £6.6bn primarily due to lower consumer lending partially offset by growth in mortgages within BUK
- Book quality increased RWAs £9.1bn mainly due to a reduction in credit quality primarily within CIB
- Model updates increased RWAs £2.8bn primarily due to modelled risk weight recalibrations
- Methodology and policy decreased RWAs £0.9bn primarily due to the application of revised SME discount factors, partially offset by an increase due to the risk weighting of software assets following the early adoption of specific CRR II measures
- FX decreased RWAs £1.7bn due to the depreciation of period end USD against GBP.

Counterparty Credit risk RWAs increased £3.6bn mainly due to:
- Book size increased RWAs £2.2bn primarily due to an increase in trading activities across SFTs and derivatives
- Book quality increased RWAs £1.4bn primarily due to a reduction in credit quality within CIB.

Market risk RWAs increased £4.9bn mainly due to:
- Book size increased RWAs £9.2bn primarily due to an increase in trading activities and higher market volatility
- Methodology and policy decreased RWAs £4.3bn primarily due to the removal of a Risk Not In VaR (RNIV) and a reduction in pre COVID-19 VaR backtesting exceptions.

# Risk and capital position review
## Analysis of treasury and capital risk continued

Tables 13, 14 and 15 below show a subset of the information included in table 12, focused on positions captured under modelled treatment.

### Table 13: CR8 – RWA flow statement of credit risk exposures under the AIRB approach

| | | RWA amount £m | Capital requirements £m |
|---|---|---|---|
| 1 | **As at 1 January 2020** | **128,092** | **10,248** |
| 2 | Asset size | 1,047 | 84 |
| 3 | Asset quality | 8,971 | 718 |
| 4 | Model updates | 2,796 | 224 |
| 5 | Methodology and policy | (1,235) | (99) |
| 6 | Acquisitions and disposals | (158) | (13) |
| 7 | Foreign exchange movements | (1,471) | (118) |
| 8 | Other | – | – |
| 9 | **As at 31 December 2020** | **138,042** | **11,043** |

Advanced credit risk RWAs increased £10.0bn to £138.0bn driven by:

- Asset size increased RWAs £1.0bn primarily driven by increased lending activity within CIB and growth in BUK mortgages, partially offset by lower consumer lending
- Asset quality increased RWAs £9.0bn due to a reduction in credit quality primarily within CIB
- Model updates increased RWAs £2.8bn primarily due to modelled risk weights recalibrations
- Methodology and policy decreased RWAs £1.2bn primarily due the application of revised SME discount factors, partially offset by an increase due to risk weighting of software assets following the early adoption of specific CRR II measures.
- Foreign exchange movements decreased RWAs £1.5bn primarily due to the depreciation of period end USD against GBP.

### Table 14: CCR7– RWA flow statement of counterparty credit risk exposures under the IMM

The total in this table shows the contribution of the IMM exposures to CCR RWAs (under both standardised and AIRB) and will not directly reconcile to CCR AIRB RWAs in table 10.

| | | RWA amount £m | Capital requirements £m |
|---|---|---|---|
| 1 | **As at 1 January 2020** | **21,872** | **1,750** |
| 2 | Asset size | 3,071 | 246 |
| 3 | Credit quality of counterparties | 816 | 65 |
| 4 | Model updates (IMM only) | 52 | 4 |
| 5 | Methodology and policy (IMM only) | (227) | (18) |
| 6 | Acquisitions and disposals | – | – |
| 7 | Foreign exchange movements | – | – |
| 8 | Other | – | – |
| 9 | **As at 31 December 2020** | **25,584** | **2,047** |

IMM RWAs increased by £3.7bn primarily due to increase in trading activity within modelled derivatives and SFTs.

### Table 15: MR2-B – RWA flow statement of market risk exposures under the IMA

| | | VaR £m | SVaR £m | IRC £m | CRM £m | Other £m | Total RWA £m | Total Capital requirements £m |
|---|---|---|---|---|---|---|---|---|
| 1 | **As at 1 January 2020** | **4,120** | **8,237** | **3,704** | **–** | **1,668** | **17,729** | **1,418** |
| 2 | Movement in risk levels | 1,157 | 2,241 | 1,308 | – | 4,605 | 9,311 | 745 |
| 3 | Model updates/changes | – | – | – | – | – | – | – |
| 4 | Methodology and policy | (151) | (1,441) | (341) | – | (2,673) | (4,606) | (368) |
| 5 | Acquisitions and disposals | – | – | – | – | – | – | – |
| 6 | Other | – | – | – | – | – | – | – |
| 7 | **As at 31 December 2020** | **5,126** | **9,037** | **4,671** | **–** | **3,600** | **22,434** | **1,795** |

Internal Model Approach (IMA) RWAs increased by £4.7bn primarily due to increase in market volatility partially offset by the removal of a Risk Not In VaR (RNIV) and a reduction in pre COVID-19 VaR backtesting exceptions.

# Risk and capital position review
Analysis of treasury and capital risk continued

## Basis of preparation for movements in RWAs

This analysis splits RWA movement by credit, counterparty credit, market and operational risk. Seven categories of drivers have been identified and are described below. Not all the drivers are applicable to all risk types, however all categories have been listed below for completeness purposes.

### Book size

#### Credit risk and counterparty risk (inc CVA)

This represents RWA movements driven by changes in the size and composition of underlying positions, measured using EAD values for existing portfolios over the period. This includes, but is not exclusive to:

- new business and maturing loans
- changes in product mix and exposure growth for existing portfolios
- book size reductions owing to risk mitigation and write-offs.

#### Market risk

This represents RWA movements owing to the changes in trading positions and volumes driven by business activity.

### Book quality

#### Credit risk and counterparty risk (inc CVA)

This represents RWA movements driven by changes in the underlying credit quality and recoverability of portfolios and reflected through model calibrations or realignments where applicable. This includes, but is not exclusive to:

- PD migration and LGD changes driven by economic conditions
- ratings migration for standardised exposures.

#### Market risk

This is the movement in RWAs owing to changing risk levels in the trading book, caused by fluctuations in market conditions.

### Model updates

#### Credit risk and counterparty risk (inc CVA)

This is the movement in RWAs as a result of both internal and external model updates. This includes, but is not exclusive to:

- updates to existing model inputs driven by both internal and external review
- model enhancements to improve models performance.

#### Market risk

This is the movement in RWAs reflecting change in model scope, changes to market data levels, volatilities, correlations, liquidity and ratings used as input for the internal modelled RWA calculations.

### Methodology and policy

#### Credit risk and counterparty risk (inc CVA)

This is the movement in RWAs as a result of both internal and external methodology, policy and regulatory changes. This includes, but is not exclusive to:

- updates to RWA calculation methodology, communicated by the regulator
- the implementation of credit risk mitigation to a wider scope of portfolios.

#### Market risk

This is the movement in RWAs as a result of both internal and external methodology, policy and regulatory changes for market risk.

### Acquisitions and disposals

This is the movement in RWAs as a result of the disposal or acquisition of business operations impacting the size of banking and trading portfolios.

### Foreign exchange movements

This is the movement in RWAs as a result of changes in the exchange rate between the functional currency of the Barclays business area or portfolio and our presentational currency for consolidated reporting. It should be noted that foreign exchange movements shown in table 12 do not include the impact of foreign exchange for the counterparty credit risk or market risk RWAs.

### Other

This is the movement in RWAs driven by items that cannot be reasonably assigned to the other driver categories. In relation to market risk RWAs, this includes changes in measurement that are not driven by methodology, policy or model updates. This category had a nil balance for the year ended 31 December 2020.

# Risk and capital position review
Analysis of treasury and capital risk continued

## Leverage ratio and exposures

The following leverage tables show the components of the leverage ratio using the CRR definition for leverage exposure and Tier 1 capital as at 31 December 2020.[a,b]

Barclays Group manages the risk associated with leverage exposures through the Barclays Group capital risk management process. Leverage ratio forecasts are regularly monitored against early warning indicators and internal limits which trigger actions to mitigate risk. Barclays Group leverage ratio is also subject to regular external and internal stress testing.

### Table 16: Summary reconciliation of accounting assets and leverage ratio exposures

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

| | | As at 31 December 2020 | | As at 31 December 2019 | |
|---|---|---|---|---|---|
| | | **Barclays Group £m** | **Barclays Bank PLC £m** | Barclays Group £m | Barclays Bank PLC £m |
| 1 | Total assets as per published financial statements | **1,349,514** | **1,081,552** | 1,140,229 | 891,121 |
| 2 | Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation | **(1,144)** | **(1,141)** | (1,170) | (466) |
| 4 | Adjustments for derivative financial instruments | **(197,693)** | **(178,706)** | (123,318) | (110,955) |
| 5 | Adjustments for securities financing transactions (SFTs) | **21,114** | **51,438** | 18,339 | 35,900 |
| 6 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures) | **113,704** | **108,322** | 105,289 | 99,322 |
| EU-6a | (Adjustment for intragroup exposures excluded from the leverage ratio exposure measure in accordance with Article 429 (7) of Regulation (EU) No 575/2013) | **–** | **(207,445)** | – | (167,667) |
| 7 | Other adjustments | **(10,109)** | **(14,147)** | (13,110) | (15,540) |
| EU-7a | Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting | **(21,229)** | **(13,502)** | – | – |
| 8 | **Total leverage ratio exposure** | **1,254,157** | **826,371** | 1,126,259 | 731,715 |

**Notes**
a Capital and leverage measures are calculated applying CRR as amended by CRR II.
b Leverage ratio is calculated without applying the transitional arrangements of the CRR as amended by CRR II for Barclays Group and with applying the transitional arrangements of the CRR as amended by CRR II for Barclays Bank PLC.

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 17: Leverage ratio common disclosure
This table shows the leverage ratio calculation and includes additional breakdowns for the leverage exposure measure.

| Barclays Group | | As at 31 December 2020 £m | As at 31 December 2019 £m |
|---|---|---|---|
| **On-balance sheet exposures (excluding derivatives and SFTs)** | | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral) | 881,890 | 798,516 |
| EU-1a | Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting | (21,229) | – |
| 2 | Asset amounts deducted in determining tier 1 capital | (10,109) | (13,110) |
| 3 | **Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)** | **850,552** | 785,406 |
| **Derivative exposures** | | | |
| 4 | Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin) | 32,728 | 22,806 |
| 5 | Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method) | 137,691 | 142,143 |
| 7 | Deductions of receivables assets for cash variation margin provided in derivatives transactions | (45,838) | (38,753) |
| 8 | Exempted CCP leg of client-cleared trade exposures | (34,814) | (34,061) |
| 9 | Adjusted effective notional amount of written credit derivatives | 297,618 | 293,935 |
| 10 | Adjusted effective notional offsets and add-on deductions for written credit derivatives | (282,632) | (280,152) |
| 11 | **Total derivative exposures** | **104,753** | 105,918 |
| **Securities financing transaction exposures** | | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions | 470,432 | 387,328 |
| 13 | Netted amounts of cash payables and cash receivables of gross SFT assets | (306,398) | (276,021) |
| 14 | Counterparty credit risk exposure for SFT assets | 21,114 | 18,339 |
| 16 | **Total securities financing transaction exposures** | **185,148** | 129,646 |
| 17 | Off-balance sheet exposures at gross notional amount | 340,179 | 331,390 |
| 18 | Adjustments for conversion to credit equivalent amounts | (226,475) | (226,101) |
| 19 | **Other off-balance sheet exposures** | **113,704** | 105,289 |
| **Capital and total exposures** | | | |
| 20 | Tier 1 capital | 54,832 | 50,428 |
| 21 | **Total leverage ratio exposures** | **1,254,157** | 1,126,259 |
| **Leverage ratio** | | | |
| 22 | **Leverage ratio** | 4.4% | 4.5% |
| **Choice on transitional arrangements and amount of derecognised fiduciary items** | | | |
| EU-23 | Choice on transitional arrangements for the definition of the capital measure | Fully phased in | |

The CRR leverage ratio decreased to 4.4%. The CRR leverage exposure increased £128bn to £1,254bn primarily driven by SFTs and loans and advances and other assets, partially offset by the early adoption of CRR II settlement netting and an increase in Tier 1 capital.

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 17a: Leverage ratio common disclosure for significant subsidiary

| Barclays Bank PLC | | As at 31 December 2020 £m | As at 31 December 2019 £m |
|---|---|---|---|
| **On-balance sheet exposures (excluding derivatives and SFTs)** | | | |
| 1 | On-balance sheet items (excluding derivatives, SFTs and fiduciary assets, but including collateral) | **599,815** | 528,763 |
| EU-1a | Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting | **(13,502)** | – |
| 2 | Asset amounts deducted in determining tier 1 capital | **(14,147)** | (15,540) |
| 3 | **Total on-balance sheet exposures (excluding derivatives, SFTs and fiduciary assets)** | **572,166** | 513,223 |
| **Derivative exposures** | | | |
| 4 | Replacement cost associated with all derivatives transactions (ie net of eligible cash variation margin) | **35,533** | 25,991 |
| 5 | Add-on amounts for PFE associated with all derivatives transactions (mark-to-market method) | **126,097** | 128,309 |
| 7 | Deductions of receivables assets for cash variation margin provided in derivatives transactions | **(43,049)** | (34,886) |
| 8 | Exempted CCP leg of client-cleared trade exposures | **(15,385)** | (15,026) |
| 9 | Adjusted effective notional amount of written credit derivatives | **297,458** | 292,498 |
| 10 | Adjusted effective notional offsets and add-on deductions for written credit derivatives | **(282,231)** | (278,503) |
| 11 | **Total derivative exposures** | **118,423** | 118,383 |
| **Securities financing transaction exposures** | | | |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions | **518,168** | 418,068 |
| 13 | Netted amounts of cash payables and cash receivables of gross SFT assets | **(334,701)** | (285,514) |
| 14 | Counterparty credit risk exposure for SFT assets | **51,438** | 35,900 |
| 16 | **Total securities financing transaction exposures** | **234,905** | 168,454 |
| **Other off-balance sheet exposures** | | | |
| 17 | Off-balance sheet exposures at gross notional amount | **226,629** | 215,938 |
| 18 | Adjustments for conversion to credit equivalent amounts | **(118,307)** | (116,616) |
| 19 | **Other off-balance sheet exposures** | **108,322** | 99,322 |
| **Exempted exposures in accordance with CRR Article 429 (7) and (14) (on and off balance sheet)** | | | |
| EU-19a | Exemption of intragroup exposures (solo basis) in accordance with Article 429(7) of Regulation (EU) No 575/2013 (on and off balance sheet) | **(207,445)** | (167,667) |
| **Capital and total exposures** | | | |
| 20 | Tier 1 capital | **32,172** | 28,600 |
| 21 | Total leverage ratio exposures | **826,371** | 731,715 |
| **Leverage ratio** | | | |
| 22 | **Leverage ratio** | **3.9%** | 3.9% |
| **Choice on transitional arrangements and amount of derecognised fiduciary items** | | | |
| EU-23 | Choice on transitional arrangements for the definition of the capital measure | Transitional | |

# Risk and capital position review

## Analysis of treasury and capital risk continued

### Table 18: Split-up of on balance sheet exposures (excluding derivatives, SFTs, and exempted exposures)

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

| Barclays Group | | As at 31 December 2020 £m | As at 31 December 2019 £m |
|---|---|---|---|
| EU-1 | Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which: | **795,863** | 741,929 |
| EU-2 | Trading book exposures | **139,836** | 145,185 |
| EU-3 | Banking book exposures, of which: | **656,027** | 596,744 |
| EU-4 | Covered bonds | **1,886** | 1,766 |
| EU-5 | Exposures treated as sovereigns | **288,083** | 231,664 |
| EU-6 | Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns | **9,792** | 8,383 |
| EU-7 | Institutions | **20,127** | 20,091 |
| EU-8 | Secured by mortgages of immovable properties | **159,466** | 154,572 |
| EU-9 | Retail exposures | **50,885** | 56,031 |
| EU-10 | Corporate | **74,879** | 77,503 |
| EU-11 | Exposures in default | **6,150** | 5,617 |
| EU-12 | Other exposures (e.g. equity, securitisations, and other non-credit obligation assets) | **44,759** | 41,117 |

# Risk and capital position review
Analysis of treasury and capital risk continued

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

The disclosures in this section (tables 19 to 23) have been prepared in accordance with CRR as amended by CRR II, using the uniform format set out in the Basel Committee for Banking Supervision (BCBS) Standard on Pillar 3 disclosure requirements.

### Table 19: KM2 - Key metrics - TLAC requirements (at resolution group level)
This table shows the key metrics for the Group's own funds and eligible liabilities.

| | | **As at 31.12.20 £m** | As at 30.09.20 £m | As at 30.06.20 £m | As at 31.03.20 £m | As at 31.12.19 £m |
|---|---|---|---|---|---|---|
| 1 | Total Loss Absorbing Capacity (TLAC) available[a] | **102,746** | 105,115 | 107,470 | 100,068 | 96,666 |
| 1a | Fully loaded ECL accounting model TLAC available | **101,030** | 103,544 | 105,975 | 99,318 | 95,653 |
| 2 | Total RWA at the level of the resolution group[a] | **306,203** | 310,727 | 318,987 | 325,631 | 295,131 |
| 3 | TLAC as a percentage of RWA (row 1 / row 2) (%) | **33.6%** | 33.8% | 33.7% | 30.7% | 32.8% |
| 3a | Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model RWA (%) | **33.1%** | 33.4% | 33.3% | 30.5% | 32.4% |
| 4 | Leverage ratio exposure measure at the level of the resolution group[b] | **1,254,157** | 1,306,828 | 1,248,215 | 1,326,549 | 1,126,259 |
| 5 | TLAC as a percentage of leverage ratio exposure measure (row 1 / row 4) (%) | **8.2%** | 8.0% | 8.6% | 7.5% | 8.6% |
| 5a | Fully loaded ECL accounting model TLAC as a percentage of fully loaded ECL accounting model Leverage exposure measure (%) | **8.1%** | 7.9% | 8.5% | 7.5% | 8.5% |
| 6a | Does the subordination exemption in the antepenultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? | **No** | No | No | No | No |
| 6b | Does the subordination exemption in the penultimate paragraph of Section 11 of the FSB TLAC Term Sheet apply? | **No** | No | No | No | No |
| 6c | If the capped subordination exemption applies, the amount of funding issued that ranks pari passu with Excluded Liabilities and that is recognised as external TLAC, divided by funding issued that ranks pari passu with Excluded Liabilities and that would be recognised as external TLAC if no cap was applied (%) | **N/A** | N/A | N/A | N/A | N/A |

**Notes**

a Own funds included in TLAC, and RWAs are calculated applying the transitional arrangements of the CRR as amened by CRR II. This includes IFRS 9 transitional arrangements and the grandfathering of CRR and CRR II non-compliant capital instruments.

b Fully loaded CRR leverage exposure is calculated without applying the transitional arrangements of the CRR as amended by CRR II.

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 20: TLAC 1 - TLAC composition for G-SIBs (at resolution group level)
This table shows the composition of the Group's own funds and eligible liabilities and ratios.

| Barclays Group | | As at 31 December 2020 £m |
|---|---|---|
| | **Regulatory capital elements of TLAC and adjustments** | |
| 1 | Common Equity Tier 1 capital (CET1) | **46,296** |
| 2 | Additional Tier 1 capital (AT1) before TLAC adjustment | **11,738** |
| 5 | AT1 instruments eligible under the TLAC framework | **11,738** |
| 6 | Tier 2 capital (T2) before TLAC adjustments | **9,626** |
| 7 | Amortised portion of T2 instruments where remaining maturity > 1 year | **258** |
| 10 | T2 instruments eligible under the TLAC framework | **9,884** |
| 11 | TLAC arising from regulatory capital | **67,918** |
| | **Non-regulatory capital elements of TLAC** | |
| 12 | External TLAC instruments issued directly by the bank and subordinated to excluded liabilities | **34,916** |
| 17 | TLAC arising from non-regulatory capital instruments before adjustments | **34,916** |
| | **Non-regulatory capital elements of TLAC: adjustments** | |
| 18 | TLAC before deductions | **102,834** |
| 20 | Deduction of investments in own other TLAC liabilities | **(88)** |
| 22 | TLAC after deductions | **102,746** |
| | **Risk-weighted assets and leverage exposure measure for TLAC purposes** | |
| 23 | Total risk-weighted assets adjusted as permitted under the TLAC regime | **306,203** |
| 24 | Leverage exposure measure[a] | **1,254,157** |
| | **TLAC ratios and buffers** | |
| 25 | TLAC (as a percentage of risk-weighted assets adjusted as permitted under the TLAC regime) | **33.6%** |
| 26 | TLAC (as a percentage of leverage exposure)[a] | **8.2%** |
| 27 | CET1 (as a percentage of risk-weighted assets) available after meeting the resolution group's minimum capital and TLAC requirements | **10.6%** |
| 28 | Institution-specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss-absorbency requirement, expressed as a percentage of risk-weighted assets) | **4.0%** |
| 29 | Of which: capital conservation buffer requirement | ***2.5%*** |
| 30 | Of which: bank-specific countercyclical buffer requirement | ***0.0%*** |
| 31 | Of which: higher loss-absorbency requirement | ***1.5%*** |

**Note**

a Fully loaded CRR leverage exposure is calculated without applying the transitional arrangements of the CRR as amended by CRR II.

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 21: TLAC 3 - Resolution entity - creditor ranking at legal entity level
This table shows the nominal values of Barclays PLC's (the parent company) capital and liabilities and the position in creditor hierarchy.

**Barclays PLC (the Parent company)**

| | | Creditor ranking | | | | |
|---|---|---|---|---|---|---|
| | | 1 | 2 | 3 | 4 | |
| | | Most junior | | | Most senior | Total |
| **As at 31 December 2020** | | £m | £m | £m | £m | £m |
| 1 | Description of creditor ranking | **Ordinary Shares** | **Perpetual Deeply Subordinated Contingent Convertible Debt** | **Dated Subordinated Debt** | **Unsecured and Unsubordinated Debt, and other pari passu liabilities** | |
| 2 | Total capital and liabilities net of credit risk mitigation | **4,340** | **11,229** | **7,670** | **37,544** | **60,783** |
| 3 | Subset of row 2 that are excluded liabilities | **–** | **–** | **–** | **621** | **621** |
| 4 | Total capital and liabilities less excluded liabilities | **4,340** | **11,229** | **7,670** | **36,923** | **60,162** |
| 5 | Subset of row 4 that are potentially eligible as TLAC | **4,340** | **11,229** | **7,670** | **33,379** | **56,618** |
| 6 | Subset of row 5 with 1 year ≤ residual maturity < 2 years | **–** | **–** | **–** | **898** | **898** |
| 7 | Subset of row 5 with 2 years ≤ residual maturity < 5 years | **–** | **–** | **915** | **18,648** | **19,563** |
| 8 | Subset of row 5 with 5 years ≤ residual maturity < 10 years | **–** | **–** | **6,023** | **8,987** | **15,010** |
| 9 | Subset of row 5 with residual maturity ≥ 10 years, but excluding perpetual securities | **–** | **–** | **732** | **4,846** | **5,578** |
| 10 | Subset of row 5 that is perpetual securities | **4,340** | **11,229** | **–** | **–** | **15,569** |

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 22: TLAC2 - Material subgroup entity - creditor ranking at legal entity level
This table shows the nominal values of Barclays Bank PLC's capital and liabilities and the position in creditor hierarchy.

**Barclays Bank PLC**

| As at 31 December 2020 | | Creditor ranking 1 Most junior £m | 2 £m | 2 £m | 3 £m | 4 £m | 5 £m | 5 £m | 6 Most senior £m | Total £m |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Is the resolution entity the creditor/investor? | Yes | Yes | No | No | No | Yes | No | Yes | |
| 2 | Description of creditor ranking | Ordinary Shares | Perpetual Deeply Sub–ordinated Contingent Convertible Debt | Preference Shares / Perpetual Deeply Sub–ordinated Debt | Perpetual Sub–ordinated Debt | Junior Sub–ordinated Debt | Dated Sub–ordinated Debt | Dated Sub–ordinated Debt / Dated Sub–ordinated Contingent Capital Debt | Dated secondary non–preferential debt | |
| 3 | Total capital and liabilities net of credit risk mitigation | 2,343 | 8,654 | 722 | 587 | 28 | 6,146 | 7,291 | 15,963 | 41,734 |
| 4 | Subset of row 3 that are excluded liabilities | – | – | – | – | – | – | – | – | – |
| 5 | Total capital and liabilities less excluded liabilities | 2,343 | 8,654 | 722 | 587 | 28 | 6,146 | 7,291 | 15,963 | 41,734 |
| 6 | Subset of row 5 that are eligible as TLAC | 2,343 | 8,654 | 722 | 587 | 28 | 6,146 | 7,291 | 13,556 | 39,327 |
| 7 | Subset of row 6 with 1 year ≤ residual maturity < 2 years | – | – | – | – | – | – | 2,041 | – | 2,041 |
| 8 | Subset of row 6 with 2 years ≤ residual maturity < 5 years | – | – | – | – | – | – | 45 | 11,898 | 11,943 |
| 9 | Subset of row 6 with 5 years ≤ residual maturity < 10 years | – | – | – | – | – | 4,291 | 381 | 601 | 5,273 |
| 10 | Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities | – | – | – | – | – | 1,855 | 111 | 1,057 | 3,023 |
| 11 | Subset of row 6 that is perpetual securities | 2,343 | 8,654 | 722 | 587 | 28 | – | – | – | 12,334 |

### Table 23: TLAC2 - Material subgroup entity - creditor ranking at legal entity level
This table shows the nominal values of Barclays Bank UK PLC Group's capital and liabilities and the position in creditor hierarchy.

**Barclays Bank UK PLC Group**

| As at 31 December 2020 | | Creditor ranking 1 Most junior £m | 2 £m | 3 £m | 4 Most senior £m | Total £m |
|---|---|---|---|---|---|---|
| 1 | Is the resolution entity the creditor/investor? | Yes | Yes | Yes | Yes | |
| 2 | Description of creditor ranking | Ordinary Shares | Perpetual Deeply Subordinated Contingent Convertible Debt | Dated Subordinated Debt | Dated secondary non–preferential debt | |
| 3 | Total capital and liabilities net of credit risk mitigation | 5 | 2,575 | 3,379 | 6,144 | 12,103 |
| 4 | Subset of row 3 that are excluded liabilities | – | – | – | – | – |
| 5 | Total capital and liabilities less excluded liabilities | 5 | 2,575 | 3,379 | 6,144 | 12,103 |
| 6 | Subset of row 5 that are eligible as TLAC | 5 | 2,575 | 3,379 | 5,006 | 10,965 |
| 7 | Subset of row 6 with 1 year ≤ residual maturity < 2 years | – | – | – | – | – |
| 8 | Subset of row 6 with 2 years ≤ residual maturity < 5 years | – | – | 915 | 2,581 | 3,496 |
| 9 | Subset of row 6 with 5 years ≤ residual maturity < 10 years | – | – | 1,732 | 1,407 | 3,139 |
| 10 | Subset of row 6 with residual maturity ≥ 10 years, but excluding perpetual securities | – | – | 732 | 1,018 | 1,750 |
| 11 | Subset of row 6 that is perpetual securities | 5 | 2,575 | – | – | 2,580 |

# Risk and capital position review

## Analysis of treasury and capital risk continued

### Table 24: LIQ1 - Liquidity Coverage ratio

This table shows the level and components of the Liquidity Coverage Ratio. This disclosure has been prepared in accordance with the requirements set out in the 'Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013' as specified in Annexure II which complements Article 435(1)(f) of Regulation (EU) No 575/2013.

**Liquidity coverage ratio (period end)**

| | Total period end value | | | | |
|---|---|---|---|---|---|
| | **31.12.20 £m** | 30.09.20 £m | 30.06.20 £m | 31.03.20 £m | 31.12.19 £m |
| Liquidity buffer | **258,198** | 319,785 | 291,116 | 232,296 | 206,448 |
| Total net cash outflows | **159,320** | 176,394 | 156,201 | 149,946 | 128,901 |
| Liquidity coverage ratio (%) (period end) | **162%** | 181% | 186% | 155% | 160% |

**LIQ1 - Liquidity coverage ratio (average)**

| | | Total unweighted value (average) | | | | | Total weighted value (average) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | **31.12.20** | 30.09.20 | 30.06.20 | 31.03.20 | 31.12.19 | **31.12.20** | 30.09.20 | 30.06.20 | 31.03.20 | 31.12.19 |
| | Number of data points used in calculation of averages[a] | **12** | 12 | 12 | 12 | 12 | **12** | 12 | 12 | 12 | 12 |
| | **High-quality liquid assets** | **£m** | £m | £m | £m | £m | **£m** | £m | £m | £m | £m |
| 1 | Total high-quality liquid assets (HQLA) | | | | | | **281,470** | 262,744 | 242,005 | 230,568 | 232,008 |
| | **Cash outflows** | | | | | | | | | | |
| 2 | **Retail deposits and deposits from small business customers, of which:** | **232,900** | 222,638 | 212,695 | 204,385 | 201,969 | **19,795** | 19,184 | 18,655 | 18,224 | 17,961 |
| 3 | *Stable deposits* | **125,621** | 120,444 | 115,586 | 112,156 | 111,319 | **6,281** | 6,022 | 5,779 | 5,608 | 5,566 |
| 4 | *Less stable deposits* | **99,687** | 96,799 | 94,378 | 92,221 | 90,642 | **13,509** | 13,156 | 12,870 | 12,608 | 12,387 |
| 5 | **Unsecured wholesale funding, of which:** | **208,240** | 194,573 | 183,119 | 174,578 | 170,453 | **107,669** | 99,108 | 92,557 | 89,155 | 88,247 |
| 6 | *Operational deposits (all counterparties) and deposits in networks of cooperative banks* | **48,850** | 45,956 | 42,922 | 38,908 | 34,908 | **11,946** | 11,251 | 10,525 | 9,555 | 8,582 |
| 7 | *Non-operational deposits (all counterparties)[b]* | **152,613** | 142,861 | 135,266 | 130,740 | 130,513 | **88,946** | 82,101 | 77,101 | 74,670 | 74,633 |
| 8 | *Unsecured debt* | **6,777** | 5,756 | 4,931 | 4,930 | 5,032 | **6,777** | 5,756 | 4,931 | 4,930 | 5,032 |
| 9 | **Secured wholesale funding** | | | | | | **58,316** | 58,086 | 60,066 | 59,679 | 59,782 |
| 10 | **Additional requirements, of which:** | **178,970** | 176,757 | 178,640 | 178,204 | 177,769 | **54,122** | 52,815 | 53,275 | 51,530 | 50,402 |
| 11 | *Outflows related to derivative exposures and other collateral requirements* | **22,814** | 22,050 | 21,557 | 19,931 | 18,740 | **20,421** | 19,693 | 19,258 | 17,760 | 16,734 |
| 12 | *Outflows related to loss of funding on debt products* | **9,483** | 9,262 | 9,626 | 9,113 | 8,576 | **9,483** | 9,262 | 9,626 | 9,113 | 8,576 |
| 13 | *Credit and liquidity facilities* | **146,673** | 145,445 | 147,457 | 149,160 | 150,453 | **24,218** | 23,860 | 24,391 | 24,657 | 25,092 |
| 14 | **Other contractual funding obligations** | **3,030** | 2,754 | 2,647 | 2,382 | 2,410 | **2,351** | 2,053 | 1,924 | 1,637 | 1,654 |
| 15 | **Other contingent funding obligations** | **159,316** | 160,231 | 161,936 | 162,494 | 159,506 | **5,693** | 5,935 | 6,133 | 6,136 | 5,371 |
| 16 | **Total cash outflows** | | | | | | **247,946** | 237,181 | 232,610 | 226,361 | 223,417 |
| | **Cash inflows** | | | | | | | | | | |
| 17 | **Secured lending (e.g. reverse repos)** | **486,986** | 469,995 | 461,684 | 443,300 | 418,571 | **55,820** | 56,616 | 58,363 | 58,964 | 58,649 |
| 18 | **Inflows from fully performing exposures** | **16,844** | 15,537 | 14,219 | 13,346 | 12,750 | **12,010** | 10,469 | 9,172 | 8,518 | 8,129 |
| 19 | Other cash inflows[c] | **15,885** | 15,790 | 14,886 | 13,648 | 12,057 | **11,982** | 11,566 | 10,357 | 8,840 | 6,926 |
| EU-19a | (Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies) | | | | | | | | | | |
| EU-19b | (Excess inflows from a related specialised credit institution) | | | | | | | | | | |
| 20 | **Total cash inflows** | **519,715** | 501,322 | 490,789 | 470,294 | 443,378 | **79,812** | 78,651 | 77,892 | 76,322 | 73,704 |
| | *Fully exempt inflows* | **–** | – | – | – | – | **–** | – | – | – | – |
| | *Inflows subject to 90% cap* | **–** | – | – | – | – | **–** | – | – | – | – |
| | *Inflows subject to 75% cap* | **422,635** | 407,686 | 398,840 | 381,164 | 359,897 | **79,812** | 78,651 | 77,892 | 76,322 | 73,704 |
| 21 | **Liquidity buffer** | | | | | | **281,470** | 262,744 | 242,005 | 230,568 | 232,008 |
| 22 | **Total net cash outflows** | | | | | | **168,134** | 158,530 | 154,718 | 150,039 | 149,713 |
| 23 | **Liquidity coverage ratio (%) (average)** | | | | | | **167%** | 166% | 156% | 154% | 155% |

**Notes**

a Trailing average of 12 month-end observations to the reporting date.

b Non-operational deposits in row 7 include excess deposits as defined in the Delegated Act Article 27(4).

c Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there is transfer restrictions or which are denominated in non-convertible currencies.

# Risk and capital position review
## Analysis of treasury and capital risk continued

As at 31 December 2020, the Barclays Group LCR was 162% (December 2019: 160%), equivalent to a surplus of £99bn (December 2019: £78bn) to 100% regulatory requirement, as shown on table 6. The year-on-year increase in the liquidity pool, LCR and surplus was driven by a 16% growth in deposits, which was largely a consequence of the government and central bank policy response to the COVID-19 pandemic.

The average LCR for the 12 months to 31 December 2020 increased to 167% (December 2019: 155%), as growth in the liquidity buffer exceeded growth in stresses. Growth in the average liquidity buffer and the LCR was driven by growth in deposits and actions taken during the year to maintain a prudent funding and liquidity position given prevailing uncertainty. The Group also continued to maintain surpluses to its internal liquidity requirements.

The composition of the liquidity pool is subject to limits set by the Barclays PLC 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 incremental returns generated by these highly liquid assets, the risk and reward profile is continuously managed.

As at 31 December 2020, 64% of the liquidity pool was located in Barclays Bank PLC (December 2019: 67%), 23% in Barclays Bank UK PLC (December 2019: 20%) and 7% in Barclays Bank Ireland (December 2019: 6%). 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 regulatory requirements, it is assumed to be unavailable to the rest of the Group in calculating the LCR.

The strong deposit franchises in Barclays Bank Group and Barclays Bank UK Group are primary funding sources for Barclays Group. Issuances to meet the Minimum Requirements for Own Funds and Eligible Liabilities (MREL) from Barclays PLC also provide a long term stable source of funding for the Barclays Group.

Barclays Bank Group and Barclays Bank UK Group maintain access to a variety of sources of wholesale funding in major currencies, including those available from term investors across a range of distribution channels and geographies, short-term funding markets and repo markets. In addition, 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. As a result, wholesale funding is well diversified by product, maturity, geography and currency across the Barclays Group.

Key sources of wholesale funding for Barclays Bank Group 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. 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).

# Risk and capital position review

## Analysis of treasury and capital risk continued

## Foreign exchange risk

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 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.

### Table 25: Functional currency of operations

| | 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 | **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 | 25,606 | (10,048) | (1,110) | 14,448 | (5,339) | 9,109 |
| EUR | 3,068 | (3) | – | 3,065 | (1,122) | 1,943 |
| JPY | 533 | – | – | 533 | – | 533 |
| Other | 2,001 | – | (34) | 1,967 | – | 1,967 |
| **Total** | 31,208 | (10,051) | (1,144) | 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 (December 2019: £13.6bn). Foreign currency net investments increased by £0.9bn to £32.1bn (December 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).

# Risk and capital position review
## Analysis of treasury and capital risk continued

## Pension risk review

The UK Retirement Fund (UKRF) represents approximately 97% (December 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 page 198 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 on page 352 of the Barclays PLC Annual Report 2020. The fair value of the UKRF assets was £33.9bn as at 31 December 2020 (December 2019: £31.4bn).

### Liabilities

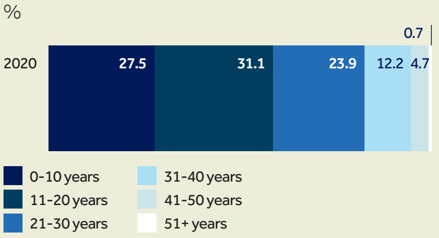
The UKRF retirement benefit obligations are a series of future cash flows with relatively long duration. On an IAS 19 basis these cash flows are sensitive to changes in the expected long-term price inflation rate (RPI) and the discount rate (GBP AA corporate bond yield):

- 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.

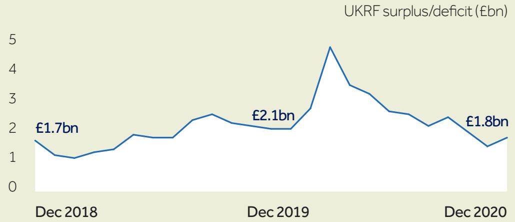
Pension risk is generated through the Group's defined benefit schemes and this risk is set to reduce over time as the main defined benefit scheme is closed to new entrants. The chart below outlines the shape of the UKRF's liability cash flow profile as at 31 December 2020 that takes account of the future 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 on page 352 of the Barclays PLC Annual Report 2020.

**Proportion of liability cash flows**
%




**IAS 19 pension position in 2020**
£bn




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 on page 352 of the Barclays PLC Annual Report 2020 for the sensitivity of the UKRF to changes in key assumptions and further information on the structured transaction.

# Risk and capital position review
## Analysis of treasury and capital risk continued

### 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 on page 352 of the Barclays PLC Annual Report 2020). 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 on page 352 of the Barclays PLC Annual Report 2020). 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

### 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 199 . 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.

### Table 26: Net interest income sensitivity (AEaR) by business unit

**Net interest income sensitivity (AEaR) by business unit[a]**

| | Barclays UK £m | Barclays International £m | Head Office £m | Total £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.

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 27: Net interest income sensitivity (AEaR) by currency

**Net interest income sensitivity (AEaR) by currency**

| As at 31 December | 2020 +25 basis points £m | 2020 -25 basis points £m | 2019 +25 basis points £m | 2019 -25 basis points £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.

### Table 28: Analysis of equity sensitivity

**Analysis of equity sensitivity**

| As at 31 December | 2020 +25 basis points £m | 2020 -25 basis points £m | 2019 +25 basis points £m | 2019 -25 basis points £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 | **(418)** | **432** | (321) | 329 |
| Cash flow hedge reserve | **(570)** | **570** | (534) | 534 |
| Taxation effects on the above | **267** | **(270)** | 214 | (216) |
| **Effect on equity** | **(648)** | **433** | (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 the 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

| For the year ended 31 December | 2020 Average £m | 2020 High £m | 2020 Low £m | 2019 Average £m | 2019 High £m | 2019 Low £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.

# Risk and capital position review
## Analysis of treasury and capital risk continued

### Table 29: PV1 - Prudent valuation adjustment
This table below provides a granular breakdown of the Prudent Valuation Adjustment (PVA). PVA is a Common Equity Tier 1 capital deduction. CRR Articles 34 &105 define regulatory principles that are applied to all fair valued assets and liabilities in order to determine a prudent valuation. The Prudent Valuation Adjustment (PVA) is the difference between the financial statement fair valuation and the prudent valuation.

| | Barclays Group | Equity £m | Interest rates £m | FX £m | Credit £m | Commodities £m | Total £m | Of which: In the trading book[a,b] £m | Of which: In the banking book[a,b] £m |
|---|---|---|---|---|---|---|---|---|---|
| | **As at 31 December 2020** | | | | | | | | |
| 1 | Closeout uncertainty, of which: | **363** | **170** | **18** | **171** | **–** | **722** | **510** | **212** |
| 2 | Mid-market value[c] | **217** | **99** | **8** | **148** | **–** | **472** | **358** | **114** |
| 3 | Closeout cost[c] | **27** | **47** | **2** | **8** | **–** | **84** | **84** | **-** |
| 4 | Concentration | **119** | **24** | **8** | **15** | **–** | **166** | **68** | **98** |
| 5 | Early termination | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 6 | Model riskc | **27** | **56** | **–** | **–** | **–** | **83** | **83** | **–** |
| 7 | Operational risk | **25** | **23** | **1** | **27** | **–** | **76** | **53** | **23** |
| 8 | Investing and funding costs[c] | **9** | **33** | **–** | **111** | **–** | **153** | **42** | **111** |
| 9 | Unearned credit spreads[c] | **–** | **59** | **–** | **–** | **–** | **59** | **59** | **–** |
| 10 | Future administrative costs | **23** | **20** | **3** | **7** | **–** | **53** | **53** | **–** |
| 11 | Other | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 12 | **Total adjustment** | **447** | **361** | **22** | **316** | | **1,146** | **800** | **346** |
| | **As at 31 December 2019** | | | | | | | | |
| 1 | **Closeout uncertainty, of which:** | 575 | 235 | 17 | 260 | – | 1,087 | 801 | 286 |
| 2 | Mid-market value[c] | 321 | 138 | 10 | 189 | – | 658 | 459 | 199 |
| 3 | Closeout cost[c] | 22 | 65 | 1 | 16 | – | 104 | 104 | – |
| 4 | Concentration | 232 | 32 | 6 | 55 | – | 325 | 238 | 87 |
| 5 | Early termination | – | – | – | – | – | – | – | – |
| 6 | Model riskc | 42 | 109 | – | 1 | – | 152 | 152 | – |
| 7 | Operational risk | 34 | 35 | 1 | 40 | – | 110 | 72 | 38 |
| 8 | Investing and funding costs[c] | – | 85 | – | 187 | – | 272 | 90 | 182 |
| 9 | Unearned credit spreads[c] | – | 71 | – | – | – | 71 | 71 | – |
| 10 | Future administrative costs | 16 | 30 | 1 | 7 | – | 54 | 54 | – |
| 11 | Other | – | – | – | – | – | – | – | – |
| 12 | **Total adjustment** | 667 | 565 | 19 | 495 | – | 1,746 | 1,240 | 506 |

**Notes**
a Barclays' implementation of PVA means that amounts cannot be easily classified as banking book or trading book. In the table we have provided the most material contributors to Banking book PVA, including a portfolio of longer dated non-asset backed loans made to Education, Social Housing and Local Authority counterparties and certain Equity investments.
b Significant contributors to PVA include trading book derivative portfolios, equity investments and non-asset backed loans held at fair value.
c A diversification reduction factor of 66% is applied to uncertainty after all regulatory exclusions and offsets, where permitted by CRR.

The decrease in trading and banking book PVA is primarily driven by a temporary regulatory change to the diversification factor for 2020 as part of the EBA's response to the market dislocation resulting from COVID-19; this was outlined in an update to the EBA's RTS on Prudent Valuation.

# Analysis of credit risk

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

## Key Metrics

**Risk weighted assets for credit risk increased in the year**

**Total RWA**
£2.6bn

**Mainly driven by**

£9.1bn
**Reduction in the credit quality primarily within CIB**

£2.8bn
**Recalibration of modelled RWAs**

-£6.6bn
**Lower consumer lending activities**

-£1.7bn
**Foreign exchange movements due to the depreciation of period end USD against GB**

## Risk and capital position review

# Analysis of credit risk

## Analysis of capital requirements and exposures for credit risk

### Table 30: Credit risk exposures – Note on pre- and post- credit risk mitigation (CRM) EAD

This table summarises credit risk information presented in the rest of this report and shows EAD pre- and post-CRM. In accordance with regulatory requirements, credit mitigation is either reflected in regulatory measures for EAD, or in the risk parameters: probability of default (PD) and loss given default (LGD). For the majority of Barclays' exposures, in particular mortgages and those under the AIRB treatment, the impact of CRM is primarily reflected in the PD or LGD rather than EAD measures.

RWAs and post-CRM exposures are analysed on pages 49. Pre-CRM exposures are further analysed by geography on page 51, industry on page 55 and residual maturity on page 59. Information on the impact of CRM on EAD is set out on page 63-71.

**Credit exposure class**

| Barclays Group | EAD pre-CRM[a] | | EAD post-CRM[a] | |
|---|---|---|---|---|
| **As at 31 December 2020** | Year end £m | Average[b] £m | Year end £m | Average[b] £m |
| **Standardised approach** | | | | |
| Central governments or central banks | 235,667 | 236,725 | 237,637 | 237,751 |
| Regional governments or local authorities | 10,829 | 10,384 | 10,486 | 10,068 |
| Public sector entities | 8,424 | 7,969 | 8,418 | 7,957 |
| Multilateral development banks | 7,209 | 8,654 | 7,209 | 8,654 |
| International organisations | 734 | 524 | 734 | 524 |
| Institutions | 4,988 | 5,220 | 4,900 | 5,124 |
| Corporates | 37,618 | 40,064 | 23,405 | 25,521 |
| Retail | 21,565 | 23,736 | 21,199 | 23,354 |
| Secured by mortgages | 9,363 | 9,341 | 9,337 | 9,314 |
| Exposures in default | 1,410 | 1,609 | 1,379 | 1,586 |
| Items associated with high risk | 1,431 | 1,468 | 1,431 | 1,468 |
| Covered bonds | 1,886 | 1,929 | 1,886 | 1,929 |
| Securitisation positions | 14,936 | 14,113 | 14,936 | 14,113 |
| Collective investment undertakings | – | – | – | – |
| Equity positions | 723 | 542 | 723 | 542 |
| Other items | 4,824 | 4,282 | 4,824 | 4,282 |
| **Total standardised approach** | 361,607 | 366,560 | 348,504 | 352,187 |
| Advanced IRB approach | | | | |
| Central governments or central banks | 98,757 | 93,685 | 98,581 | 93,506 |
| Institutions | 20,034 | 22,912 | 19,953 | 22,809 |
| Corporates | 105,768 | 113,365 | 98,499 | 106,441 |
| Retail | – | – | – | – |
| - Small and medium-sized enterprises (SMEs) | 8,206 | 8,258 | 7,644 | 8,258 |
| - Secured by real estate collateral | 159,949 | 156,953 | 159,949 | 156,953 |
| - Qualifying revolving retail | 35,691 | 37,885 | 35,691 | 37,885 |
| - Other retail | 4,561 | 5,270 | 4,561 | 5,270 |
| Equity | – | – | – | – |
| Securitisation positions | 32,512 | 31,973 | 32,512 | 31,973 |
| Non-credit obligation assets | 9,362 | 9,049 | 9,362 | 9,049 |
| **Total advanced IRB approach** | 474,840 | 479,350 | 466,752 | 472,144 |
| **Total** | 836,447 | 845,910 | 815,256 | 824,331 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 30: Credit risk exposures – Note on pre- and post- credit risk mitigation (CRM) EAD - continued

| Barclays Group | EAD pre-CRM | | EAD post-CRM | |
|---|---|---|---|---|
| As at 31 December 2019 | Year end £m | Average £m | Year end £m | Average £m |
| **Standardised approach** | | | | |
| Central governments or central banks | 166,907 | 190,544 | 166,907 | 190,544 |
| Regional governments or local authorities | 8,665 | 3,040 | 8,665 | 2,984 |
| Public sector entities | 7,318 | 6,882 | 7,318 | 6,879 |
| Multilateral development banks | 7,904 | 7,636 | 7,904 | 7,636 |
| International organisations | 750 | 918 | 750 | 918 |
| Institutions | 5,328 | 5,890 | 5,262 | 5,841 |
| Corporates | 39,018 | 41,254 | 25,127 | 26,630 |
| Retail | 29,803 | 30,464 | 29,439 | 29,832 |
| Secured by mortgages | 9,091 | 9,272 | 9,091 | 9,272 |
| Exposures in default | 1,763 | 2,027 | 1,739 | 2,002 |
| Items associated with high risk | 1,521 | 1,814 | 1,521 | 1,814 |
| Covered bonds | 1,766 | 1,312 | 1,766 | 1,312 |
| Securitisation positions | 8,673 | 5,446 | 8,673 | 5,446 |
| Collective investment undertakings | – | – | – | – |
| Equity positions | 998 | 1,126 | 998 | 1,126 |
| Other items | 4,234 | 5,144 | 4,234 | 5,144 |
| **Total standardised approach** | 293,739 | 312,764 | 279,394 | 297,380 |
| **Advanced IRB approach** | | | | |
| Central governments or central banks | 94,287 | 85,939 | 94,163 | 85,815 |
| Institutions | 20,474 | 27,384 | 20,058 | 26,969 |
| Corporates | 102,155 | 109,413 | 95,847 | 103,105 |
| Retail | – | – | – | – |
| – Small and medium-sized enterprises (SMEs) | 8,876 | 8,957 | 8,876 | 8,957 |
| – Secured by real estate collateral | 154,464 | 152,156 | 154,464 | 152,156 |
| – Qualifying revolving retail | 40,199 | 41,120 | 40,199 | 41,120 |
| – Other retail | 6,076 | 6,216 | 6,076 | 6,216 |
| Equity | – | – | – | – |
| Securitisation positions | 35,405 | 33,097 | 35,405 | 33,097 |
| Non-credit obligation assets | 8,356 | 8,500 | 8,356 | 8,500 |
| **Total advanced IRB approach** | 470,292 | 472,783 | 463,444 | 465,935 |
| **Total** | 764,031 | 785,552 | 742,838 | 763,315 |

**Notes**
a Collateral and guarantees for advanced IRB are not included within EAD as the impact of these measures is reflected in the loss given default (LGD) calculations.
b Averages are calculated based on the last four quarters.

Exposure at default pre-CRM increased £72.4bn to £836.4bn primarily driven by an increase in the Group liquidity pool.

# Risk and capital position review
## Analysis of credit risk continued

### Table 31: CRB-B Total and average net amount of exposures
This table provides the total and the average amount of net exposures over the period by exposure class.

The "Net value of exposure" column represents gross exposures pre-CRM and CCF.

| | Barclays Group | Net value of exposures As at 31 December 2020 £m | Average net exposures[a] As at 31 December 2020 £m | Net value of exposures As at 31 December 2019 £m | Average net exposures[a] As at 31 December 2019 £m |
|---|---|---|---|---|---|
| 1 | Central governments or central banks | 98,795 | 93,724 | 94,430 | 86,037 |
| 2 | Institutions | 23,912 | 26,852 | 24,180 | 31,127 |
| 3 | Corporates | 149,590 | 156,253 | 145,313 | 160,086 |
| 4 | Of Which: Specialised Lending | 9,419 | 9,509 | 9,357 | 8,772 |
| 5 | Of Which: SMEs | 17,681 | 18,435 | 17,632 | 18,120 |
| 6 | Retail | 240,175 | 240,114 | 239,611 | 238,382 |
| 7 | Secured by real estate property | 164,226 | 160,415 | 157,248 | 154,705 |
| 8 | SME | – | – | – | – |
| 9 | Non-SMEs | 164,226 | 160,415 | 157,248 | 154,705 |
| 10 | Qualifying Revolving | 63,640 | 66,711 | 68,928 | 70,046 |
| 11 | Other Retail | 12,309 | 12,988 | 13,435 | 13,631 |
| 12 | SME | 7,746 | 7,716 | 7,357 | 7,414 |
| 13 | Non-SMEs | 4,563 | 5,271 | 6,078 | 6,217 |
| 14 | Equity | – | – | – | – |
| 15 | **Total IRB Approach** | **512,472** | **516,943** | 503,534 | 515,632 |
| 16 | Central governments or central banks | 214,302 | 219,684 | 157,976 | 181,272 |
| 17 | Regional governments or local authorities | 10,960 | 10,512 | 8,758 | 3,122 |
| 18 | Public sector entities | 8,670 | 8,218 | 7,379 | 7,050 |
| 19 | Multilateral development banks | 7,209 | 8,654 | 7,904 | 7,636 |
| 20 | International organisations | 734 | 524 | 750 | 918 |
| 21 | Institutions | 6,083 | 6,357 | 6,140 | 6,462 |
| 22 | Corporates | 58,855 | 60,538 | 58,175 | 60,189 |
| 23 | Of Which: SMEs | 5,108 | 4,543 | 3,461 | 5,105 |
| 24 | Retail | 101,881 | 107,119 | 105,472 | 108,551 |
| 25 | Of Which: SMEs | 12,114 | 9,014 | 3,358 | 3,748 |
| 26 | Secured by mortgages on immovable property | 9,406 | 9,390 | 9,161 | 9,317 |
| 27 | Of Which: SMEs | 188 | 144 | 175 | 216 |
| 28 | Exposures in default | 1,861 | 2,044 | 2,009 | 2,165 |
| 29 | Items associated with particularly high risk | 1,444 | 1,477 | 1,529 | 1,972 |
| 30 | Covered bonds | 1,886 | 1,929 | 1,766 | 1,312 |
| 31 | Claims on institutions and corporates with a short-term credit assessment | – | – | – | – |
| 32 | Collective investments undertakings | – | – | – | – |
| 33 | Equity exposures | 723 | 541 | 998 | 1,127 |
| 34 | Other exposures | 4,824 | 4,282 | 4,234 | 5,144 |
| 35 | **Total standardised approach** | **428,838** | **441,269** | 372,251 | 396,237 |
| 36 | **Total** | **941,310** | **958,212** | 875,785 | 911,869 |

**Note**
a Average net exposure values are calculated based on the last four quarters.

For further information on key movements, see table 30.

# Risk and capital position review
## Analysis of credit risk continued

### Table 32: Detailed view of credit risk RWAs and capital requirement
This table shows RWAs for credit risk by credit exposure class.

| | As at 31 December 2020 | | | As at 31 December 2019 | | |
|---|---|---|---|---|---|---|
| **Barclays Group** | **EAD £m** | **RWA £m** | **Capital requirements £m** | EAD £m | RWA £m | Capital requirements £m |
| **Standardised approach** | | | | | | |
| Central governments or central banks | **237,637** | **39** | **3** | 166,907 | 92 | 7 |
| Regional governments or local authorities | **10,486** | **1,657** | **133** | 8,665 | 1,481 | 118 |
| Public sector entities | **8,418** | **205** | **16** | 7,318 | 234 | 19 |
| Multilateral development banks | **7,209** | **–** | **–** | 7,904 | – | – |
| International organisations | **734** | **–** | **–** | 750 | – | – |
| Institutions | **4,900** | **1,526** | **122** | 5,262 | 1,619 | 130 |
| Corporates | **23,405** | **21,335** | **1,707** | 25,127 | 23,679 | 1,894 |
| Retail | **21,199** | **15,899** | **1,272** | 29,439 | 22,079 | 1,766 |
| Secured by mortgages | **9,337** | **3,567** | **285** | 9,091 | 3,552 | 284 |
| Exposures in default | **1,379** | **1,581** | **127** | 1,739 | 1,932 | 155 |
| Items associated with high risks | **1,431** | **2,147** | **172** | 1,521 | 2,282 | 183 |
| Covered bonds | **1,886** | **204** | **16** | 1,766 | 184 | 15 |
| Securitisation positions | **14,936** | **2,993** | **239** | 8,673 | 1,823 | 146 |
| Collective investment undertakings | **–** | **–** | **–** | – | – | – |
| Equity positions | **723** | **1,767** | **141** | 998 | 2,526 | 202 |
| Other items | **4,824** | **3,007** | **241** | 4,234 | 1,768 | 141 |
| **Total standardised approach** | **348,504** | **55,927** | **4,474** | 279,394 | 63,251 | 5,060 |
| **Advanced IRB approach** | **–** | **–** | **–** | | | |
| Central governments or central banks | **98,581** | **5,076** | **406** | 94,163 | 4,584 | 367 |
| Institutions | **19,953** | **4,621** | **370** | 20,058 | 4,630 | 370 |
| Corporates | **98,499** | **58,407** | **4,673** | 95,847 | 51,703 | 4,136 |
| Retail | **–** | **–** | **–** | | | |
| – Small and medium-sized enterprises (SMEs) | **7,644** | **3,366** | **269** | 8,876 | 3,863 | 309 |
| – Secured by real estate collateral | **159,949** | **23,105** | **1,848** | 154,464 | 22,332 | 1,787 |
| – Qualifying revolving retail | **35,691** | **15,693** | **1,256** | 40,199 | 17,727 | 1,418 |
| – Other retail | **4,561** | **4,048** | **324** | 6,076 | 5,473 | 438 |
| Equity | **–** | **–** | **–** | – | – | – |
| Securitisation positions | **32,512** | **9,547** | **764** | 35,405 | 4,913 | 393 |
| Non-credit obligation assets | **9,362** | **14,179** | **1,134** | 8,356 | 12,867 | 1,029 |
| **Total advanced IRB approach** | **466,752** | **138,042** | **11,044** | 463,444 | 128,092 | 10,247 |
| **Total** | **815,256** | **193,969** | **15,518** | 742,838 | 191,343 | 15,307 |

Risk weighted assets increased by £2.6bn to £194.0bn primarily driven by:

- Retail including secured by mortgages RWAs decreased by £9.3bn to £65.7bn primarily due to a reduction in Interest Earning Lending (IEL) balances partially offset by growth in mortgages
- Securitisation RWAs increased by £5.8bn to £12.5bn primarily due to the application of new securitisation rule framework
- Corporates RWAs increased £4.4bn to £79.7bn primarily due to a reduction in credit quality
- Non-credit obligation assets RWAs increased by £1.3bn to £14.2bn primarily due to the risk weighting of qualifying software assets that are no longer deducted from CET1 capital.

# Risk and capital position review
## Analysis of credit risk continued

### Table 32a: Detailed view of credit risk RWAs and capital requirement for significant subsidiary
This table shows RWAs for credit risk by credit exposure class.

| | As at 31 December 2020 | | As at 31 December 2019 | |
|---|---|---|---|---|
| | RWA | Capital requirements | RWA | Capital requirements |
| **Barclays Bank PLC** | £m | £m | £m | £m |
| **Standardised approach** | | | | |
| Central governments or central banks | 8 | 1 | 69 | 6 |
| Regional governments or local authorities | 9 | 1 | 79 | 6 |
| Public sector entities | 45 | 4 | 86 | 7 |
| Multilateral development banks | – | – | – | – |
| International organisations | – | – | – | – |
| Institutions | 3,220 | 258 | 3,409 | 273 |
| Corporates | 18,246 | 1,458 | 19,661 | 1,573 |
| Retail | 570 | 46 | 620 | 50 |
| Secured by mortgages | 2,235 | 179 | 2,156 | 172 |
| Exposures in default | 856 | 69 | 1,059 | 85 |
| Items associated with high risks | 205 | 16 | 287 | 23 |
| Covered bonds | 6 | – | – | – |
| Securitisation positions | 3,182 | 255 | 1,745 | 140 |
| Collective investment undertakings | – | – | – | – |
| Equity positions | 7,262 | 581 | 5,893 | 471 |
| Other items | 724 | 58 | 272 | 22 |
| **Total standardised approach** | **36,568** | **2,926** | 35,336 | 2,828 |
| **Advanced IRB approach** | – | – | | |
| Central governments or central banks | 5,075 | 406 | 4,071 | 326 |
| Institutions | 4,250 | 340 | 3,976 | 318 |
| Corporates | 46,062 | 3,685 | 40,123 | 3,210 |
| Retail | – | – | – | – |
| - Small and medium-sized enterprises (SMEs) | – | – | – | – |
| - Secured by real estate collateral | 245 | 20 | 323 | 26 |
| - Qualifying revolving retail | – | – | – | – |
| - Other retail | – | – | – | – |
| Equity | – | – | – | – |
| Securitisation positions | 9,247 | 740 | 5,342 | 427 |
| Non-credit obligation assets | 3,096 | 248 | 3,030 | 242 |
| **Total advanced IRB approach** | **67,975** | **5,439** | 56,865 | 4,549 |
| **Total** | **104,543** | **8,365** | 92,201 | 7,377 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 33: CRB-C Geographic analysis of credit exposure
This table shows exposure at default pre-CCF and pre-CRM, broken down by credit exposure class and geographic location of the counterparty.

| Barclays Group<br>As at 31 December 2020 | | United Kingdom £m | Europe £m | France £m | Germany £m | Italy £m | Switzerland £m | Americas £m | United States £m | Asia £m | Japan £m | Africa and Middle East £m | Total £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Central governments or central banks | 273 | 29,487 | – | – | – | 29,487 | 47,973 | 46,081 | 21,062 | 15,210 | – | 98,795 |
| 2 | Institutions | 6,236 | 6,281 | 2,688 | 1,014 | 42 | 78 | 9,672 | 7,657 | 1,445 | 815 | 278 | 23,912 |
| 3 | Corporates | 67,444 | 19,389 | 3,924 | 2,885 | 809 | 1,182 | 60,668 | 56,163 | 1,015 | 292 | 1,074 | 149,590 |
| 4 | Retail | 228,172 | 11,997 | 1 | 5,963 | 6,021 | 8 | 4 | 4 | 1 | – | 1 | 240,175 |
| 5 | Equity | – | – | – | – | – | – | – | – | – | – | – | – |
| 6 | **Total IRB approach** | **302,125** | **67,154** | **6,613** | **9,862** | **6,872** | **30,755** | **118,317** | **109,905** | **23,523** | **16,317** | **1,353** | **512,472** |
| 7 | Central governments or central banks | 138,711 | 53,896 | 23,862 | 17,073 | 2,552 | 648 | 8,186 | 8,083 | 12,359 | 12,167 | 1,150 | 214,302 |
| 8 | Regional governments or local authorities | 8,700 | 448 | – | 448 | – | – | 1,482 | – | 330 | – | – | 10,960 |
| 9 | Public sector entities | 925 | 7,456 | 1,811 | 4,874 | 9 | 4 | 286 | 194 | – | – | 3 | 8,670 |
| 10 | Multilateral development banks | 450 | 2,543 | 222 | – | – | – | 3,606 | 3,605 | 546 | – | 64 | 7,209 |
| 11 | International organisations | – | 734 | – | – | – | – | – | – | – | – | – | 734 |
| 12 | Institutions | 480 | 1,130 | 439 | 6 | 17 | 47 | 1,854 | 484 | 2,360 | 8 | 259 | 6,083 |
| 13 | Corporates | 18,072 | 11,311 | 1,346 | 895 | 1,294 | 894 | 22,187 | 16,925 | 4,584 | 206 | 2,701 | 58,855 |
| 14 | Retail | 18,979 | 5,516 | 114 | 1,801 | 1 | 29 | 77,301 | 77,192 | 18 | – | 67 | 101,881 |
| 15 | Secured by mortgages on immovable property | 6,185 | 1,814 | 569 | 6 | 15 | 151 | 774 | 67 | 137 | – | 496 | 9,406 |
| 16 | Exposures in default | 686 | 617 | 112 | 184 | 62 | 14 | 438 | 295 | 29 | – | 91 | 1,861 |
| 17 | Items associated with particularly high risk | 753 | 87 | 12 | – | 17 | 9 | 556 | 487 | 43 | 7 | 5 | 1,444 |
| 18 | Covered bonds | 752 | 1,134 | 405 | 128 | – | – | – | – | – | – | – | 1,886 |
| 19 | Claims on institutions and corporates with a short-term credit assessment | – | – | – | – | – | – | – | – | – | – | – | – |
| 20 | Collective investment undertakings | – | – | – | – | – | – | – | – | – | – | – | – |
| 21 | Equity Exposures | 51 | 11 | – | – | – | – | 4 | 4 | – | – | 657 | 723 |
| 22 | Other Exposures | 4,346 | 270 | 6 | 21 | 39 | 148 | 38 | 35 | 111 | 21 | 59 | 4,824 |
| 23 | **Total standardised approach** | **199,090** | **86,967** | **28,898** | **25,436** | **4,006** | **1,944** | **116,712** | **107,371** | **20,517** | **12,409** | **5,552** | **428,838** |
| 24 | **Total** | **501,215** | **154,121** | **35,511** | **35,298** | **10,878** | **32,699** | **235,029** | **217,276** | **44,040** | **28,726** | **6,905** | **941,310** |

# Risk and capital position review
## Analysis of credit risk continued

### Table 33: CRB-C Geographic analysis of credit exposure – continued

| Barclays Group<br>As at 31 December 2019 | | United Kingdom £m | Europe £m | France £m | Germany £m | Italy £m | Switzerland £m | Americas £m | United States £m | Asia £m | Japan £m | Africa and Middle East £m | Total £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Central governments or central banks | 221 | 36,747 | 114 | 9,264 | 130 | 25,746 | 38,936 | 38,177 | 18,493 | 14,119 | 33 | 94,430 |
| 2 | Institutions | 6,429 | 6,055 | 2,055 | 1,043 | 23 | 181 | 9,600 | 8,142 | 1,700 | 1,237 | 396 | 24,180 |
| 3 | Corporates | 65,270 | 16,478 | 3,767 | 2,338 | 483 | 1,241 | 61,484 | 57,973 | 1,132 | 413 | 949 | 145,313 |
| 4 | Retail | 227,322 | 12,283 | 1 | 5,926 | 6,343 | 8 | 4 | 4 | 1 | – | 1 | 239,611 |
| 5 | Equity | – | – | – | – | – | – | – | – | – | – | – | – |
| 6 | **Total IRB approach** | 299,242 | 71,563 | 5,937 | 18,571 | 6,979 | 27,176 | 110,024 | 104,296 | 21,326 | 15,769 | 1,379 | 503,534 |
| 7 | Central governments or central banks | 115,109 | 27,592 | 15,877 | 2,851 | 3,027 | 413 | 9,545 | 9,466 | 4,581 | 4,532 | 1,149 | 157,976 |
| 8 | Regional governments or local authorities | 7,435 | 855 | – | 855 | – | – | 468 | 62 | – | – | – | 8,758 |
| 9 | Public sector entities | 863 | 6,423 | 1,421 | 4,525 | 8 | 11 | 93 | 3 | – | – | – | 7,379 |
| 10 | Multilateral development banks | 336 | 3,627 | 228 | – | – | – | 3,106 | 3,106 | 774 | – | 61 | 7,904 |
| 11 | International organisations | – | 750 | – | – | – | – | – | – | – | – | – | 750 |
| 12 | Institutions | 323 | 1,458 | 443 | 88 | 56 | 111 | 2,095 | 1,180 | 2,103 | 18 | 161 | 6,140 |
| 13 | Corporates | 17,943 | 12,201 | 1,477 | 842 | 1,482 | 968 | 20,640 | 15,510 | 4,474 | 193 | 2,917 | 58,175 |
| 14 | Retail | 12,430 | 5,371 | 156 | 1,789 | 1 | 24 | 87,580 | 87,466 | 10 | – | 81 | 105,472 |
| 15 | Secured by mortgages on immovable property | 6,096 | 1,817 | 557 | 5 | 14 | 147 | 699 | 52 | 95 | 1 | 454 | 9,161 |
| 16 | Exposures in default | 1,022 | 318 | 81 | 32 | 61 | 11 | 588 | 338 | 34 | – | 47 | 2,009 |
| 17 | Items associated with particularly high risk | 688 | 106 | 10 | 12 | 12 | – | 713 | 619 | 21 | 6 | 1 | 1,529 |
| 18 | Covered bonds | 682 | 1,084 | 421 | 71 | – | – | – | – | – | – | – | 1,766 |
| 19 | Claims on institutions and corporates with a short-term credit assessment | – | – | – | – | – | – | – | – | – | – | – | – |
| 20 | Collective investment undertakings | – | – | – | – | – | – | – | – | – | – | – | – |
| 21 | Equity Exposures | 29 | 18 | – | – | – | – | 8 | 8 | – | – | 943 | 998 |
| 22 | Other Exposures | 3,728 | 204 | 9 | 11 | 19 | 93 | 48 | 45 | 121 | 26 | 133 | 4,234 |
| 23 | **Total standardised approach** | 166,684 | 61,824 | 20,680 | 11,081 | 4,680 | 1,778 | 125,583 | 117,855 | 12,213 | 4,776 | 5,947 | 372,251 |
| 24 | **Total** | 465,926 | 133,387 | 26,617 | 29,652 | 11,659 | 28,954 | 235,607 | 222,151 | 33,539 | 20,545 | 7,326 | 875,785 |

Exposures at default pre-CCF and CRM increased by £65.5bn to £941.3bn. The key movements by geographical area were as follows:

- United Kingdom exposures increased by £35.3bn to £501.2bn primarily due to a change in the Group liquidity pool composition and Bounce Back Loans issued
- Europe exposures increased by £20.7bn to £154.1bn primarily due to increase in cash at central bank balances in France, Germany and Switzerland due to a change in the Group liquidity pool composition
- Asia exposures increased by £10.5bn to £44.0bn primarily due to increase in cash at central bank balances due to change in the Group liquidity pool composition.

# Risk and capital position review
## Analysis of credit risk continued

### Table 33a: CRB-C Geographic analysis of credit exposure for significant subsidiary

| | Barclays Bank PLC<br>As at 31 December 2020 | United Kingdom<br>£m | Europe<br>£m | France<br>£m | Germany<br>£m | Italy<br>£m | Switzerland<br>£m | Americas<br>£m | United States<br>£m | Asia<br>£m | Japan<br>£m | Africa and Middle East<br>£m | Total<br>£m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Central governments or central banks | 274 | 29,486 | – | – | – | 29,487 | 47,969 | 46,080 | 20,852 | 15,038 | 110 | 98,691 |
| 2 | Institutions | 6,261 | 5,286 | 2,284 | 1,017 | 16 | 76 | 7,770 | 6,716 | 1,707 | 843 | 234 | 21,258 |
| 3 | Corporates | 50,428 | 10,637 | 727 | 1,580 | 36 | 1,181 | 60,373 | 55,887 | 1,067 | 292 | 1,058 | 123,563 |
| 4 | Retail | 2 | 610 | – | – | 611 | – | 1 | 1 | – | – | – | 613 |
| 5 | Equity | – | – | – | – | – | – | – | – | – | – | – | – |
| 6 | **Total IRB approach** | 56,965 | 46,019 | 3,011 | 2,597 | 663 | 30,744 | 116,113 | 108,684 | 23,626 | 16,173 | 1,402 | 244,125 |
| 7 | Central governments or central banks | 68,129 | 33,404 | 23,468 | 1,498 | 2,382 | – | – | – | 79 | 28 | 1,146 | 102,758 |
| 8 | Regional governments or local authorities | 521 | 166 | – | 166 | – | – | – | – | – | – | – | 687 |
| 9 | Public sector entities | 200 | 4,259 | 1,422 | 2,172 | – | 4 | 95 | 95 | – | – | 3 | 4,557 |
| 10 | Multilateral development banks | 373 | 1,616 | 176 | – | – | – | 2,571 | 2,571 | 254 | – | 42 | 4,856 |
| 11 | International organisations | – | 603 | – | – | – | – | – | – | – | – | – | 603 |
| 12 | Institutions | 38,330 | 10,780 | 62 | 1 | 214 | 1,343 | 9,726 | 8,861 | 7,045 | 3,907 | 258 | 66,139 |
| 13 | Corporates | 66,758 | 8,439 | 346 | 326 | 74 | 819 | 59,880 | 22,625 | 4,198 | 203 | 1,924 | 141,199 |
| 14 | Retail | 3,152 | 451 | 101 | 1 | 1 | 15 | 60 | 7 | 14 | – | 38 | 3,715 |
| 15 | Secured by mortgages on immovable property | 3,365 | 1,465 | 453 | 5 | 10 | 48 | 579 | 63 | 113 | – | 366 | 5,888 |
| 16 | Exposures in default | 257 | 334 | 49 | 119 | – | 8 | 174 | 89 | 28 | – | 79 | 872 |
| 17 | Items associated with particularly high risk | 4 | 20 | – | – | – | 9 | 109 | 107 | 3 | 3 | – | 136 |
| 18 | Covered bonds | – | 59 | 59 | – | – | – | – | – | – | – | – | 59 |
| 19 | Claims on institutions and corporates with a short-term credit assessment | – | – | – | – | – | – | – | – | – | – | – | – |
| 20 | Collective investment undertakings | – | – | – | – | – | – | – | – | – | – | – | – |
| 21 | Equity Exposures | 2,679 | 256 | – | – | – | – | 77 | 4 | – | – | – | 3,012 |
| 22 | Other Exposures | 1,448 | 15 | – | – | – | 1 | – | – | 2 | – | 58 | 1,523 |
| 23 | **Total standardised approach** | 185,216 | 61,867 | 26,136 | 4,288 | 2,681 | 2,247 | 73,271 | 34,422 | 11,736 | 4,141 | 3,914 | 336,004 |
| 24 | **Total** | 242,181 | 107,886 | 29,147 | 6,885 | 3,344 | 32,991 | 189,384 | 143,106 | 35,362 | 20,314 | 5,316 | 580,129 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 33a: CRB-C Geographic analysis of credit exposure for significant subsidiary - continued

| | Barclays Bank PLC<br>As at 31 December 2019 | United Kingdom £m | Europe £m | France £m | Germany £m | Italy £m | Switzerland £m | Americas £m | United States £m | Asia £m | Japan £m | Africa and Middle East £m | Total £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Central governments or central banks | 221 | 25,746 | – | – | – | 25,747 | 38,932 | 38,177 | 17,815 | 13,503 | 93 | 82,807 |
| 2 | Institutions | 6,026 | 4,769 | 1,559 | 1,043 | 23 | 181 | 7,764 | 6,823 | 1,070 | 612 | 380 | 20,009 |
| 3 | Corporates | 46,557 | 11,232 | 1,761 | 1,760 | 468 | 1,240 | 61,264 | 57,762 | 1,131 | 413 | 943 | 121,127 |
| 4 | Retail | 2 | 638 | – | – | 638 | – | 1 | 1 | – | – | – | 641 |
| 5 | Equity | – | – | – | – | – | – | – | – | – | – | – | – |
| 6 | **Total IRB approach** | 52,806 | 42,385 | 3,320 | 2,803 | 1,129 | 27,168 | 107,961 | 102,763 | 20,016 | 14,528 | 1,416 | 224,584 |
| 7 | Central governments or central banks | 65,599 | 23,016 | 15,461 | 222 | 3,027 | – | – | – | 68 | 26 | 1,145 | 89,828 |
| 8 | Regional governments or local authorities | 425 | 467 | – | 466 | – | – | 62 | 62 | – | – | – | 954 |
| 9 | Public sector entities | 369 | 4,096 | 1,021 | 2,685 | – | 11 | 14 | 3 | – | – | – | 4,479 |
| 10 | Multilateral development banks | 271 | 1,993 | 167 | – | – | – | 2,485 | 2,485 | 596 | – | 39 | 5,384 |
| 11 | International organisations | – | 400 | – | – | – | – | – | – | – | – | – | 400 |
| 12 | Institutions | 27,032 | 10,870 | 112 | – | 251 | 1,435 | 8,283 | 7,832 | 6,592 | 3,490 | 381 | 53,158 |
| 13 | Corporates | 45,886 | 15,752 | 330 | 383 | 74 | 753 | 57,148 | 22,266 | 4,169 | 193 | 2,153 | 125,108 |
| 14 | Retail | 3,268 | 564 | 127 | 1 | 1 | 18 | 100 | 16 | 8 | – | 43 | 3,983 |
| 15 | Secured by mortgages on immovable property | 3,157 | 1,527 | 461 | 5 | 7 | 46 | 428 | 46 | 66 | – | 312 | 5,490 |
| 16 | Exposures in default | 559 | 124 | 57 | 20 | – | 5 | 406 | 176 | 33 | – | 43 | 1,165 |
| 17 | Items associated with particularly high risk | 1 | – | – | – | – | – | 187 | 188 | 3 | 3 | – | 191 |
| 18 | Covered bonds | – | – | – | – | – | – | – | – | – | – | – | – |
| 19 | Claims on institutions and corporates with a short-term credit assessment | – | – | – | – | – | – | – | – | – | – | – | – |
| 20 | Collective investment undertakings | – | – | – | – | – | – | – | – | – | – | – | – |
| 21 | Equity Exposures | 2,201 | 98 | – | – | – | – | 76 | – | – | – | – | 2,375 |
| 22 | Other Exposures | 1,014 | 3 | – | – | – | – | – | – | 4 | – | 133 | 1,154 |
| 23 | **Total standardised approach** | 149,782 | 58,910 | 17,736 | 3,782 | 3,360 | 2,268 | 69,189 | 33,074 | 11,539 | 3,712 | 4,249 | 293,669 |
| 24 | **Total** | 202,588 | 101,295 | 21,056 | 6,585 | 4,489 | 29,436 | 177,150 | 135,837 | 31,555 | 18,240 | 5,665 | 518,253 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 34: CRB -D - Concentration of exposures by industry
This table shows exposure at default pre-CCF and pre-CRM, broken down by credit exposure class and the industrial sector associated with the counterparty.

| Barclays Group | Agriculture, forestry and fishing | Mining and quarrying | Manufacturing | Electricity, gas, steam and air conditioning supply | Water supply | Construction | Wholesale and retail trade | Transport and storage | Accommodation and food service activities | Information and communication | Real estate activities | Professional, scientific and technical activities | Administrative and support service activities | Public administration and defence, compulsory social security | Education | Human health services and social work activities | Arts, entertainment and recreation | Other services | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| 1 Central Governments or central banks | – | – | – | – | – | – | – | – | – | – | – | – | – | 18,397 | – | – | – | 80,398 | 98,795 |
| 2 Institutions | – | 36 | 41 | 1,315 | 643 | 37 | 44 | 965 | – | 38 | 983 | – | 16 | 2,819 | 3,305 | 76 | – | 13,594 | 23,912 |
| 3 Corporates | 3,135 | 8,736 | 28,480 | 9,742 | 2,132 | 3,780 | 10,858 | 5,048 | 3,456 | 9,843 | 26,206 | 6,202 | 6,702 | 99 | 1,616 | 6,702 | 1,592 | 15,261 | 149,590 |
| 4 Retail | 1,620 | 30 | 423 | 3 | 20 | 540 | 1,084 | 168 | 500 | 176 | 1,429 | 441 | 335 | – | 134 | 406 | 169 | 232,697 | 240,175 |
| 5 Equity | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 6 **Total IRB Approach** | 4,755 | 8,802 | 28,944 | 11,060 | 2,795 | 4,357 | 11,986 | 6,181 | 3,956 | 10,057 | 28,618 | 6,643 | 7,053 | 21,315 | 5,055 | 7,184 | 1,761 | 341,950 | 512,472 |
| 7 Central governments or central banks | – | – | – | – | – | – | – | – | – | – | – | – | – | 48,877 | – | – | – | 165,425 | 214,302 |
| 8 Regional governments or local authorities | – | – | – | – | – | – | – | – | – | – | – | – | – | 10,960 | – | – | – | – | 10,960 |
| 9 Public sector entities | – | – | – | 128 | 1 | – | – | 112 | – | – | 92 | – | – | 1,519 | 490 | 36 | – | 6,292 | 8,670 |
| 10 Multilateral development banks | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 7,209 | 7,209 |
| 11 International organisations | – | – | – | – | – | – | – | – | – | – | – | – | 607 | – | – | – | – | 127 | 734 |
| 12 Institutions | – | – | 3 | – | – | – | – | – | – | – | – | 1 | – | 20 | 1 | 22 | – | 6,036 | 6,083 |
| 13 Corporates | 85 | 1,268 | 6,712 | 1,458 | 273 | 1,265 | 3,914 | 1,626 | 537 | 2,765 | 1,965 | 918 | 4,206 | – | 57 | 552 | 154 | 31,100 | 58,855 |
| 14 Retail | 289 | 23 | 788 | 18 | 50 | 1,819 | 2,228 | 600 | 969 | 611 | 1,017 | 1,215 | 1,070 | – | 175 | 434 | 268 | 90,307 | 101,881 |
| 15 Secured by mortgages on immovable property | 8 | 5 | 21 | – | 9 | 26 | 57 | 4 | 120 | 2 | 926 | 16 | 54 | – | 7 | 41 | 1 | 8,109 | 9,406 |
| 16 Exposures in default | 23 | 83 | 68 | – | 5 | 103 | 179 | 29 | 62 | 90 | 165 | 22 | 123 | – | 5 | 17 | 8 | 879 | 1,861 |
| 17 Items associated with particularly high risk | 12 | 386 | 37 | – | – | – | 12 | 49 | – | 158 | 15 | 6 | 30 | – | – | – | – | 739 | 1,444 |
| 18 Covered bonds | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1,886 | 1,886 |
| 19 Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 20 Collective investments undertakings(CIU) | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 21 Equity exposures | – | – | – | – | – | – | 4 | – | – | – | – | – | – | – | – | – | – | 719 | 723 |
| 22 Other exposures | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 4,824 | 4,824 |
| 23 **Total standardised approach** | 417 | 1,765 | 7,629 | 1,604 | 338 | 3,213 | 6,394 | 2,420 | 1,688 | 3,626 | 4,180 | 2,178 | 6,090 | 61,376 | 735 | 1,102 | 431 | 323,652 | 428,838 |
| 24 **Total** | 5,172 | 10,567 | 36,573 | 12,664 | 3,133 | 7,570 | 18,380 | 8,601 | 5,644 | 13,683 | 32,798 | 8,821 | 13,143 | 82,691 | 5,790 | 8,286 | 2,192 | 665,602 | 941,310 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 34: CRB-D - Concentration of exposures by industry - continued

| | **Barclays Group** | Agriculture, forestry and fishing | Mining and quarrying | Manufacturing | Electricity, gas, steam and air conditioning supply | Water supply | Construction | Wholesale and retail trade | Transport and storage | Accommodation and food service activities | Information and communication | Real estate activities | Professional, scientific and technical activities | Administrative and support service activities | Public administration and defence, compulsory social security | Education | Human health services and social work activities | Arts, entertainment and recreation | Other services | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **As at 31 December 2019** | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| 1 | Central Governments or central banks | – | – | – | – | – | – | – | – | – | – | – | – | – | 15,200 | – | – | – | 79,230 | 94,430 |
| 2 | Institutions | – | – | 45 | 1,089 | 624 | 44 | 46 | 887 | – | 76 | 811 | – | 24 | 3,216 | 2,870 | 40 | – | 14,408 | 24,180 |
| 3 | Corporates | 3,248 | 8,677 | 28,578 | 10,221 | 2,234 | 4,085 | 9,973 | 4,969 | 2,995 | 9,073 | 28,754 | 5,043 | 5,127 | 57 | 1,711 | 6,112 | 1,376 | 13,080 | 145,313 |
| 4 | Retail | 1,640 | 35 | 356 | 3 | 17 | 465 | 1,078 | 163 | 500 | 140 | 1,355 | 367 | 274 | – | 126 | 409 | 155 | 232,528 | 239,611 |
| 5 | Equity | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 6 | **Total IRB Approach** | 4,888 | 8,712 | 28,979 | 11,313 | 2,875 | 4,594 | 11,097 | 6,019 | 3,495 | 9,289 | 30,920 | 5,410 | 5,425 | 18,473 | 4,707 | 6,561 | 1,531 | 339,246 | 503,534 |
| 7 | Central governments or central banks | – | – | – | – | – | – | – | – | – | – | – | 50 | – | 41,281 | – | – | – | 116,645 | 157,976 |
| 8 | Regional governments or local authorities | – | – | – | – | – | – | – | – | – | – | – | – | – | 8,758 | – | – | – | – | 8,758 |
| 9 | Public sector entities | – | – | – | 22 | 12 | – | – | 141 | – | – | 79 | – | – | 1,189 | 704 | 61 | – | 5,171 | 7,379 |
| 10 | Multilateral development banks | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 7,904 | 7,904 |
| 11 | International organisations | – | – | – | – | – | – | – | – | – | – | – | – | 387 | – | – | – | – | 363 | 750 |
| 12 | Institutions | – | – | – | – | – | – | 14 | – | – | – | – | – | – | 19 | 1 | 22 | – | 6,084 | 6,140 |
| 13 | Corporates | 34 | 1,649 | 7,310 | 1,365 | 287 | 725 | 4,828 | 1,930 | 888 | 2,335 | 1,192 | 906 | 4,277 | 15 | 50 | 405 | 106 | 29,873 | 58,175 |
| 14 | Retail | 1 | – | 2 | – | – | 1 | 3 | 1 | 1 | – | 31 | 1 | 43 | – | 1 | 1 | 5 | 105,381 | 105,472 |
| 15 | Secured by mortgages on immovable property | 24 | 5 | 8 | – | – | – | 53 | 3 | 137 | 1 | 482 | 2 | 8 | – | 5 | 20 | – | 8,413 | 9,161 |
| 16 | Exposures in default | 6 | 276 | 32 | – | 11 | – | 25 | 17 | 1 | 21 | 49 | 1 | 58 | – | 16 | – | – | 1,496 | 2,009 |
| 17 | Items associated with particularly high risk | – | 419 | 24 | – | – | – | 4 | 49 | – | 246 | 28 | 4 | 17 | – | – | – | – | 738 | 1,529 |
| 18 | Covered bonds | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1,766 | 1,766 |
| 19 | Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 20 | Collective investments undertakings(CIU) | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 21 | Equity exposures | – | – | – | – | – | – | 8 | – | – | 1 | – | – | – | – | – | – | – | 989 | 998 |
| 22 | Other exposures | – | – | 6 | 3 | 1 | 8 | 19 | 12 | 1 | 15 | 1 | – | 12 | 7 | – | 12 | – | 4,137 | 4,234 |
| 23 | **Total standardised approach** | 65 | 2,349 | 7,382 | 1,390 | 311 | 734 | 4,954 | 2,153 | 1,028 | 2,619 | 1,862 | 964 | 4,802 | 51,269 | 777 | 521 | 111 | 288,960 | 372,251 |
| 24 | **Total** | 4,953 | 11,061 | 36,361 | 12,703 | 3,186 | 5,328 | 16,051 | 8,172 | 4,523 | 11,908 | 32,782 | 6,374 | 10,227 | 69,742 | 5,484 | 7,082 | 1,642 | 628,206 | 875,785 |

Exposures at default pre-CCF and CRM increased by £65.5bn to £941.3bn. The key movements by industry sector were as follows:

- Public administration and defence, compulsory social security exposures increased by £12.9bn to £82.7bn primarily due to an increase in the Group liquidity pool
- Other services exposures increased by £37.4bn to £665.6bn primarily due to an increase in the Group liquidity pool.

# Risk and capital position review
## Analysis of credit risk continued

### Table 34a: CRB-D - Concentration of exposures by industry for significant subsidiary

| Barclays Bank PLC | Agriculture, forestry and fishing | Mining and quarrying | Manufacturing | Electricity, gas, steam and air conditioning supply | Water supply | Construction | Wholesale and retail trade | Transport and storage | Accommodation and food service activities | Information and communication | Real estate activities | Professional, scientific and technical activities | Administrative and support service activities | Public administration and defence, compulsory social security | Education | Human health services and social work activities | Arts, entertainment and recreation | Other services | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| 1 Central Governments or central banks | – | – | – | – | – | – | – | – | – | – | – | – | – | 18,369 | – | – | – | 80,322 | 98,691 |
| 2 Institutions | – | 36 | 41 | 1,001 | 599 | 36 | 44 | 961 | – | 38 | 983 | – | 16 | 2,820 | 3,302 | 49 | – | 11,332 | 21,258 |
| 3 Corporates | 72 | 7,405 | 26,160 | 8,350 | 1,999 | 3,343 | 9,781 | 4,571 | 3,071 | 8,391 | 14,862 | 5,831 | 6,468 | 99 | 1,444 | 6,209 | 1,442 | 14,065 | 123,563 |
| 4 Retail | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 613 | 613 |
| 5 Equity | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 6 **Total IRB Approach** | 72 | 7,441 | 26,201 | 9,351 | 2,598 | 3,379 | 9,825 | 5,532 | 3,071 | 8,429 | 15,845 | 5,831 | 6,484 | 21,288 | 4,746 | 6,258 | 1,442 | 106,332 | 244,125 |
| 7 Central governments or central banks | – | – | – | – | – | – | – | – | – | – | – | – | – | 27,086 | – | – | – | 75,672 | 102,758 |
| 8 Regional governments or local authorities | – | – | – | – | – | – | – | – | – | – | – | – | – | 687 | – | – | – | – | 687 |
| 9 Public sector entities | – | – | – | 119 | 1 | – | – | 9 | – | – | – | – | – | 1,163 | 117 | 6 | – | 3,142 | 4,557 |
| 10 Multilateral development banks | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 4,856 | 4,856 |
| 11 International organisations | – | – | – | – | – | – | – | – | – | – | – | – | 487 | – | – | – | – | 116 | 603 |
| 12 Institutions | – | – | 3 | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 66,136 | 66,139 |
| 13 Corporates | 20 | 779 | 4,859 | 1,061 | 125 | 658 | 3,252 | 1,270 | 361 | 2,342 | 1,800 | 586 | 4,796 | – | 47 | 485 | 137 | 118,621 | 141,199 |
| 14 Retail | 69 | 20 | 362 | 12 | 17 | 269 | 485 | 98 | 75 | 217 | 256 | 303 | 319 | – | 60 | 103 | 63 | 987 | 3,715 |
| 15 Secured by mortgages on immovable property | 1 | 5 | 19 | – | 9 | 3 | 39 | 3 | 120 | 2 | 869 | 16 | 54 | – | – | 12 | 1 | 4,735 | 5,888 |
| 16 Exposures in default | 5 | 19 | 24 | – | 1 | 69 | 112 | 15 | 24 | 77 | 118 | 1 | 36 | – | – | 8 | – | 363 | 872 |
| 17 Items associated with particularly high risk | – | 3 | 18 | – | – | – | 12 | 42 | – | 23 | – | – | 3 | – | – | – | – | 35 | 136 |
| 18 Covered bonds | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 59 | 59 |
| 19 Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 20 Collective investments undertakings(CIU) | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 21 Equity exposures | – | – | – | – | – | – | 4 | – | – | – | – | – | – | – | – | – | – | 3,008 | 3,012 |
| 22 Other exposures | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1,523 | 1,523 |
| 23 **Total standardised approach** | 95 | 826 | 5,285 | 1,192 | 153 | 999 | 3,904 | 1,437 | 580 | 2,661 | 3,043 | 906 | 5,695 | 28,936 | 224 | 614 | 201 | 279,253 | 336,004 |
| 24 **Total** | 167 | 8,267 | 31,486 | 10,543 | 2,751 | 4,378 | 13,729 | 6,969 | 3,651 | 11,090 | 18,888 | 6,737 | 12,179 | 50,224 | 4,970 | 6,872 | 1,643 | 385,585 | 580,129 |

# Risk and capital position review

## Analysis of credit risk continued

### Table 34a: CRB-D - Concentration of exposures by industry for significant subsidiary - continued

| Barclays Bank PLC<br>As at 31 December 2019 | | Agriculture, forestry and fishing<br>£m | Mining and quarrying<br>£m | Manufacturing<br>£m | Electricity, gas, steam and air conditioning supply<br>£m | Water supply<br>£m | Construction<br>£m | Wholesale and retail trade<br>£m | Transport and storage<br>£m | Accommodation and food service activities<br>£m | Information and communication<br>£m | Real estate activities<br>£m | Professional, scientific and technical activities<br>£m | Administrative and support service activities<br>£m | Public administration and defence, compulsory social security<br>£m | Education<br>£m | Human health services and social work activities<br>£m | Arts, entertainment and recreation<br>£m | Other services<br>£m | Total<br>£m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Central Governments or central banks | – | – | – | – | – | – | – | – | – | – | – | – | – | 15,131 | – | – | – | 67,676 | 82,807 |
| 2 | Institutions | – | – | 44 | 821 | 538 | 45 | 46 | 783 | – | 76 | 811 | – | 23 | 3,217 | 2,865 | 18 | – | 10,722 | 20,009 |
| 3 | Corporates | 119 | 8,017 | 27,057 | 9,098 | 2,081 | 3,838 | 9,348 | 4,708 | 2,642 | 8,855 | 15,163 | 4,752 | 5,049 | 58 | 1,559 | 5,613 | 1,228 | 11,942 | 121,127 |
| 4 | Retail | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 641 | 641 |
| 5 | Equity | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 6 | **Total IRB Approach** | 119 | 8,017 | 27,101 | 9,919 | 2,619 | 3,883 | 9,394 | 5,491 | 2,642 | 8,931 | 15,974 | 4,752 | 5,072 | 18,406 | 4,424 | 5,631 | 1,228 | 90,981 | 224,584 |
| 7 | Central governments or central banks | – | – | – | – | – | – | – | – | – | – | – | 50 | – | 26,559 | – | – | – | 63,219 | 89,828 |
| 8 | Regional governments or local authorities | – | – | – | – | – | – | – | – | – | – | – | – | – | 954 | – | – | – | – | 954 |
| 9 | Public sector entities | – | – | – | 15 | 12 | – | – | 17 | – | | – | – | – | 847 | 300 | 53 | – | 3,235 | 4,479 |
| 10 | Multilateral development banks | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 5,384 | 5,384 |
| 11 | International organisations | – | – | – | – | – | – | – | – | – | – | – | – | 177 | – | – | – | – | 223 | 400 |
| 12 | Institutions | – | – | – | – | – | – | 14 | – | – | – | – | – | – | – | – | – | – | 53,144 | 53,158 |
| 13 | Corporates | 15 | 899 | 5,590 | 1,041 | 139 | 303 | 4,212 | 1,708 | 779 | 1,839 | 1,278 | 594 | 4,911 | – | 48 | 370 | 99 | 101,283 | 125,108 |
| 14 | Retail | 1 | – | 1 | – | – | – | 1 | – | 1 | 1 | 24 | 1 | 43 | – | – | – | 1 | 3,909 | 3,983 |
| 15 | Secured by mortgages on immovable property | 2 | 5 | 6 | – | – | – | 26 | 3 | 135 | – | 376 | 2 | 8 | – | – | 15 | – | 4,912 | 5,490 |
| 16 | Exposures in default | 5 | 252 | 29 | – | 8 | – | 24 | 12 | – | 16 | 44 | – | 55 | – | – | – | – | 720 | 1,165 |
| 17 | Items associated with particularly high risk | – | 7 | 3 | – | – | – | 4 | 38 | – | 22 | – | – | – | – | – | – | – | 117 | 191 |
| 18 | Covered bonds | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 19 | Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 20 | Collective investments undertakings(CIU) | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 21 | Equity exposures | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 2,375 | 2,375 |
| 22 | Other exposures | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 1,154 | 1,154 |
| 23 | **Total standardised approach** | 23 | 1,163 | 5,629 | 1,056 | 159 | 303 | 4,281 | 1,778 | 915 | 1,878 | 1,722 | 647 | 5,194 | 28,360 | 348 | 438 | 100 | 239,675 | 293,669 |
| 24 | **Total** | 142 | 9,180 | 32,730 | 10,975 | 2,778 | 4,186 | 13,675 | 7,269 | 3,557 | 10,809 | 17,696 | 5,399 | 10,266 | 46,766 | 4,772 | 6,069 | 1,328 | 330,656 | 518,253 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 35: CRB–E - Residual maturity analysis credit exposures

This table shows exposure at default pre-CCF and pre-CRM, broken down by credit exposure class and residual maturity. Residual maturity is the remaining number of years before an obligation becomes due according to the existing terms of the agreement.

| Barclays Group | | Net Exposure Value | | | | | |
|---|---|---|---|---|---|---|---|
| As at 31 December 2020 | | On Demand £m | < = 1 year £m | > 1 year < = 5 years £m | > 5 years £m | No stated maturity £m | Total £m |
| 1 | Central Governments or central banks | 80,558 | 2,317 | 8,337 | 7,583 | – | 98,795 |
| 2 | Institutions | 4,570 | 3,227 | 10,588 | 5,527 | – | 23,912 |
| 3 | Corporates | 12,524 | 24,604 | 93,733 | 18,729 | – | 149,590 |
| 4 | Retail | 66,201 | 1,550 | 14,596 | 157,828 | – | 240,175 |
| 5 | Equity | – | – | – | – | – | – |
| 6 | **Total IRB Approach** | 163,853 | 31,698 | 127,254 | 189,667 | – | 512,472 |
| 7 | Central governments or central banks | 141,016 | 32,389 | 21,579 | 19,201 | 117 | 214,302 |
| 8 | Regional governments or local authorities | 459 | 140 | 1,223 | 9,138 | – | 10,960 |
| 9 | Public sector entities | 33 | 2,302 | 3,412 | 2,923 | – | 8,670 |
| 10 | Multilateral development banks | – | 771 | 3,753 | 2,685 | – | 7,209 |
| 11 | International organisations | – | – | 231 | 503 | – | 734 |
| 12 | Institutions | 644 | 3,421 | 1,657 | 361 | – | 6,083 |
| 13 | Corporates | 10,543 | 21,769 | 19,708 | 6,835 | – | 58,855 |
| 14 | Retail | 87,692 | 579 | 3,650 | 9,960 | – | 101,881 |
| 15 | Secured by mortgages on immovable property | – | 1,632 | 2,853 | 4,921 | – | 9,406 |
| 16 | Exposures in default | 353 | 454 | 385 | 669 | – | 1,861 |
| 17 | Items associated with particularly high risk | – | – | – | – | 1,444 | 1,444 |
| 18 | Covered bonds | – | 379 | 814 | 693 | – | 1,886 |
| 19 | Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | – |
| 20 | Collective investments undertakings | – | – | – | – | – | – |
| 21 | Equity exposures | – | – | – | – | 723 | 723 |
| 22 | Other exposures | – | – | – | – | 4,824 | 4,824 |
| 23 | **Total standardised approach** | 240,740 | 63,836 | 59,265 | 57,889 | 7,108 | 428,838 |
| 24 | **Total** | 404,593 | 95,534 | 186,519 | 247,556 | 7,108 | 941,310 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 35: CRB-E - Residual maturity analysis of credit exposures - continued

| Barclays Group<br>As at 31 December 2019 | | Net Exposure Value<br>On Demand<br>£m | < = 1 year<br>£m | > 1 year<br>< = 5 years<br>£m | > 5 years<br>£m | No stated maturity<br>£m | Total<br>£m |
|---|---|---|---|---|---|---|---|
| 1 | Central Governments or central banks | 79,461 | 2,765 | 5,941 | 6,263 | – | 94,430 |
| 2 | Institutions | 5,527 | 4,656 | 9,460 | 4,537 | – | 24,180 |
| 3 | Corporates | 13,119 | 21,945 | 90,128 | 20,121 | – | 145,313 |
| 4 | Retail | 71,583 | 1,935 | 15,853 | 150,240 | – | 239,611 |
| 5 | Equity | – | – | – | – | – | – |
| 6 | **Total IRB Approach** | 169,690 | 31,301 | 121,382 | 181,161 | – | 503,534 |
| 7 | Central governments or central banks | 87,135 | 30,120 | 25,542 | 15,107 | 72 | 157,976 |
| 8 | Regional governments or local authorities | 395 | 157 | 790 | 7,416 | – | 8,758 |
| 9 | Public sector entities | 51 | 830 | 3,689 | 2,809 | – | 7,379 |
| 10 | Multilateral development banks | – | 1,151 | 4,381 | 2,372 | – | 7,904 |
| 11 | International organisations | – | 65 | 286 | 399 | – | 750 |
| 12 | Institutions | 171 | 4,146 | 1,348 | 475 | – | 6,140 |
| 13 | Corporates | 7,498 | 21,061 | 19,345 | 10,271 | – | 58,175 |
| 14 | Retail | 98,384 | 2,418 | 3,503 | 1,167 | – | 105,472 |
| 15 | Secured by mortgages on immovable property | – | 1,788 | 2,606 | 4,767 | – | 9,161 |
| 16 | Exposures in default | 279 | 810 | 351 | 569 | – | 2,009 |
| 17 | Items associated with particularly high risk | – | – | – | – | 1,529 | 1,529 |
| 18 | Covered bonds | – | 146 | 998 | 622 | – | 1,766 |
| 19 | Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | – |
| 20 | Collective investments undertakings | – | – | – | – | – | – |
| 21 | Equity exposures | – | – | – | – | 998 | 998 |
| 22 | Other exposures | – | – | – | – | 4,234 | 4,234 |
| 23 | **Total standardised approach** | 193,913 | 62,692 | 62,839 | 45,974 | 6,833 | 372,251 |
| 24 | **Total** | 363,603 | 93,993 | 184,221 | 227,135 | 6,833 | 875,785 |

Exposures at default pre-CCF and CRM increased by £65.5bn to £941.3bn. The key movements by residual maturity were as follows:

- On demand exposures increased £40.9bn to £404.6bn primarily due to an increase in the Group liquidity pool
- Exposures with residual maturity greater than 5 years increased £20.4bn to £247.6bn primarily due to Bounce Back Loans issued and an increase in mortgages.

# Risk and capital position review
## Analysis of credit risk continued

### Table 35a: CRB-E - Residual maturity analysis of credit exposures for significant subsidiary

| Barclays Bank PLC<br>As at 31 December 2020 | | Net Exposure Value<br>On Demand<br>£m | < = 1 year<br>£m | > 1 year<br>< = 5 years<br>£m | > 5 years<br>£m | No stated<br>maturity<br>£m | Total<br>£m |
|---|---|---|---|---|---|---|---|
| 1 | Central Governments or central banks | 80,493 | 2,278 | 8,337 | 7,583 | – | 98,691 |
| 2 | Institutions | 2,588 | 2,888 | 10,307 | 5,475 | – | 21,258 |
| 3 | Corporates | 11,719 | 22,212 | 81,727 | 7,905 | – | 123,563 |
| 4 | Retail | – | 83 | 449 | 81 | – | 613 |
| 5 | Equity | – | – | – | – | – | – |
| 6 | **Total IRB Approach** | 94,800 | 27,461 | 100,820 | 21,044 | – | 244,125 |
| 7 | Central governments or central banks | 66,793 | 11,923 | 7,932 | 16,079 | 31 | 102,758 |
| 8 | Regional governments or local authorities | 459 | 28 | 48 | 152 | – | 687 |
| 9 | Public sector entities | 32 | 131 | 2,296 | 2,098 | – | 4,557 |
| 10 | Multilateral development banks | – | 60 | 2,330 | 2,466 | – | 4,856 |
| 11 | International organisations | – | – | 147 | 456 | – | 603 |
| 12 | Institutions | 44,332 | 10,593 | 2,979 | 8,235 | – | 66,139 |
| 13 | Corporates | 37,120 | 81,097 | 16,594 | 6,388 | – | 141,199 |
| 14 | Retail | 3,097 | 79 | 342 | 197 | – | 3,715 |
| 15 | Secured by mortgages on immovable property | – | 801 | 2,211 | 2,876 | – | 5,888 |
| 16 | Exposures in default | 28 | 316 | 266 | 262 | – | 872 |
| 17 | Items associated with particularly high risk | – | – | – | – | 136 | 136 |
| 18 | Covered bonds | – | – | – | 59 | – | 59 |
| 19 | Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | – |
| 20 | Collective investments undertakings | – | – | – | – | – | – |
| 21 | Equity exposures | – | – | – | – | 3,012 | 3,012 |
| 22 | Other exposures | – | – | – | – | 1,523 | 1,523 |
| 23 | **Total standardised approach** | 151,861 | 105,028 | 35,145 | 39,268 | 4,702 | 336,004 |
| 24 | **Total** | 246,661 | 132,489 | 135,965 | 60,312 | 4,702 | 580,129 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 35a: CRB-E - Residual maturity analysis of credit exposures for significant subsidiary - continued

| Barclays Bank PLC | | Net Exposure Value | | | | | |
|---|---|---|---|---|---|---|---|
| **As at 31 December 2019** | | On Demand £m | < = 1 year £m | > 1 year < = 5 years £m | > 5 years £m | No stated maturity £m | Total £m |
| 1 | Central Governments or central banks | 68,076 | 2,572 | 5,896 | 6,263 | – | 82,807 |
| 2 | Institutions | 1,847 | 4,560 | 9,127 | 4,475 | – | 20,009 |
| 3 | Corporates | 12,050 | 20,215 | 81,264 | 7,598 | – | 121,127 |
| 4 | Retail | – | 98 | 454 | 89 | – | 641 |
| 5 | Equity | – | – | – | – | – | – |
| 6 | **Total IRB Approach** | 81,973 | 27,445 | 96,741 | 18,425 | – | 224,584 |
| 7 | Central governments or central banks | 60,003 | 12,520 | 4,570 | 12,713 | 22 | 89,828 |
| 8 | Regional governments or local authorities | 395 | 70 | 325 | 164 | – | 954 |
| 9 | Public sector entities | 50 | 466 | 2,240 | 1,723 | – | 4,479 |
| 10 | Multilateral development banks | – | 478 | 2,895 | 2,011 | – | 5,384 |
| 11 | International organisations | – | – | 177 | 223 | – | 400 |
| 12 | Institutions | 24,909 | 19,501 | 2,658 | 6,090 | – | 53,158 |
| 13 | Corporates | 27,122 | 73,440 | 15,848 | 8,698 | – | 125,109 |
| 14 | Retail | 2,958 | 241 | 272 | 512 | – | 3,983 |
| 15 | Secured by mortgages on immovable property | – | 960 | 2,108 | 2,421 | – | 5,490 |
| 16 | Exposures in default | 1 | 507 | 282 | 375 | – | 1,165 |
| 17 | Items associated with particularly high risk | – | – | – | – | 191 | 191 |
| 18 | Covered bonds | – | – | – | – | – | – |
| 19 | Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | – |
| 20 | Collective investments undertakings | – | – | – | – | – | – |
| 21 | Equity exposures | – | – | – | – | 2,375 | 2,375 |
| 22 | Other exposures | – | – | – | – | 1,154 | 1,154 |
| 23 | **Total standardised approach** | 115,438 | 108,183 | 31,375 | 34,931 | 3,742 | 293,669 |
| 24 | **Total** | 197,411 | 135,628 | 128,116 | 53,356 | 3,742 | 518,253 |

# Risk and capital position review

Analysis of credit risk continued

## Credit risk mitigation

Barclays employs a range of techniques and strategies to actively mitigate credit risks. Within the regulatory framework this is commonly referred to as credit risk mitigation (CRM) with further details on page 178 of this document. In the case of collateral, the recognition of the migration is reflected through regulatory calculations in several different ways, depending on the nature of the collateral and the regulatory approach applied to the exposure.

Financial collateral includes, but is not exclusive of; cash, debt securities, equities and gold, that can be used to directly reduce credit exposures subject to the Standardised approach. The impact of financial collateral CRM can be observed on page 46, as a component of the difference between EAD pre-CRM and EAD-post CRM.

### Table 36: Exposures covered by guarantees and credit derivatives

This table shows the proportion of credit risk exposures, covered by funded credit protection and unfunded credit protection in the form of guarantees or credit derivatives.

Under the standardised approach, the risk weight of the underlying exposure covered is substituted by that of the credit protection provider – generally a central government or institution. Any uncovered exposure is risk weighted using the normal framework. For the STD approach, the table below has been populated post-substitution effect.

Under the advanced approach, the table is designed to show exposures for which the credit protection impact is not reflected though the loss given default (LGD), for example where it is applied directly to the EAD metric such as for exposures related to the Coronavirus Business Interruption Loan Scheme (CBILS). Where Barclays recognises AIRB eligible collateral by reducing the modelled downturn loss given default (LGD) metric, the AIRB values in the table below are "nil".

**Credit exposure class**

| | Exposures covered by unfunded credit protection | | Exposures covered by funded credit protection |
|---|---|---|---|
| | Standardised | Advanced IRB | Advanced IRB |
| **Barclays Group** | £m | £m | £m |
| **As at 31 December 2020** | | | |
| Central governments or central banks | **418** | **–** | **–** |
| Institutions | **378** | **1** | **–** |
| Corporates | **725** | **1,407** | **–** |
| Retail | **9,324** | **562** | **–** |
| Exposures in default | **281** | **–** | **–** |
| Items associated with high risk | **–** | **–** | **–** |
| Equity | **–** | **–** | **–** |
| Securitisation positions | **–** | **–** | **–** |
| Non-credit obligation assets | **–** | **–** | **–** |
| **Total** | **11,126** | **1,970** | **–** |
| **As at 31 December 2019** | | | |
| Central governments or central banks | 398 | – | – |
| Institutions | 335 | – | – |
| Corporates | 416 | – | – |
| Retail | – | – | – |
| Exposures in default | 26 | – | – |
| Items associated with high risk | – | – | – |
| Equity | – | – | – |
| Securitisation positions | – | – | – |
| Non-credit obligation assets | – | – | – |
| **Total** | 1,175 | – | – |

Exposures covered by unfunded credit protection increased by £11.9bn to £13.1bn primarily due to COVID-19 related government backed lending.

# Risk and capital position review
## Analysis of credit risk continued

### Table 36a: Exposures covered by guarantees and credit derivatives for significant subsidiary

**Credit exposure class**

| Barclays Bank PLC | Exposures covered by unfunded credit protection | | Exposures covered by funded credit protection |
|---|---|---|---|
| | Standardised | Advanced IRB | Advanced IRB |
| | £m | £m | £m |
| **As at 31 December 2020** | | | |
| Central governments or central banks | **418** | **–** | **–** |
| Institutions | **–** | **–** | **–** |
| Corporates | **368** | **1,101** | **–** |
| Retail | **–** | **–** | **–** |
| Exposures in default | **1** | **–** | **–** |
| Items associated with high risk | **–** | **–** | **–** |
| Equity | **–** | **–** | **–** |
| Securitisation positions | **–** | **–** | **–** |
| Non-credit obligation assets | **–** | **–** | **–** |
| **Total** | **787** | **1,101** | **–** |
| **As at 31 December 2019** | | | |
| Central governments or central banks | 398 | – | – |
| Institutions | – | – | – |
| Corporates | 231 | – | – |
| Retail | – | – | – |
| Exposures in default | 26 | – | – |
| Items associated with high risk | – | – | – |
| Equity | – | – | – |
| Securitisation positions | – | – | – |
| Non-credit obligation assets | – | – | – |
| **Total** | 655 | – | – |

### Table 37: CR3 – CRM techniques

This table shows the use of CRM techniques broken down by loans and debt securities. This table includes unsecured and secured exposures including collateral, financial guarantees and credit derivatives for both standardised and Internal rating based approach.

| Barclays Group | | Exposures unsecured – Carrying amount £m | Exposures secured - Carrying amount £m | Exposures secured by collateral £m | Exposures secured by financial guarantees £m | Exposures secured by credit derivatives £m |
|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | |
| 1 | Total loans | **315,456** | **203,023** | **190,159** | **12,770** | **94** |
| 2 | Total debt securities | **98,691** | **1,066** | **–** | **1,066** | **–** |
| 3 | **Total exposures** | **414,147** | **204,089** | **190,159** | **13,836** | **94** |
| 4 | Of which defaulted | **3,119** | **3,031** | **2,750** | **281** | **–** |
| **As at 31 December 2019** | | | | | | |
| 1 | Total loans | 290,666 | 189,352 | 188,637 | 664 | 51 |
| 2 | Total debt securities | 81,539 | 822 | – | 822 | – |
| 3 | **Total exposures** | 372,205 | 190,174 | 188,637 | 1,486 | 51 |
| 4 | Of which defaulted | 2,797 | 2,958 | 2,933 | 25 | – |

The total unsecured and secured exposure increased £55.9bn to £618.2bn due to an increase in the Group liquidity pool and COVID-19 related government backed lending, partially offset by a reduction in IEL balances.

Exposures secured by collateral increased £12.0bn to £13.8bn primarily due to COVID-19 related government backed lending.

# Risk and capital position review
## Analysis of credit risk continued

### Table 38: CR4 Standardised – Credit Risk exposure and CRM effect
This table shows the impact of CRM and credit conversion factors (CCF) on exposure values, broken down by regulatory exposure class. This table includes exposures subject to the standardised approach only.

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

| | | Exposures before CCF and CRM | | Exposures post-CCF and CRM | | RWA and RWA density | |
|---|---|---|---|---|---|---|---|
| | Barclays Group | On-balance sheet amount £m | Off-balance sheet amount £m | On-balance sheet amount £m | Off-balance sheet amount £m | RWA £m | RWA density £m |
| | **As at 31 December 2020** | | | | | | |
| 1 | Central governments or central banks | **172,121** | **42,181** | **184,333** | **53,304** | **39** | **0%** |
| 2 | Regional governments or local authorities | **10,804** | **156** | **10,461** | **25** | **1,657** | **16%** |
| 3 | Public sector entities | **8,309** | **361** | **8,303** | **115** | **205** | **2%** |
| 4 | Multilateral development banks | **7,209** | **–** | **7,209** | **–** | **–** | **0%** |
| 5 | International Organisations | **734** | **–** | **734** | **–** | **–** | **0%** |
| 6 | Institutions | **4,470** | **1,613** | **4,089** | **811** | **1,526** | **31%** |
| 7 | Corporates | **22,298** | **36,557** | **14,151** | **9,254** | **21,335** | **91%** |
| 8 | Retail | **30,828** | **71,053** | **21,150** | **49** | **15,899** | **75%** |
| 9 | Secured by mortgages on immovable property | **9,335** | **71** | **9,309** | **28** | **3,567** | **38%** |
| 10 | Exposures in default | **1,585** | **276** | **1,273** | **106** | **1,581** | **115%** |
| 11 | Items associated with particularly high risk | **1,422** | **22** | **1,422** | **9** | **2,147** | **150%** |
| 12 | Covered Bonds | **1,886** | **–** | **1,886** | **–** | **204** | **11%** |
| 13 | Claims on institutions and corporate with a short-term credit assessment | **–** | **–** | **–** | **–** | **–** | **0%** |
| 14 | Claims in the form of CIU | **–** | **–** | **–** | **–** | **–** | **0%** |
| 15 | Equity exposures | **723** | **–** | **723** | **–** | **1,767** | **244%** |
| 16 | Other items | **4,824** | **–** | **4,824** | **–** | **3,007** | **62%** |
| 17 | **Total** | **276,548** | **152,290** | **269,867** | **63,701** | **52,934** | **16%** |
| | **As at 31 December 2019** | | | | | | |
| 1 | Central governments or central banks | 121,352 | 36,624 | 121,769 | 45,138 | 92 | 0% |
| 2 | Regional governments or local authorities | 8,618 | 140 | 8,618 | 47 | 1,481 | 17% |
| 3 | Public sector entities | 7,279 | 100 | 7,285 | 33 | 234 | 3% |
| 4 | Multilateral development banks | 7,904 | – | 7,904 | – | – | 0% |
| 5 | International Organisations | 750 | – | 750 | – | – | 0% |
| 6 | Institutions | 4,647 | 1,493 | 4,484 | 778 | 1,619 | 31% |
| 7 | Corporates | 24,187 | 33,988 | 16,355 | 8,772 | 23,679 | 94% |
| 8 | Retail | 29,701 | 75,771 | 29,359 | 80 | 22,079 | 75% |
| 9 | Secured by mortgages on immovable property | 9,043 | 118 | 9,043 | 48 | 3,552 | 39% |
| 10 | Exposures in default | 1,679 | 330 | 1,629 | 110 | 1,932 | 111% |
| 11 | Items associated with particularly high risk | 1,512 | 17 | 1,512 | 9 | 2,282 | 150% |
| 12 | Covered Bonds | 1,766 | – | 1,766 | – | 184 | 10% |
| 13 | Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | 0% |
| 14 | Claims in the form of CIU | – | – | – | – | – | 0% |
| 15 | Equity exposures | 998 | – | 998 | – | 2,526 | 250% |
| 16 | Other items | 4,234 | – | 4,234 | – | 1,768 | 42% |
| 17 | **Total** | 223,670 | 148,581 | 215,706 | 55,015 | 61,428 | 22% |

Further information about the key drivers for RWAs are provided in table 32.

# Risk and capital position review
## Analysis of credit risk continued

### Table 39: CR7– Effect on RWA of credit derivatives used as CRM techniques (AIRB)
This table shows the effect of credit derivatives on the AIRB credit risk approach

| | | Pre-credit derivatives RWAs | | Actual RWAs | |
|---|---|---|---|---|---|
| **Barclays Group** | | **As at 31 December 2020 £m** | As at 31 December 2019 £m | **As at 31 December 2020 £m** | As at 31 December 2019 £m |
| 1 | **Exposures under Foundation IRB** | **-** | - | **-** | - |
| 2 | Central governments and central banks | **-** | - | **-** | - |
| 3 | Institutions | **-** | - | **-** | - |
| 4 | Corporates – SME | **-** | - | **-** | - |
| 5 | Corporates – Specialised Lending | **-** | - | **-** | - |
| 6 | Corporates – Other | **-** | - | **-** | - |
| 7 | **Exposures under advanced IRB** | **128,550** | 123,240 | **128,495** | 123,179 |
| 8 | Central governments and central banks | **5,076** | 4,584 | **5,076** | 4,584 |
| 9 | Institutions | **4,621** | 4,630 | **4,621** | 4,630 |
| 10 | Corporates – SME | **10,175** | 10,200 | **10,175** | 10,200 |
| 11 | Corporates – Specialised Lending | **5,551** | 6,316 | **5,551** | 6,316 |
| 12 | Corporates – Other | **42,736** | 35,248 | **42,681** | 35,187 |
| 13 | Retail – Secured by real estate SME | **–** | – | **–** | – |
| 14 | Retail – Secured by real estate non-SME | **23,105** | 22,332 | **23,105** | 22,332 |
| 15 | Retail – Qualifying revolving | **15,693** | 17,727 | **15,693** | 17,727 |
| 16 | Retail – Other SME | **3,366** | 3,863 | **3,366** | 3,863 |
| 17 | Retail – Other non-SME | **4,048** | 5,473 | **4,048** | 5,473 |
| 18 | Equity IRB | **–** | – | **–** | – |
| 19 | Other non credit-obligation assets | **14,179** | 12,867 | **14,179** | 12,867 |
| 20 | **Total** | **128,550** | 123,240 | **128,495** | 123,179 |

Numbers are aligned to the 'Detailed view of credit risk RWAs and Capital Requirement' table except for securitisation balances. Please see Table 32 for further information on key movements.

# Risk and capital position review
Analysis of credit risk continued

## Credit quality analysis of standardised exposures

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

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

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

- Standard & Poor's
- Moody's
- Fitch
- DBRS
- Kroll Bond Rating Agency.

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

### Rated and unrated counterparties
The following section summarises the rules governing standardised calculations for non-securitised exposures.

Each exposure must be assigned to one of six credit quality steps if a rating is available, as defined in the table below[b]. After being assigned to a specific quality step, exposure class and maturity are then used to determine the risk weight percentage. The following table is a simplified version of the risk weight allocation process.

### Table 40: Relationship of long-term external credit ratings to credit quality steps under the standardised approach for non-securitised exposures

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

### Table 41: Credit quality steps and risk weights under the standardised approach
This table shows the prescribed risk weights associated with credit quality steps.

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

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

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

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

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

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

**Notes**
a DBRS and Kroll Bond Rating Agency are used to calculate risk weights for securitisation exposures only. Please see page 191 for further details.
b The mapping of external ratings to credit quality steps applicable as at year-end 2020 are found in Commission Implementing Regulation (EU) 2016/1799 as amended (for non-securitisation exposures) and PRA Supervisory Statement SS10/18 (for securitisation positions).

# Risk and capital position review
## Analysis of credit risk continued

### Table 42: CR5-A Analysis of exposures by asset classes and risk weight pre-CCF and CRM under the standardised approach
This table shows exposure at default pre-CRM, broken down by Credit Exposure Class and risk weight. This table includes exposures subject to the standardised approach only.

| Barclays Group | 0% £m | 2% £m | 4% £m | 10% £m | 20% £m | 35% £m | 50% £m | 70% £m | 75% £m | 100% £m | 150% £m | 250% £m | 370% £m | 1250% £m | Others £m | Deducted £m | Total £m | of which: Unrated £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | | | | | | | | | | |
| 1 Central governments or central banks | 214,263 | – | – | – | – | – | – | – | – | 39 | – | – | – | – | – | – | 214,302 | 486 |
| 2 Regional governments or local authorities | 2,204 | – | – | – | 8,756 | – | – | – | – | – | – | – | – | – | – | – | 10,960 | 8,700 |
| 3 Public sector entities | 7,580 | – | – | – | 1,076 | – | – | – | – | 14 | – | – | – | – | – | – | 8,670 | 901 |
| 4 Multilateral development banks | 7,209 | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 7,209 | – |
| 5 International Organisations | 734 | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 734 | – |
| 6 Institutions | – | – | – | – | 4,447 | – | 1,251 | – | – | 382 | 1 | – | – | 2 | – | – | 6,083 | 1,664 |
| 7 Corporates | – | – | – | – | 2,138 | – | 2,417 | – | – | 53,648 | 650 | – | – | 2 | – | – | 58,855 | 49,956 |
| 8 Retail | – | – | – | – | – | – | – | – | 101,881 | – | – | – | – | – | – | – | 101,881 | 101,881 |
| 9 Secured by mortgages on immovable property | – | – | – | – | – | 8,862 | – | – | 35 | 508 | 1 | – | – | – | – | – | 9,406 | 9,406 |
| 10 Exposures in default | – | – | – | – | – | – | – | – | – | 1,108 | 753 | – | – | – | – | – | 1,861 | 1,861 |
| 11 Items associated with particularly high risk | – | – | – | – | – | – | – | – | – | – | 1,444 | – | – | – | – | – | 1,444 | 1,444 |
| 12 Covered Bonds | – | – | – | 1,848 | – | – | 38 | – | – | – | – | – | – | – | – | – | 1,886 | – |
| 13 Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 14 Claims in the form of CIU | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 15 Equity exposures | – | – | – | – | – | – | – | – | – | 27 | – | 696 | – | – | – | – | 723 | 723 |
| 16 Other items | 1,411 | – | – | – | 508 | – | – | – | – | 2,905 | – | – | – | – | – | – | 4,824 | 4,824 |
| 17 **Total** | 233,401 | – | – | 1,848 | 16,925 | 8,862 | 3,706 | – | 101,916 | 58,631 | 2,849 | 696 | – | 4 | – | – | 428,838 | 181,846 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 42: CR5-A Analysis of exposures by asset classes and risk weight pre-CCF and CRM under the standardised approach - continued

| Barclays Group | | 0% £m | 2% £m | 4% £m | 10% £m | 20% £m | 35% £m | 50% £m | 70% £m | 75% £m | 100% £m | 150% £m | 250% £m | 370% £m | 1250% £m | Others £m | Deducted £m | Total £m | of which: Unrated £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2019** | | | | | | | | | | | | | | | | | | | |
| 1 | Central governments or central banks | 157,868 | – | – | – | 11 | – | – | – | – | 98 | – | – | – | – | – | – | 157,976 | 1,942 |
| 2 | Regional governments or local authorities | 1,263 | – | – | – | 7,495 | – | – | – | – | – | – | – | – | – | – | – | 8,758 | 7,447 |
| 3 | Public sector entities | 6,241 | – | – | – | 1,106 | – | – | – | – | 32 | – | – | – | – | – | – | 7,379 | 984 |
| 4 | Multilateral development banks | 7,904 | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 7,904 | – |
| 5 | International Organisations | 750 | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 750 | – |
| 6 | Institutions | – | – | – | – | 4,832 | – | 834 | – | – | 474 | – | – | – | – | – | – | 6,140 | 1,236 |
| 7 | Corporates | 82 | – | – | – | 1,461 | – | 3,129 | – | – | 52,999 | 495 | – | – | 8 | – | – | 58,175 | 49,172 |
| 8 | Retail | – | – | – | – | – | – | – | – | 105,472 | – | – | – | – | – | – | – | 105,472 | 105,472 |
| 9 | Secured by mortgages on immovable property | – | – | – | – | – | 8,469 | – | – | 159 | 533 | – | – | – | – | – | – | 9,161 | 9,161 |
| 10 | Exposures in default | – | – | – | – | – | – | – | – | – | 1,360 | 649 | – | – | – | – | – | 2,009 | 2,007 |
| 11 | Items associated with particularly high risk | – | – | – | – | – | – | – | – | – | – | 1,529 | – | – | – | – | – | 1,529 | 1,529 |
| 12 | Covered Bonds | – | – | – | 1,736 | 14 | – | 16 | – | – | – | – | – | – | – | – | – | 1,766 | – |
| 13 | Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 14 | Claims in the form of CIU | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 15 | Equity exposures | – | – | – | – | – | – | – | – | – | – | – | 998 | – | – | – | – | 998 | 998 |
| 16 | Other items | 1,624 | – | – | – | 1,052 | – | – | – | – | 1,558 | – | – | – | – | – | – | 4,234 | 4,214 |
| 17 | **Total** | 175,732 | – | – | 1,736 | 15,971 | 8,469 | 3,979 | – | 105,631 | 57,054 | 2,673 | 998 | – | 8 | – | – | 372,251 | 173,838 |

Standardised Credit Risk Exposure Pre-CCF and CRM increased £56.6bn to £428.8bn primarily due to an increase in the Group liquidity pool within the 0% risk weight category, partially offset by a reduction in IEL balances within the 75% risk weight category.

# Risk and capital position review
## Analysis of credit risk continued

### Table 43: CR5-B Analysis of exposures by asset classes and risk weight post-CCF and CRM under the standardised approach
The difference between exposure at default pre-CRM set out in table 42. Pre and exposure at default post-CRM below is the impact of financial collateral and CCF as described in table 32.

| Barclays Group | 0% £m | 2% £m | 4% £m | 10% £m | 20% £m | 35% £m | 50% £m | 70% £m | 75% £m | 100% £m | 150% £m | 250% £m | 370% £m | 1250% £m | Others £m | Deducted £m | Total £m | of which: Unrated £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | | | | | | | | | | |
| 1 Central governments or central banks | 237,598 | – | – | – | – | – | – | – | – | 39 | – | – | – | – | – | – | 237,637 | 334 |
| 2 Regional governments or local authorities | 2,202 | – | – | – | 8,284 | – | – | – | – | – | – | – | – | – | – | – | 10,486 | 8,227 |
| 3 Public sector entities | 7,435 | – | – | – | 973 | – | – | – | – | 10 | – | – | – | – | – | – | 8,418 | 795 |
| 4 Multilateral development banks | 7,209 | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 7,209 | – |
| 5 International Organisations | 734 | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 734 | – |
| 6 Institutions | – | – | – | – | 3,705 | – | 864 | – | – | 329 | 1 | – | – | 1 | – | – | 4,900 | 1,279 |
| 7 Corporates | – | – | – | – | 1,633 | – | 1,388 | – | – | 19,989 | 393 | – | – | 2 | – | – | 23,405 | 18,326 |
| 8 Retail | – | – | – | – | – | – | – | – | 21,199 | – | – | – | – | – | – | – | 21,199 | 21,199 |
| 9 Secured by mortgages on immovable property | – | – | – | – | – | 8,814 | – | – | 31 | 491 | 1 | – | – | – | – | – | 9,337 | 9,337 |
| 10 Exposures in default | – | – | – | – | – | – | – | – | – | 975 | 404 | – | – | – | – | – | 1,379 | 1,379 |
| 11 Items associated with particularly high risk | – | – | – | – | – | – | – | – | – | – | 1,431 | – | – | – | – | – | 1,431 | 1,431 |
| 12 Covered Bonds | – | – | – | 1,848 | – | – | 38 | – | – | – | – | – | – | – | – | – | 1,886 | – |
| 13 Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 14 Claims in the form of CIU | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 15 Equity exposures | – | – | – | – | – | – | – | – | – | 27 | – | 696 | – | – | – | – | 723 | 723 |
| 16 Other items | 1,410 | – | – | – | 508 | – | – | – | – | 2,906 | – | – | – | – | – | – | 4,824 | 4,824 |
| 17 **Total** | 256,588 | – | – | 1,848 | 15,103 | 8,814 | 2,290 | – | 21,230 | 24,766 | 2,230 | 696 | – | 3 | – | – | 333,568 | 67,854 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 43: CR5-B Analysis of exposures by asset classes and risk weight post-CCF and CRM under the standardised approach - continued

| Barclays Group | 0% £m | 2% £m | 4% £m | 10% £m | 20% £m | 35% £m | 50% £m | 70% £m | 75% £m | 100% £m | 150% £m | 250% £m | 370% £m | 1250% £m | Others £m | Deducted £m | Total £m | of which: Unrated £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2019** | | | | | | | | | | | | | | | | | | |
| 1 Central governments or central banks | 166,808 | – | – | – | 11 | – | – | – | – | 87 | – | – | – | – | – | – | 166,906 | 1,705 |
| 2 Regional governments or local authorities | 1,261 | – | – | – | 7,404 | – | – | – | – | – | – | – | – | – | – | – | 8,665 | 7,396 |
| 3 Public sector entities | 6,247 | – | – | – | 1,047 | – | – | – | – | 24 | – | – | – | – | – | – | 7,318 | 929 |
| 4 Multilateral development banks | 7,904 | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 7,904 | – |
| 5 International Organisations | 750 | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 750 | – |
| 6 Institutions | – | – | – | – | 4,111 | – | 733 | – | – | 418 | – | – | – | – | – | – | 5,262 | 1,029 |
| 7 Corporates | – | – | – | – | 1,012 | – | 1,464 | – | – | 22,364 | 279 | – | – | 8 | – | – | 25,127 | 20,495 |
| 8 Retail | – | – | – | – | – | – | – | – | 29,439 | – | – | – | – | – | – | – | 29,439 | 29,439 |
| 9 Secured by mortgages on immovable property | – | – | – | – | – | 8,444 | – | – | 152 | 495 | – | – | – | – | – | – | 9,091 | 9,091 |
| 10 Exposures in default | – | – | – | – | – | – | – | – | – | 1,354 | 386 | – | – | – | – | – | 1,740 | 1,737 |
| 11 Items associated with particularly high risk | – | – | – | – | – | – | – | – | – | – | 1,521 | – | – | – | – | – | 1,521 | 1,521 |
| 12 Covered Bonds | – | – | – | 1,736 | 14 | – | 16 | – | – | – | – | – | – | – | – | – | 1,766 | – |
| 13 Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 14 Claims in the form of CIU | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 15 Equity exposures | – | – | – | – | – | – | – | – | – | – | – | 998 | – | – | – | – | 998 | 998 |
| 16 Other items | 1,625 | – | – | – | 1,052 | – | – | – | – | 1,558 | – | – | – | – | – | – | 4,235 | 4,214 |
| 17 **Total** | 184,595 | – | – | 1,736 | 14,651 | 8,444 | 2,212 | – | 29,591 | 26,300 | 2,186 | 998 | – | 8 | – | – | 270,721 | 76,193 |

Standardised Credit Risk Exposure Post-CCF and CRM increased £62.8bn to £333.6bn primarily due to an increase in the Group liquidity pool within the 0% risk weight category, partially offset by a reduction in IEL balances within the 75% risk weight category.

# Risk and capital position review
Analysis of credit risk continued

## Credit quality analysis of AIRB exposures

The following section provides breakdowns of inputs into risk weighted asset calculations. Please note that risk weights and risk factors may be volatile in granular breakdowns of wholesale exposures, especially in categories that are more sparsely populated. This is often due to the addition or removal of a relatively large exposure to or from narrow categories when its risk factors are different to the category average. This happens in the normal course of business, for instance, following new lending, repayments, or syndications. See page 169 for a discussion of AIRB models.

### Table 44: Internal default grade probabilities and mapping to external ratings

The table below illustrates the approximate relationship between external rating agency grades and the PD bands for wholesale exposures. The EBA and internal Default Grade (DG) bands are based on TTC PD. Note that this relationship is dynamic, and therefore, varies over time, region and industry.

| EBA PD Range | | Default Probability | | | | Standard |
|---|---|---|---|---|---|---|
| % | Internal DG Band | >Min | Mid | <=Max | Moody's | and Poor's |
| 0.00 to < 0.15 | 1 | 0.00% | 0.01% | 0.02% | Aaa, Aa1, Aa2 | AAA, AA+, AA |
| | 2 | 0.02% | 0.03% | 0.03% | Aa3 | AA- |
| | 3 | 0.03% | 0.04% | 0.05% | A1 | A+ |
| | 4 | 0.05% | 0.08% | 0.10% | A2, A3 | A, A- |
| | 5 | 0.10% | 0.13% | 0.15% | Baa1 | BBB+ |
| 0.15 to < 0.25 | 6 | 0.15% | 0.18% | 0.20% | Baa2 | BBB |
| | 7 | 0.20% | 0.23% | 0.25% | Baa2 | BBB |
| 0.25 to < 0.50 | 8 | 0.25% | 0.28% | 0.30% | Baa3 | BBB- |
| | 9 | 0.30% | 0.35% | 0.40% | Baa3 | BBB- |
| | 10 | 0.40% | 0.45% | 0.50% | Ba1 | BB+ |
| 0.50 to < 0.75 | 11 | 0.50% | 0.55% | 0.60% | Ba1 | BB |
| | 12 | 0.60% | – | – | Ba2 | BB |
| 0.75 to < 2.50 | 12 | – | 0.90% | 1.20% | Ba2 | BB- |
| | 13 | 1.20% | 1.38% | 1.55% | Ba3 | BB- |
| | 14 | 1.55% | 1.85% | 2.15% | Ba3 | B+ |
| | 15 | 2.15% | – | – | B1 | B+ |
| 2.50 to < 10.00 | 15 | – | 2.60% | 3.05% | B1 | B+ |
| | 16 | 3.05% | 3.75% | 4.45% | B2 | B |
| | 17 | 4.45% | 5.40% | 6.35% | B3, Caa1 | B |
| | 18 | 6.35% | 7.50% | 8.65% | B3, Caa1 | B- |
| | 19 | 8.65% | 10.00% | – | Caa2 | CCC+ |
| 10.00 to < 100.00 | 19 | – | – | 11.35% | Caa2 | CCC+ |
| | 20 | 11.35% | 15.00% | 18.65% | Caa2 | CCC |
| | 21 | 18.65% | 30.00% | 100.00% | Caa3, Ca, C | CCC-, CC+, CC, C |
| 100.00 (Default) | | | | | D | D |

# Risk and capital position review
## Analysis of credit risk continued

### AIRB obligor grade disclosure

The following tables show credit risk exposure at default post-CRM for the advanced IRB approach for portfolios within the banking book. Separate tables are provided for the following credit exposure classes: central governments and central banks (table 45), institutions (table 46), corporates (table 47), corporates subject to slotting (table 49), Retail SME (table 50), secured retail (table 51), revolving retail (table 52) and other retail (table 53).

Barclays' Model Risk Management group reviews and approves the application of post model adjustments to models that do not fully reflect the risk of the underlying exposures.

### Table 45: CR6 Credit risk exposures by exposure class and PD range for central governments and central banks

**Barclays Group**

| | Original on-balance sheet gross exposure £m | Off-balance sheet exposures pre CCF £m | Average CCF[a] % | EAD post CRM and post CCF[a] £m | Average PD % | Number of obligors | Average LGD % | Average Maturity Years | RWA £m | RWA Density % | EL £m | Value Adjustment and Provisions £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | | | | |
| 0.00 to < 0.15 | **98,061** | **97** | **15.1%** | **97,943** | **0.0%** | **28** | **45.0%** | **1.5** | **4,637** | **4.7%** | **5** | |
| 0.15 to < 0.25 | **0** | **–** | **–** | **0** | **0.2%** | **2** | **48.2%** | **1.0** | **0** | **30.4%** | **0** | |
| 0.25 to < 0.50 | **638** | **–** | **–** | **638** | **0.3%** | **3** | **45.0%** | **3.0** | **439** | **68.9%** | **1** | |
| 0.50 to < 0.75 | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | |
| 0.75 to < 2.50 | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | |
| 2.50 to < 10.00 | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | |
| 10.00 to < 100.00 | **0** | **–** | **–** | **0** | **13.0%** | **1** | **63.0%** | **1.0** | **0** | **312.1%** | **0** | |
| 100.00 (Default) | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | |
| **Total** | **98,699** | **97** | **15.1%** | **98,581** | **0.0%** | **34** | **45.0%** | **1.5** | **5,076** | **5.1%** | **6** | **(0)** |
| **As at 31 December 2019** | | | | | | | | | | | | |
| 0.00 to < 0.15 | 93,551 | 286 | 36.3% | 93,570 | 0.0% | 35 | 45.1% | 1.4 | 4,254 | 4.5% | 4 | |
| 0.15 to < 0.25 | 175 | – | – | 175 | – | 3 | 46.3% | 1.8 | 73 | 41.5% | 1 | |
| 0.25 to < 0.50 | 418 | – | – | 418 | 0.3% | 3 | 41.8% | 2.9 | 257 | 61.5% | 1 | |
| 0.50 to < 0.75 | – | – | – | – | – | – | – | – | – | – | – | |
| 0.75 to < 2.50 | – | – | – | – | – | – | – | – | – | – | – | |
| 2.50 to < 10.00 | – | – | – | – | – | – | – | – | – | – | – | |
| 10.00 to < 100.00 | – | – | – | – | – | – | – | – | – | – | – | |
| 100.00 (Default) | – | – | – | – | – | – | – | – | – | – | – | |
| **Total** | 94,144 | 286 | 36.3% | 94,163 | 0.0% | 41 | 45.1% | 1.0 | 4,584 | 4.9% | 6 | (0) |

**Note**

a Average CCF is calculated at an aggregate level and reflects where the modelled EAD is higher than the original on and off balance sheet exposures pre CCF.

The RWA density associated with AIRB exposures to central goverments and central banks remained broadly stable at 5.1% (December 2019: 4.9%).

# Risk and capital position review
## Analysis of credit risk continued

### Table 46: CR6 Credit risk exposures by exposure class and PD range for institutions

**Barclays Group**

| | Original on-balance sheet gross exposure £m | Off-balance sheet exposures pre CCF £m | Average CCF[a] % | EAD post CRM and post CCF £m | Average PD % | Number of obligors | Average LGD % | Average Maturity Years | RWA £m | RWA Density % | EL £m | Value Adjustment and Provisions £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | | | | |
| 0.00 to < 0.15 | **14,593** | **7,516** | **51.3%** | **18,435** | **0.0%** | **469** | **35.3%** | **4.7** | **3,427** | **18.6%** | **3** | |
| 0.15 to < 0.25 | **474** | **8** | **71.9%** | **479** | **0.2%** | **48** | **37.5%** | **3.0** | **198** | **41.3%** | **0** | |
| 0.25 to < 0.50 | **317** | **173** | **59.2%** | **419** | **0.3%** | **58** | **47.1%** | **5.0** | **243** | **57.9%** | **1** | |
| 0.50 to < 0.75 | **63** | **67** | **81.4%** | **117** | **0.6%** | **43** | **51.6%** | **1.4** | **104** | **88.5%** | **0** | |
| 0.75 to < 2.50 | **59** | **39** | **86.2%** | **92** | **1.7%** | **312** | **47.2%** | **1.9** | **125** | **135.0%** | **1** | |
| 2.50 to < 10.00 | **116** | **253** | **53.6%** | **251** | **3.8%** | **140** | **38.0%** | **4.3** | **361** | **143.8%** | **4** | |
| 10.00 to < 100.00 | **41** | **114** | **57.0%** | **106** | **18.4%** | **25** | **15.7%** | **2.4** | **95** | **89.6%** | **3** | |
| 100.00 (Default) | **4** | **75** | **66.7%** | **54** | **100.0%** | **18** | **10.1%** | **1.3** | **68** | **124.6%** | **0** | |
| **Total** | **15,667** | **8,245** | **52.2%** | **19,953** | **0.5%** | **1,113** | **35.6%** | **4.6** | **4,621** | **23.2%** | **12** | **(10)** |
| **As at 31 December 2019** | | | | | | | | | | | | |
| 0.00 to < 0.15 | 14,827 | 8,034 | 52.4% | 19,000 | 0.0% | 797 | 37.1% | 4.5 | 3,730 | 19.6% | 3 | |
| 0.15 to < 0.25 | 158 | 189 | 57.7% | 269 | 0.2% | 82 | 61.8% | 1.4 | 157 | 58.8% | 0 | |
| 0.25 to < 0.50 | 238 | 136 | 93.8% | 364 | 0.3% | 172 | 48.1% | 1.8 | 234 | 64.1% | 1 | |
| 0.50 to < 0.75 | 55 | 23 | 55.0% | 67 | 0.7% | 77 | 60.6% | 1.6 | 83 | 122.9% | 0 | |
| 0.75 to < 2.50 | 77 | 82 | 59.5% | 125 | 1.4% | 127 | 37.9% | 2.4 | 126 | 100.8% | 1 | |
| 2.50 to < 10.00 | 87 | 214 | 49.5% | 194 | 4.1% | 136 | 37.5% | 4.1 | 270 | 139.1% | 3 | |
| 10.00 to < 100.00 | 5 | 45 | 54.7% | 29 | 14.6% | 18 | 9.8% | 2.9 | 15 | 52.8% | 0 | |
| 100.00 (Default) | 8 | 2 | 92.7% | 10 | 100.0% | 19 | 17.6% | 4.0 | 15 | 149.7% | 1 | |
| **Total** | 15,455 | 8,725 | 53.1% | 20,058 | 0.2% | 1,428 | 37.7% | 4.4 | 4,630 | 23.1% | 9 | (6) |

**Note**
a Average CCF is calculated at an aggregate level and reflects where the modelled EAD is higher than the original on and off balance sheet exposures pre CCF.

The RWA density associated with AIRB exposures to institutions remained broadly stable at 23.2% (December 2019: 23.1%).

# Risk and capital position review
## Analysis of credit risk continued

### Table 47: CR6 Credit risk exposures by exposure class and PD range for corporates

**Barclays Group**

| | Original on-balance sheet gross exposure £m | Off-balance sheet exposures pre CCF £m | Average CCF[a] % | EAD post CRM and post CCF £m | Average PD % | Number of obligors | Average LGD % | Average Maturity Years | RWA £m | RWA Density % | EL £m | Value Adjustment and Provisions £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | | | | |
| 0.00 to < 0.15 | **19,245** | **54,692** | **50.4%** | **44,962** | **0.1%** | **2,776** | **36.0%** | **6.6** | **12,270** | **27.3%** | **14** | |
| 0.15 to < 0.25 | **3,367** | **7,510** | **50.7%** | **6,671** | **0.2%** | **1,193** | **40.8%** | **3.0** | **3,099** | **46.4%** | **6** | |
| 0.25 to < 0.50 | **3,855** | **7,279** | **55.5%** | **7,417** | **0.4%** | **2,424** | **41.0%** | **3.5** | **4,638** | **62.5%** | **11** | |
| 0.50 to < 0.75 | **2,351** | **3,283** | **51.7%** | **3,677** | **0.6%** | **2,751** | **35.0%** | **3.3** | **2,339** | **63.6%** | **8** | |
| 0.75 to < 2.50 | **6,127** | **6,734** | **49.9%** | **8,695** | **1.5%** | **20,817** | **32.1%** | **3.6** | **6,618** | **76.1%** | **43** | |
| 2.50 to < 10.00 | **7,867** | **8,706** | **55.1%** | **11,437** | **5.0%** | **12,357** | **32.2%** | **3.9** | **13,427** | **117.4%** | **196** | |
| 10.00 to < 100.00 | **2,636** | **3,328** | **51.6%** | **3,993** | **19.0%** | **2,736** | **31.4%** | **3.0** | **6,595** | **165.2%** | **257** | |
| 100.00 (Default) | **2,546** | **644** | **56.5%** | **2,821** | **100.0%** | **1,153** | **29.1%** | **3.3** | **3,870** | **137.2%** | **549** | |
| **Total** | **47,994** | **92,176** | **51.4%** | **89,673** | **4.9%** | **46,207** | **35.4%** | **5.0** | **52,856** | **58.9%** | **1,084** | **(1,822)** |
| **As at 31 December 2019** | | | | | | | | | | | | |
| 0.00 to < 0.15 | 21,106 | 56,506 | 48.1% | 46,945 | 0.1% | 8,149 | 33.9% | 7.5 | 12,462 | 26.5% | 10 | |
| 0.15 to < 0.25 | 4,791 | 5,592 | 53.8% | 6,112 | 0.2% | 4,678 | 42.6% | 3.7 | 3,103 | 50.8% | 5 | |
| 0.25 to < 0.50 | 5,265 | 8,024 | 56.8% | 9,406 | 0.4% | 9,463 | 36.9% | 3.6 | 5,271 | 56.0% | 12 | |
| 0.50 to < 0.75 | 2,535 | 3,352 | 53.3% | 4,053 | 0.6% | 4,294 | 34.9% | 3.9 | 2,936 | 72.4% | 8 | |
| 0.75 to < 2.50 | 5,625 | 5,946 | 52.3% | 8,312 | 1.4% | 10,274 | 31.1% | 3.7 | 6,576 | 79.1% | 35 | |
| 2.50 to < 10.00 | 4,639 | 6,403 | 52.0% | 7,602 | 4.7% | 6,392 | 30.1% | 3.7 | 8,186 | 107.7% | 106 | |
| 10.00 to < 100.00 | 1,858 | 2,370 | 50.4% | 2,865 | 20.8% | 2,145 | 30.7% | 3.5 | 4,612 | 161.0% | 189 | |
| 100.00 (Default) | 1,649 | 295 | 44.2% | 1,788 | 100.0% | 843 | 27.5% | 3.0 | 2,242 | 125.4% | 323 | |
| **Total** | 47,468 | 88,487 | 50.1% | 87,083 | 3.4% | 46,238 | 34.0% | 5.7 | 45,387 | 52.1% | 688 | (778) |

**Note**
a Average CCF is calculated at an aggregate level and reflects where the modelled EAD is higher than the original on and off balance sheet exposures pre CCF.

The RWA density associated with AIRB exposures to corporates increased 6.8% to 58.9% primarily due to the reduction in credit quality.

# Risk and capital position review
## Analysis of credit risk continued

### Table 48: CR6 Credit risk exposures by exposure class and PD range for corporate of which: SMEs

Barclays Group

| | Original on-balance sheet gross exposure £m | Off-balance sheet exposures pre CCF £m | Average CCF[a] % | EAD post CRM and post CCF £m | Average PD % | Number of obligors | Average LGD % | Average Maturity Years | RWA £m | RWA Density % | EL £m | Value Adjustment and Provisions £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | | | | |
| 0.00 to < 0.15 | **2,286** | **872** | **74.9%** | **2,810** | **0.1%** | **965** | **22.9%** | **11.1** | **698** | **24.9%** | **1** | |
| 0.15 to < 0.25 | **304** | **98** | **59.7%** | **354** | **0.2%** | **590** | **38.0%** | **9.9** | **149** | **42.1%** | **0** | |
| 0.25 to < 0.50 | **1,027** | **318** | **57.2%** | **1,097** | **0.4%** | **1,587** | **36.6%** | **5.4** | **497** | **45.3%** | **2** | |
| 0.50 to < 0.75 | **1,046** | **299** | **53.4%** | **1,081** | **0.6%** | **1,992** | **34.5%** | **4.7** | **564** | **52.2%** | **3** | |
| 0.75 to < 2.50 | **3,638** | **938** | **46.6%** | **3,634** | **1.5%** | **15,608** | **31.7%** | **4.9** | **2,306** | **63.5%** | **20** | |
| 2.50 to < 10.00 | **3,313** | **742** | **46.1%** | **3,244** | **4.7%** | **7,987** | **31.2%** | **4.7** | **2,620** | **80.7%** | **55** | |
| 10.00 to < 100.00 | **902** | **144** | **48.9%** | **868** | **22.1%** | **1,752** | **33.9%** | **4.2** | **1,107** | **127.5%** | **75** | |
| 100.00 (Default) | **1,528** | **227** | **50.3%** | **1,584** | **100.0%** | **821** | **16.3%** | **4.5** | **2,234** | **141.0%** | **116** | |
| **Total** | **14,044** | **3,638** | **55.7%** | **14,672** | **13.6%** | **31,302** | **29.1%** | **6.1** | **10,175** | **69.3%** | **272** | **(359)** |
| **As at 31 December 2019** | | | | | | | | | | | | |
| 0.00 to < 0.15 | 3,102 | 941 | 62.6% | 3,605 | 0.1% | 4,745 | 23.1% | 11.6 | 719 | 19.9% | 1 | |
| 0.15 to < 0.25 | 884 | 199 | 52.5% | 976 | 0.2% | 3,390 | 35.4% | 7.8 | 361 | 37.0% | 1 | |
| 0.25 to < 0.50 | 1,794 | 558 | 55.5% | 2,069 | 0.4% | 7,233 | 34.3% | 5.9 | 959 | 46.4% | 3 | |
| 0.50 to < 0.75 | 1,198 | 290 | 45.5% | 1,271 | 0.6% | 3,160 | 33.6% | 5.3 | 876 | 68.9% | 3 | |
| 0.75 to < 2.50 | 2,800 | 754 | 54.9% | 3,177 | 1.4% | 6,950 | 29.9% | 4.8 | 2,124 | 66.9% | 13 | |
| 2.50 to < 10.00 | 2,423 | 439 | 51.9% | 2,433 | 4.7% | 4,419 | 32.3% | 4.7 | 2,332 | 95.8% | 37 | |
| 10.00 to < 100.00 | 1,072 | 95 | 55.0% | 935 | 22.4% | 1,614 | 33.9% | 5.3 | 1,328 | 142.0% | 77 | |
| 100.00 (Default) | 1,010 | 73 | 20.1% | 1,012 | 100.0% | 598 | 18.2% | 3.7 | 1,501 | 148.3% | 85 | |
| **Total** | 14,283 | 3,349 | 54.6% | 15,477 | 9.0% | 32,109 | 29.4% | 6.7 | 10,200 | 65.9% | 218 | (265) |

**Note**
a Average CCF is calculated at an aggregate level and reflects where the modelled EAD is higher than the original on and off balance sheet exposures pre CCF.

The RWA density associated with AIRB exposures to corporates of which: SME increased 3.4% to 69.3% primarily due to the reduction in credit quality, partially offset by the implementation of the revised SME discount factors under CRR II.

# Risk and capital position review
## Analysis of credit risk continued

### Table 49: CR10 Corporate exposures subject to the slotting approach
Slotting, also known as specialised lending, is an approach that is applied to financing of individual projects where the repayment is highly dependent on the performance of the underlying pool or collateral. It uses a standard set of rules for the calculation of RWAs, based upon an assessment of factors such as the financial strength of the counterparty. The requirements for the application of the Slotting approach are detailed in CRR article 153.

**Barclays Group**

| Regulatory categories | | Remaining maturity | On-balance sheet amount £m | Off-balance sheet amount £m | Risk weight % | Exposure amount £m | RWA £m | Expected losses £m |
|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | |
| Category 1 | Strong | Less than 2.5 years | **2,449** | **541** | **50%** | **2,774** | **1,204** | **–** |
| | | Equal to or more than 2.5 years | **2,752** | **666** | **70%** | **3,132** | **1,946** | **13** |
| Category 2 | Good | Less than 2.5 years | **1,391** | **150** | **70%** | **1,495** | **957** | **6** |
| | | Equal to or more than 2.5 years | **745** | **48** | **90%** | **774** | **623** | **6** |
| Category 3 | Satisfactory | Less than 2.5 years | **79** | **27** | **115%** | **90** | **94** | **3** |
| | | Equal to or more than 2.5 years | **203** | **17** | **115%** | **212** | **234** | **6** |
| Category 4 | Weak | Less than 2.5 years | **189** | **–** | **250%** | **189** | **471** | **15** |
| | | Equal to or more than 2.5 years | **11** | **–** | **250%** | **11** | **22** | **1** |
| Category 5 | Default | Less than 2.5 years | **80** | **6** | **–** | **84** | **–** | **42** |
| | | Equal to or more than 2.5 years | **64** | **2** | **–** | **65** | **–** | **32** |
| **Total** | | Less than 2.5 years | **4,188** | **724** | **–** | **4,632** | **2,726** | **66** |
| | | Equal to or more than 2.5 years | **3,775** | **733** | **–** | **4,194** | **2,825** | **58** |
| **As at 31 December 2019** | | | | | | | | |
| Category 1 | Strong | Less than 2.5 years | 1,620 | 757 | 50% | 2,101 | 1,031 | – |
| | | Equal to or more than 2.5 years | 3,097 | 338 | 70% | 3,280 | 2,291 | 13 |
| Category 2 | Good | Less than 2.5 years | 1,242 | 186 | 70% | 1,353 | 934 | 5 |
| | | Equal to or more than 2.5 years | 1,036 | 165 | 90% | 1,150 | 1,009 | 9 |
| Category 3 | Satisfactory | Less than 2.5 years | 65 | 2 | 115% | 65 | 75 | 2 |
| | | Equal to or more than 2.5 years | 397 | 36 | 115% | 414 | 471 | 12 |
| Category 4 | Weak | Less than 2.5 years | 3 | – | 250% | 3 | 5 | 0 |
| | | Equal to or more than 2.5 years | 201 | – | 250% | 201 | 500 | 16 |
| Category 5 | Default | Less than 2.5 years | 113 | 14 | – | 112 | – | 56 |
| | | Equal to or more than 2.5 years | 84 | 2 | – | 85 | – | 42 |
| **Total** | | Less than 2.5 years | 3,043 | 959 | – | 3,634 | 2,045 | 63 |
| | | Equal to or more than 2.5 years | 4,815 | 541 | – | 5,130 | 4,271 | 92 |

RWAs decreased £0.8bn primarily due to a decrease in specialised lending activities across risk weight categories.

# Risk and capital position review
## Analysis of credit risk continued

### Table 49a: CR10 – Corporate exposures subject to the slotting approach for significant subsidiary

**Barclays Bank PLC**

| Regulatory categories | | Remaining maturity | On-balance sheet amount £m | Off-balance sheet amount £m | Risk weight % | Exposure amount £m | RWA £m | Expected losses £m |
|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | |
| Category 1 | Strong | Less than 2.5 years | **2,243** | **492** | **50%** | **2,163** | **933** | **–** |
| | | Equal to or more than 2.5 years | **2,368** | **623** | **70%** | **2,136** | **1,328** | **9** |
| Category 2 | Good | Less than 2.5 years | **1,228** | **140** | **70%** | **1,279** | **837** | **5** |
| | | Equal to or more than 2.5 years | **467** | **48** | **90%** | **388** | **331** | **3** |
| Category 3 | Satisfactory | Less than 2.5 years | **57** | **26** | **115%** | **68** | **75** | **2** |
| | | Equal to or more than 2.5 years | **160** | **17** | **115%** | **168** | **193** | **5** |
| Category 4 | Weak | Less than 2.5 years | **186** | **–** | **250%** | **186** | **465** | **15** |
| | | Equal to or more than 2.5 years | **–** | **–** | **250%** | **–** | **–** | **–** |
| Category 5 | Default | Less than 2.5 years | **45** | **4** | **–** | **48** | **–** | **24** |
| | | Equal to or more than 2.5 years | **10** | **2** | **–** | **11** | **–** | **5** |
| **Total** | | Less than 2.5 years | **3,759** | **662** | **–** | **3,744** | **2,310** | **46** |
| | | Equal to or more than 2.5 years | **3,005** | **690** | **–** | **2,703** | **1,852** | **22** |
| **As at 31 December 2019** | | | | | | | | |
| Category 1 | Strong | Less than 2.5 years | 1,467 | 737 | 50% | 1,761 | 865 | – |
| | | Equal to or more than 2.5 years | 2,681 | 329 | 70% | 1,984 | 1,387 | 8 |
| Category 2 | Good | Less than 2.5 years | 1,104 | 164 | 70% | 1,188 | 829 | 5 |
| | | Equal to or more than 2.5 years | 738 | 165 | 90% | 802 | 717 | 6 |
| Category 3 | Satisfactory | Less than 2.5 years | 55 | 2 | 115% | 55 | 63 | 2 |
| | | Equal to or more than 2.5 years | 351 | 36 | 115% | 368 | 422 | 10 |
| Category 4 | Weak | Less than 2.5 years | – | – | 250% | – | – | – |
| | | Equal to or more than 2.5 years | 186 | – | 250% | 186 | 464 | 15 |
| Category 5 | Default | Less than 2.5 years | 71 | 12 | – | 62 | – | 30 |
| | | Equal to or more than 2.5 years | 42 | 2 | – | 43 | – | 21 |
| **Total** | | Less than 2.5 years | 2,698 | 915 | – | 3,066 | 1,757 | 37 |
| | | Equal to or more than 2.5 years | 3,998 | 532 | – | 3,383 | 2,990 | 60 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 50: CR6 Credit risk exposures by exposure class and PD range for retail SME

Barclays Group

| | Original on-balance sheet gross exposure £m | Off-balance sheet exposures pre CCF £m | Average CCF[a] % | EAD post CRM and post CCF £m | Average PD % | Number of obligors | Average LGD % | RWA £m | RWA Density % | EL £m | Value Adjustment and Provisions £m |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | | | |
| 0.00 to < 0.15 | **15** | **2** | **15008.4%** | **313** | **0.1%** | **184,025** | **47.1%** | **31** | **9.9%** | **0** | |
| 0.15 to < 0.25 | **66** | **17** | **276.3%** | **109** | **0.2%** | **21,824** | **30.4%** | **12** | **10.8%** | **0** | |
| 0.25 to < 0.50 | **419** | **89** | **55.8%** | **444** | **0.4%** | **22,140** | **22.0%** | **52** | **11.7%** | **0** | |
| 0.50 to < 0.75 | **581** | **97** | **129.4%** | **645** | **0.6%** | **58,789** | **31.6%** | **147** | **22.8%** | **1** | |
| 0.75 to < 2.50 | **2,203** | **564** | **174.4%** | **2,882** | **1.4%** | **504,619** | **39.2%** | **1,121** | **38.9%** | **17** | |
| 2.50 to < 10.00 | **1,585** | **809** | **77.1%** | **2,063** | **4.8%** | **303,282** | **35.8%** | **942** | **45.7%** | **36** | |
| 10.00 to < 100.00 | **518** | **148** | **59.5%** | **589** | **24.8%** | **61,165** | **35.5%** | **371** | **62.9%** | **52** | |
| 100.00 (Default) | **590** | **43** | **36.8%** | **599** | **100.0%** | **26,800** | **24.0%** | **690** | **115.2%** | **89** | |
| **Total** | **5,977** | **1,769** | **126.0%** | **7,644** | **11.7%** | **1,182,644** | **35.4%** | **3,366** | **44.0%** | **195** | **(161)** |
| **As at 31 December 2019** | | | | | | | | | | | |
| 0.00 to < 0.15 | 126 | 14 | 4870.1% | 786 | 0.1% | 361,269 | 49.7% | 75 | 9.5% | 0 | |
| 0.15 to < 0.25 | 121 | 36 | 698.4% | 372 | 0.2% | 123,914 | 49.8% | 67 | 18.0% | 0 | |
| 0.25 to < 0.50 | 421 | 152 | 266.8% | 825 | 0.4% | 208,141 | 46.6% | 202 | 24.5% | 1 | |
| 0.50 to < 0.75 | 440 | 168 | 146.4% | 685 | 0.6% | 117,387 | 40.2% | 186 | 27.2% | 2 | |
| 0.75 to < 2.50 | 1,827 | 641 | 116.6% | 2,574 | 1.5% | 305,081 | 36.8% | 923 | 35.9% | 14 | |
| 2.50 to < 10.00 | 1,631 | 412 | 131.1% | 2,170 | 4.8% | 243,883 | 38.9% | 1,038 | 47.8% | 42 | |
| 10.00 to < 100.00 | 552 | 61 | 277.4% | 723 | 23.0% | 106,612 | 42.5% | 534 | 73.9% | 69 | |
| 100.00 (Default) | 719 | 39 | 54.8% | 740 | 100.0% | 29,154 | 21.2% | 837 | 113.0% | 90 | |
| **Total** | 5,837 | 1,523 | 199.8% | 8,875 | 11.9% | 1,495,441 | 39.3% | 3,862 | 43.5% | 218 | (93) |

**Note**
a Average CCF is calculated at an aggregate level and reflects where the modelled EAD is higher than the original on and off balance sheet exposures pre CCF.

The RWA density associated with AIRB exposures to retail SMEs remained broadly stable at 44.0% (December 2019: 43.5%).

# Risk and capital position review
## Analysis of credit risk continued

### Table 51: CR6 Credit risk exposures by exposure class and PD range for secured retail

**Barclays Group**

| | Original on-balance sheet gross exposure £m | Off-balance sheet exposures pre CCF £m | Average CCF[a] % | EAD post CRM and post CCF £m | Average PD % | Number of obligors | Average LGD % | RWA £m | RWA Density % | EL £m | Value Adjustment and Provisions £m |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | | | |
| 0.00 to < 0.15 | **22,425** | **4,131** | **94.4%** | **25,072** | **0.1%** | **126,979** | **13.4%** | **1,811** | **7.2%** | **8** | |
| 0.15 to < 0.25 | **14,844** | **2,111** | **94.2%** | **15,973** | **0.2%** | **121,670** | **10.6%** | **1,042** | **6.5%** | **6** | |
| 0.25 to < 0.50 | **35,150** | **3,096** | **96.5%** | **36,903** | **0.4%** | **227,513** | **9.7%** | **2,511** | **6.8%** | **15** | |
| 0.50 to < 0.75 | **34,852** | **1,059** | **96.7%** | **35,876** | **0.6%** | **224,280** | **11.3%** | **3,843** | **10.7%** | **25** | |
| 0.75 to < 2.50 | **31,012** | **1,569** | **98.7%** | **32,151** | **1.2%** | **200,759** | **14.2%** | **6,958** | **21.6%** | **60** | |
| 2.50 to < 10.00 | **7,274** | **155** | **100.0%** | **7,431** | **4.6%** | **43,878** | **13.5%** | **3,206** | **43.1%** | **48** | |
| 10.00 to < 100.00 | **4,688** | **127** | **99.8%** | **4,805** | **30.3%** | **30,231** | **10.1%** | **2,483** | **51.7%** | **187** | |
| 100.00 (Default) | **1,732** | **2** | **100.0%** | **1,738** | **100.0%** | **16,035** | **18.6%** | **1,251** | **72.0%** | **373** | |
| **Total** | **151,977** | **12,250** | **96.7%** | **159,949** | **2.7%** | **991,345** | **11.9%** | **23,105** | **14.4%** | **722** | **(481)** |
| **As at 31 December 2019** | | | | | | | | | | | |
| 0.00 to < 0.15 | 25,248 | 1,950 | 98.6% | 26,827 | 0.1% | 131,954 | 11.7% | 1,348 | 5.0% | 9 | |
| 0.15 to < 0.25 | 12,136 | 1,499 | 95.7% | 13,047 | 0.2% | 105,088 | 11.9% | 974 | 7.5% | 7 | |
| 0.25 to < 0.50 | 35,639 | 2,559 | 97.7% | 37,311 | 0.4% | 240,795 | 10.0% | 2,776 | 7.4% | 17 | |
| 0.50 to < 0.75 | 29,995 | 2,191 | 98.2% | 31,593 | 0.6% | 206,728 | 10.7% | 3,352 | 10.6% | 23 | |
| 0.75 to < 2.50 | 28,585 | 1,330 | 99.3% | 29,692 | 1.2% | 197,510 | 12.9% | 6,218 | 20.9% | 57 | |
| 2.50 to < 10.00 | 9,394 | 213 | 100.2% | 9,627 | 4.7% | 53,914 | 15.9% | 3,817 | 39.6% | 54 | |
| 10.00 to < 100.00 | 4,601 | 261 | 44.1% | 4,719 | 28.6% | 30,600 | 10.7% | 2,723 | 57.7% | 149 | |
| 100.00 (Default) | 1,642 | 4 | 100.1% | 1,648 | 100.0% | 15,286 | 18.6% | 1,124 | 68.2% | 309 | |
| **Total** | 147,240 | 10,007 | 96.9% | 154,464 | 2.7% | 981,875 | 11.6% | 22,332 | 14.5% | 625 | (371) |

**Note**

a Average CCF is calculated at an aggregate level and reflects where the modelled EAD is higher than the original on and off balance sheet exposures pre CCF.

The RWA density associated with AIRB exposures to secured retail remained broadly stable at 14.4% (December 2019: 14.5%).

# Risk and capital position review
## Analysis of credit risk continued

### Table 52: CR6 Credit risk exposures by exposure class and PD range for revolving retail

**Barclays Group**

| | Original on-balance sheet gross exposure £m | Off-balance sheet exposures pre CCF £m | Average CCF[a] % | EAD post CRM and post CCF £m | Average PD % | Number of obligors | Average LGD % | RWA £m | RWA Density % | EL £m | Value Adjustment and Provisions £m |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | | | |
| 0.00 to < 0.15 | **698** | **20,496** | **52.0%** | **11,896** | **0.1%** | **12,799,375** | **74.8%** | **442** | **3.7%** | **10** | |
| 0.15 to < 0.25 | **529** | **6,894** | **16.4%** | **3,062** | **0.2%** | **2,169,395** | **78.5%** | **288** | **9.4%** | **6** | |
| 0.25 to < 0.50 | **1,397** | **9,198** | **9.8%** | **4,484** | **0.4%** | **2,148,634** | **79.3%** | **744** | **16.6%** | **22** | |
| 0.50 to < 0.75 | **994** | **4,304** | **6.5%** | **2,385** | **0.6%** | **1,005,342** | **79.7%** | **575** | **24.1%** | **16** | |
| 0.75 to < 2.50 | **3,913** | **7,449** | **4.1%** | **6,882** | **1.4%** | **2,248,233** | **80.2%** | **3,378** | **49.1%** | **132** | |
| 2.50 to < 10.00 | **3,805** | **1,726** | **3.4%** | **4,901** | **4.9%** | **1,270,338** | **79.5%** | **5,542** | **113.1%** | **257** | |
| 10.00 to < 100.00 | **915** | **99** | **17.6%** | **1,064** | **22.3%** | **287,933** | **78.9%** | **2,591** | **243.5%** | **246** | |
| 100.00 (Default) | **1,017** | **206** | **2.3%** | **1,017** | **100.0%** | **371,827** | **78.5%** | **2,133** | **209.7%** | **694** | |
| **Total** | **13,268** | **50,372** | **24.6%** | **35,691** | **4.6%** | **22,301,077** | **77.9%** | **15,693** | **44.0%** | **1,383** | **(2,467)** |
| **As at 31 December 2019** | | | | | | | | | | | |
| 0.00 to < 0.15 | 925 | 19,043 | 47.2% | 10,483 | 0.1% | 10,056,210 | 73.9% | 385 | 3.7% | 6 | |
| 0.15 to < 0.25 | 757 | 7,135 | 15.8% | 3,487 | 0.2% | 2,531,885 | 76.0% | 307 | 8.8% | 6 | |
| 0.25 to < 0.50 | 1,927 | 9,357 | 12.1% | 5,535 | 0.4% | 3,505,590 | 76.4% | 826 | 14.9% | 18 | |
| 0.50 to < 0.75 | 1,355 | 4,439 | 8.0% | 2,861 | 0.6% | 1,259,990 | 76.6% | 807 | 28.2% | 24 | |
| 0.75 to < 2.50 | 5,224 | 8,192 | 4.9% | 8,282 | 1.4% | 2,614,218 | 76.5% | 3,395 | 41.0% | 97 | |
| 2.50 to < 10.00 | 5,077 | 2,557 | 3.4% | 6,726 | 5.0% | 1,817,752 | 74.6% | 6,376 | 94.8% | 259 | |
| 10.00 to < 100.00 | 1,566 | 179 | 14.0% | 1,827 | 22.0% | 492,133 | 73.8% | 3,416 | 187.0% | 311 | |
| 100.00 (Default) | 998 | 195 | 2.6% | 998 | 100.0% | 388,122 | 77.2% | 2,215 | 221.8% | 600 | |
| **Total** | 17,829 | 51,097 | 22.1% | 40,199 | 4.7% | 22,665,900 | 75.4% | 17,727 | 44.1% | 1,321 | (1,988) |

**Note**
a Average CCF is calculated at an aggregate level and reflects where the modelled EAD is higher than the original on and off balance sheet exposures pre CCF.

The RWA density associated with AIRB exposures to revolving retail remained broadly stable at 44.0% (December 2019: 44.1%).

# Risk and capital position review
## Analysis of credit risk continued

### Table 53: CR6 Credit risk exposures by exposure class and PD range for other retail exposures

**Barclays Group**

| | Original on-balance sheet gross exposure £m | Off-balance sheet exposures pre CCF £m | Average CCF[a] % | EAD post CRM and post CCF £m | Average PD % | Number of obligors | Average LGD % | RWA £m | RWA Density % | EL £m | Value Adjustment and Provisions £m |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | | | |
| 0.00 to < 0.15 | **102** | **1** | **98.7%** | **102** | **0.1%** | **34,138** | **71.2%** | **20** | **19.8%** | **0** | |
| 0.15 to < 0.25 | **242** | **–** | **–** | **242** | **0.2%** | **46,064** | **73.5%** | **77** | **31.9%** | **0** | |
| 0.25 to < 0.50 | **604** | **–** | **–** | **604** | **0.4%** | **93,225** | **74.7%** | **288** | **47.7%** | **2** | |
| 0.50 to < 0.75 | **510** | **–** | **–** | **510** | **0.6%** | **70,562** | **75.5%** | **334** | **65.4%** | **2** | |
| 0.75 to < 2.50 | **1,510** | **–** | **–** | **1,510** | **1.4%** | **197,887** | **76.3%** | **1,385** | **91.7%** | **16** | |
| 2.50 to < 10.00 | **936** | **–** | **–** | **936** | **4.6%** | **118,970** | **77.2%** | **1,137** | **121.4%** | **33** | |
| 10.00 to < 100.00 | **341** | **–** | **–** | **341** | **26.9%** | **44,707** | **77.6%** | **598** | **175.2%** | **72** | |
| 100.00 (Default) | **317** | **–** | **–** | **317** | **100.0%** | **45,413** | **78.0%** | **209** | **66.1%** | **240** | |
| **Total** | **4,562** | **1** | **100.0%** | **4,562** | **10.5%** | **650,966** | **76.1%** | **4,048** | **88.7%** | **365** | **(439)** |
| **As at 31 December 2019** | | | | | | | | | | | |
| 0.00 to < 0.15 | 252 | 2 | 99.4% | 252 | 0.1% | 58,296 | 72.8% | 48 | 19.1% | 0 | |
| 0.15 to < 0.25 | 381 | – | – | 381 | 0.2% | 56,815 | 74.5% | 122 | 32.1% | 1 | |
| 0.25 to < 0.50 | 776 | – | – | 776 | 0.4% | 100,161 | 75.5% | 372 | 47.9% | 2 | |
| 0.50 to < 0.75 | 610 | – | – | 610 | 0.6% | 72,884 | 76.1% | 397 | 65.0% | 3 | |
| 0.75 to < 2.50 | 1,866 | – | – | 1,866 | 1.4% | 214,014 | 76.7% | 1,711 | 91.8% | 20 | |
| 2.50 to < 10.00 | 1,345 | – | – | 1,345 | 4.7% | 157,253 | 77.2% | 1,610 | 119.6% | 49 | |
| 10.00 to < 100.00 | 550 | – | – | 550 | 25.4% | 69,154 | 77.3% | 894 | 162.5% | 108 | |
| 100.00 (Default) | 296 | – | – | 296 | 100.0% | 44,854 | 79.9% | 319 | 107.9% | 217 | |
| **Total** | 6,076 | 2 | 100.0% | 6,076 | 8.8% | 773,431 | 76.5% | 5,473 | 90.1% | 400 | (351) |

**Note**

a Average CCF is calculated at an aggregate level and reflects where the modelled EAD is higher than the original on and off balance sheet exposures pre CCF.

The RWA density associated with AIRB exposures to other retail remained broadly stable at 88.7% (December 2019: 90.1%).

# Risk and capital position review
## Analysis of credit risk continued

### Table 54: CR1-A – Credit quality of exposures by exposure class and instrument
This table provides a comprehensive picture of the credit quality of on balance sheet and off balance sheet exposures

**Barclays Group**

| | As at 31 December 2020 | Defaulted exposures £m | Non-defaulted exposure £m | Specific credit risk adjustment £m | General credit risk adjustment £m | Credit risk adjustment charges in the period[a] £m | Net values £m | Accumulated write-offs £m |
|---|---|---|---|---|---|---|---|---|
| 1 | Central governments or central banks | – | 98,795 | – | – | – | 98,795 | – |
| 2 | Institutions | 79 | 23,833 | 10 | – | 4 | 23,902 | – |
| 3 | Corporates | 3,343 | 146,247 | 1,843 | – | 1,044 | 147,747 | 113 |
| 4 | Of which Specialised lending | 152 | 9,267 | 20 | – | – | 9,399 | – |
| 5 | Of which SMEs | 1,755 | 15,926 | 359 | – | 94 | 17,322 | 1 |
| 6 | Retail | 3,911 | 236,264 | 3,548 | – | 745 | 236,627 | 568 |
| 7 | Secured by real estate property | 1,734 | 162,493 | 481 | – | 110 | 163,746 | 20 |
| 8 | SMEs | – | – | – | – | – | – | – |
| 9 | Non-SMEs | 1,734 | 162,493 | 481 | – | 110 | 163,746 | 20 |
| 10 | Qualifying revolving | 1,227 | 62,413 | 2,467 | – | 479 | 61,173 | 419 |
| 11 | Other retail | 950 | 11,358 | 600 | – | 156 | 11,708 | 129 |
| 12 | SMEs | 633 | 7,113 | 161 | – | 68 | 7,585 | – |
| 13 | Non-SMEs | 317 | 4,245 | 439 | – | 88 | 4,123 | 129 |
| 14 | Equity | – | – | – | – | – | – | – |
| 15 | **Total IRB approach** | 7,333 | 505,139 | 5,401 | – | 1,793 | 507,071 | 681 |
| 16 | Central governments or central banks | – | 214,303 | 1 | – | – | 214,302 | – |
| 17 | Regional governments or local authorities | – | 10,960 | – | – | – | 10,960 | – |
| 18 | Public sector entities | 1 | 8,682 | 12 | – | 3 | 8,671 | – |
| 19 | Multilateral development banks | – | 7,209 | – | – | – | 7,209 | – |
| 20 | International organisations | – | 734 | – | – | – | 734 | – |
| 21 | Institutions | 2 | 6,093 | 11 | – | 2 | 6,084 | – |
| 22 | Corporates | 1,223 | 59,280 | 972 | – | 601 | 59,531 | 225 |
| 23 | Of which: SMEs | – | 5,159 | 51 | – | 23 | 5,108 | – |
| 24 | Retail | 2,020 | 103,754 | 3,278 | – | 549 | 102,496 | 1,058 |
| 25 | Of which: SMEs | – | 12,198 | 84 | – | 48 | 12,114 | – |
| 26 | Secured by mortgages on immovable property | 569 | 9,407 | 1 | – | (3) | 9,975 | 4 |
| 27 | Of which: SMEs | – | 188 | – | – | – | 188 | – |
| 28 | Exposures in default | 3,815 | – | 1,954 | – | 250 | 1,861 | 31 |
| 29 | Items associated with particularly high risk | – | 1,444 | – | – | – | 1,444 | – |
| 30 | Covered bonds | – | 1,887 | 1 | – | 1 | 1,886 | – |
| 31 | Claims on institutions and corporates with a short-term credit assessment | – | – | – | – | – | – | – |
| 32 | Collective investments undertakings | – | – | – | – | – | – | – |
| 33 | Equity exposures | – | 723 | – | – | – | 723 | – |
| 34 | Other exposures | – | 4,824 | – | – | – | 4,824 | – |
| 35 | **Total standardised approach** | 3,815 | 429,300 | 4,276 | – | 1,153 | 428,839 | 1,287 |
| 36 | **Total** | 11,148 | 934,439 | 9,677 | – | 2,946 | 935,910 | 1,968 |
| 37 | Of which: Loans | 9,845 | 517,262 | 8,628 | – | 2,336 | 518,479 | 1,968 |
| 38 | Of which: Debt securities | 18 | 99,740 | 1 | – | (3) | 99,757 | – |
| 39 | Of which: Off-balance sheet exposures | 1,285 | 317,437 | 1,048 | – | 613 | 317,674 | – |

# Risk and capital position review
## Analysis of credit risk continued

### Table 54: CR1-A – Credit quality of exposures by exposure class and instrument – continued

**Barclays Group**

| As at 31 December 2019 | | Defaulted exposures £m | Non-defaulted exposure £m | Specific credit risk adjustment £m | General credit risk adjustment £m | Credit risk adjustment charges in the period[a] £m | Net values £m | Accumulated write-offs £m |
|---|---|---|---|---|---|---|---|---|
| 1 | Central governments or central banks | – | 94,430 | – | – | (5) | 94,430 | – |
| 2 | Institutions | 10 | 24,170 | 6 | – | (32) | 24,183 | – |
| 3 | Corporates | 2,156 | 143,158 | 798 | – | 135 | 144,516 | 60 |
| 4 | Of which Specialised lending | 212 | 9,146 | 20 | – | (9) | 9,338 | – |
| 5 | Of which SMEs | 1,082 | 16,550 | 265 | – | 8 | 17,367 | – |
| 6 | Retail | 3,897 | 235,713 | 2,802 | – | (415) | 236,807 | 605 |
| 7 | Secured by real estate property | 1,647 | 155,600 | 371 | – | (19) | 156,876 | 38 |
| 8 | SMEs | – | – | – | – | – | – | – |
| 9 | Non-SMEs | 1,647 | 155,601 | 371 | – | (19) | 156,877 | 38 |
| 10 | Qualifying revolving | 1,196 | 67,731 | 1,988 | – | (286) | 66,939 | 365 |
| 11 | Other retail | 1,054 | 12,381 | 444 | – | (110) | 12,992 | 202 |
| 12 | SMEs | 758 | 6,600 | 93 | – | 18 | 7,264 | 28 |
| 13 | Non-SMEs | 296 | 5,782 | 351 | – | (127) | 5,727 | 174 |
| 14 | Equity | – | – | – | – | – | – | – |
| 15 | **Total IRB approach** | 6,062 | 497,471 | 3,607 | – | (317) | 499,936 | 665 |
| 16 | Central governments or central banks | – | 157,977 | – | – | – | 157,976 | – |
| 17 | Regional governments or local authorities | – | 8,758 | – | – | – | 8,758 | – |
| 18 | Public sector entities | 16 | 7,391 | 10 | – | 7 | 7,397 | 2 |
| 19 | Multilateral development banks | – | 7,904 | – | – | – | 7,904 | – |
| 20 | International organisations | – | 750 | – | – | – | 750 | – |
| 21 | Institutions | 5 | 6,148 | 9 | – | 7 | 6,144 | – |
| 22 | Corporates | 1,291 | 58,387 | 371 | – | (14) | 59,307 | 98 |
| 23 | Of which: SMEs | – | 3,490 | 29 | – | (1) | 3,461 | – |
| 24 | Retail | 1,903 | 106,658 | 2,729 | – | (309) | 105,831 | 1,105 |
| 25 | Of which: SMEs | – | 3,394 | 36 | – | (1) | 3,358 | – |
| 26 | Secured by mortgages on immovable property | 495 | 9,165 | 3 | – | – | 9,657 | 13 |
| 27 | Of which: SMEs | – | 175 | – | – | – | 175 | – |
| 28 | Exposures in default | 3,710 | – | 1,704 | – | (143) | 2,007 | 29 |
| 29 | Items associated with particularly high risk | – | 1,529 | – | – | – | 1,529 | – |
| 30 | Covered bonds | – | 1,766 | – | – | – | 1,766 | – |
| 31 | Claims on institutions and corporates with a short-term credit assessment | – | – | – | – | – | – | – |
| 32 | Collective investments undertakings | – | – | – | – | – | – | – |
| 33 | Equity exposures | – | 998 | – | – | – | 998 | – |
| 34 | Other exposures | – | 4,234 | – | – | – | 4,234 | – |
| 35 | **Total standardised approach** | 3,710 | 371,665 | 3,124 | – | (308) | 372,251 | 1,218 |
| 36 | **Total** | 9,773 | 869,145 | 6,731 | – | (625) | 872,187 | 1,883 |
| 37 | Of which: Loans | 8,888 | 477,422 | 6,292 | – | (288) | 480,018 | 1,883 |
| 38 | Of which: Debt securities | 1 | 82,363 | 4 | – | – | 82,361 | – |
| 39 | Of which: Off-balance sheet exposures | 884 | 309,360 | 435 | – | (337) | 309,808 | – |

**Note**
a Credit risk adjustment charges in the period represent the movements in impairment stock between the reporting periods.

Non-defaulted exposures increased £65.2bn to £934.4bn primarily due to an increase in the Group liquidity pool and BoE funding scheme, an increase in lending activities including government backed Bounce Back Loans and UK mortgage lending.

Specific credit risk adjustments increased £2.9bn to £9.7bn to reflect the ECL increase due to the impact of COVID-19 scenarios.

# Risk and capital position review
## Analysis of credit risk continued

### Table 54a: CR1-A – Credit quality of exposures by exposure class and instrument for significant subsidiary

**Barclays Bank PLC**

| | As at 31 December 2020 | Defaulted exposures £m | Non-defaulted exposure £m | Specific credit risk adjustment £m | General credit risk adjustment £m | Credit risk adjustment charges in the period[a] £m | Net values £m | Accumulated write-offs £m |
|---|---|---|---|---|---|---|---|---|
| 1 | Central governments or central banks | – | 98,691 | – | – | – | 98,691 | – |
| 2 | Institutions | 75 | 21,183 | 10 | – | 4 | 21,248 | – |
| 3 | Corporates | 2,330 | 121,234 | 1,597 | – | 958 | 121,967 | 56 |
| 4 | Of which Specialised lending | 60 | 8,056 | 17 | – | – | 8,099 | – |
| 5 | Of which SMEs | 889 | 8,775 | 180 | – | 52 | 9,484 | – |
| 6 | Retail | 485 | 129 | 302 | – | 57 | 311 | 12 |
| 7 | Secured by real estate property | 485 | 128 | 302 | – | 57 | 311 | 12 |
| 8 | SMEs | – | – | – | – | – | – | – |
| 9 | Non-SMEs | 485 | 128 | 302 | – | 57 | 311 | 12 |
| 10 | Qualifying revolving | – | – | – | – | – | – | – |
| 11 | Other retail | – | – | – | – | – | – | – |
| 12 | SMEs | – | – | – | – | – | – | – |
| 13 | Non-SMEs | – | – | – | – | – | – | – |
| 14 | Equity | – | – | – | – | – | – | – |
| 15 | **Total IRB approach** | **2,890** | **241,236** | **1,909** | **–** | **1,019** | **242,217** | **68** |
| 16 | Central governments or central banks | – | 102,758 | – | – | – | 102,758 | – |
| 17 | Regional governments or local authorities | – | 687 | – | – | – | 687 | – |
| 18 | Public sector entities | – | 4,559 | 2 | – | – | 4,557 | – |
| 19 | Multilateral development banks | – | 4,856 | – | – | – | 4,856 | – |
| 20 | International organisations | – | 603 | – | – | – | 603 | – |
| 21 | Institutions | 1 | 66,145 | 7 | – | 2 | 66,139 | – |
| 22 | Corporates | 944 | 141,525 | 811 | – | 492 | 141,658 | 27 |
| 23 | Of which: SMEs | – | 4,228 | 43 | – | 16 | 4,185 | – |
| 24 | Retail | 85 | 3,788 | 145 | – | 19 | 3,728 | 34 |
| 25 | Of which: SMEs | – | 2,824 | 56 | – | 20 | 2,768 | – |
| 26 | Secured by mortgages on immovable property | 401 | 5,888 | – | – | (3) | 6,289 | 1 |
| 27 | Of which: SMEs | – | 125 | – | – | – | 125 | – |
| 28 | Exposures in default | 1,431 | – | 559 | – | 350 | 872 | – |
| 29 | Items associated with particularly high risk | – | 136 | – | – | – | 136 | – |
| 30 | Covered bonds | – | 59 | – | – | – | 59 | – |
| 31 | Claims on institutions and corporates with a short-term credit assessment | – | – | – | – | – | – | – |
| 32 | Collective investments undertakings | – | – | – | – | – | – | – |
| 33 | Equity exposures | – | 3,012 | – | – | – | 3,012 | – |
| 34 | Other exposures | – | 1,523 | – | – | – | 1,523 | – |
| 35 | **Total standardised approach** | **1,431** | **335,539** | **965** | **–** | **510** | **336,005** | **62** |
| 36 | **Total** | **4,321** | **576,775** | **2,874** | **–** | **1,529** | **578,222** | **130** |
| 37 | Of which: Loans | 3,436 | 334,396 | 2,233 | – | 1,085 | 335,599 | 130 |
| 38 | Of which: Debt securities | 18 | 65,241 | 1 | – | (4) | 65,258 | – |
| 39 | Of which: Off-balance sheet exposures | 867 | 177,138 | 640 | – | 448 | 177,365 | – |

# Risk and capital position review
## Analysis of credit risk continued

### Table 54a: CR1-A – Credit quality of exposures by exposure class and instrument for significant subsidiary – continued

**Barclays Bank PLC**

| As at 31 December 2019 | | Defaulted exposures £m | Non-defaulted exposure £m | Specific credit risk adjustment £m | General credit risk adjustment £m | Credit risk adjustment charges in the period[a] £m | Net values £m | Accumulated write-offs £m |
|---|---|---|---|---|---|---|---|---|
| 1 | Central governments or central banks | – | 82,807 | – | – | – | 82,807 | – |
| 2 | Institutions | 7 | 20,002 | 6 | – | (1) | 20,003 | – |
| 3 | Corporates | 1,393 | 119,734 | 639 | – | 129 | 120,488 | 41 |
| 4 | Of which Specialised lending | 127 | 8,015 | 17 | – | (9) | 8,125 | – |
| 5 | Of which SMEs | 481 | 8,813 | 128 | – | (12) | 9,167 | – |
| 6 | Retail | 500 | 142 | 245 | – | (77) | 397 | 13 |
| 7 | Secured by real estate property | 500 | 142 | 245 | – | (77) | 397 | 13 |
| 8 | SMEs | – | – | – | – | – | – | |
| 9 | Non-SMEs | 500 | 142 | 245 | – | (77) | 397 | 13 |
| 10 | Qualifying revolving | – | – | – | – | – | – | |
| 11 | Other retail | – | – | – | – | – | – | – |
| 12 | SMEs | – | – | – | – | – | – | – |
| 13 | Non-SMEs | – | – | – | – | – | – | – |
| 14 | Equity | – | – | – | – | – | – | – |
| 15 | **Total IRB approach** | 1,900 | 222,685 | 890 | – | 51 | 223,695 | 54 |
| 16 | Central governments or central banks | – | 89,828 | – | – | – | 89,828 | – |
| 17 | Regional governments or local authorities | – | 954 | – | – | – | 954 | – |
| 18 | Public sector entities | – | 4,482 | 1 | – | (1) | 4,481 | 2 |
| 19 | Multilateral development banks | – | 5,384 | – | – | – | 5,384 | – |
| 20 | International organisations | – | 400 | – | – | – | 400 | – |
| 21 | Institutions | 4 | 53,162 | 5 | – | 3 | 53,162 | – |
| 22 | Corporates | 929 | 125,292 | 320 | – | (15) | 125,900 | 89 |
| 23 | Of which: SMEs | – | 3,015 | 26 | – | – | 2,989 | – |
| 24 | Retail | 71 | 4,034 | 126 | – | (78) | 3,980 | |
| 25 | Of which: SMEs | – | 3,342 | 36 | – | (1) | 3,306 | – |
| 26 | Secured by mortgages on immovable property | 368 | 5,493 | 3 | – | (1) | 5,858 | 9 |
| 27 | Of which: SMEs | – | 75 | – | – | (1) | 75 | – |
| 28 | Exposures in default | 1,372 | – | 210 | – | (121) | 1,163 | – |
| 29 | Items associated with particularly high risk | – | 191 | – | – | – | 191 | – |
| 30 | Covered bonds | – | – | – | – | – | – | – |
| 31 | Claims on institutions and corporates with a short-term credit assessment | – | – | – | – | – | – | – |
| 32 | Collective investments undertakings | – | – | – | – | – | – | – |
| 33 | Equity exposures | – | 2,375 | – | – | – | 2,375 | – |
| 34 | Other exposures | – | 1,154 | – | – | – | 1,154 | – |
| 35 | **Total standardised approach** | 1,372 | 292,749 | 455 | – | (91) | 293,666 | 100 |
| 36 | **Total** | 3,272 | 515,434 | 1,345 | – | (40) | 517,361 | 154 |
| 37 | Of which: Loans | 2,707 | 283,154 | 1,149 | – | (17) | 284,712 | 154 |
| 38 | Of which: Debt securities | 1 | 58,246 | 4 | – | – | 58,243 | – |
| 39 | Of which: Off-balance sheet exposures | 564 | 174,035 | 192 | – | (23) | 174,409 | – |

**Note**
a Credit risk adjustment charges in the period represent the movements in impairment stock between the reporting periods.

# Risk and capital position review
## Analysis of credit risk continued

### Table 55: CR1-B – Credit quality of exposures by industry or counterparty types
This table provides a comprehensive picture of the credit quality of on balance sheet and off balance sheet exposures by industry types.

**Barclays Group**

| | As at 31 December 2020 | Defaulted exposures £m | Non-defaulted exposures £m | Specific credit risk adjustment £m | General credit risk adjustment £m | Credit risk adjustment charges in the period[a] £m | Net values £m | Accumulated write-offs £m |
|---|---|---|---|---|---|---|---|---|
| 1 | Agriculture, forestry and fishing | **640** | **4,537** | **124** | **–** | **25** | **5,053** | **–** |
| 2 | Mining and quarrying | **518** | **10,072** | **209** | **–** | **107** | **10,381** | **82** |
| 3 | Manufacturing | **317** | **36,327** | **254** | **–** | **163** | **36,390** | **13** |
| 4 | Electricity, gas, steam and air conditioning supply | **92** | **12,573** | **18** | **–** | **(16)** | **12,647** | **1** |
| 5 | Water supply | **57** | **3,079** | **16** | **–** | **9** | **3,120** | **–** |
| 6 | Construction | **194** | **7,446** | **125** | **–** | **84** | **7,515** | **–** |
| 7 | Wholesale and retail trade | **756** | **17,883** | **397** | **–** | **237** | **18,242** | **3** |
| 8 | Transport and storage | **142** | **8,532** | **168** | **–** | **100** | **8,506** | **10** |
| 9 | Accommodation and food service activities | **413** | **5,250** | **106** | **–** | **80** | **5,557** | **30** |
| 10 | Information and communication | **157** | **13,553** | **190** | **–** | **133** | **13,520** | **92** |
| 11 | Real estate activities | **707** | **32,123** | **183** | **–** | **60** | **32,647** | **–** |
| 12 | Professional, scientific and technical activities | **172** | **8,673** | **78** | **–** | **22** | **8,767** | **12** |
| 13 | Administrative and support service activities | **369** | **12,851** | **201** | **–** | **(7)** | **13,019** | **14** |
| 14 | Public administration and defence, compulsory social security | **–** | **82,691** | **1** | **–** | **–** | **82,690** | **–** |
| 15 | Education | **85** | **5,721** | **46** | **–** | **26** | **5,760** | **–** |
| 16 | Human health services and social work activities | **290** | **8,009** | **94** | **–** | **64** | **8,204** | **2** |
| 17 | Arts, entertainment and recreation | **93** | **2,102** | **77** | **–** | **63** | **2,118** | **10** |
| 18 | Other services | **6,146** | **663,018** | **7,390** | **–** | **1,796** | **661,774** | **1,699** |
| 19 | **Total** | **11,148** | **934,439** | **9,677** | **–** | **2,946** | **935,910** | **1,968** |

| | As at 31 December 2019 | Defaulted exposures £m | Non-defaulted exposures £m | Specific credit risk adjustment £m | General credit risk adjustment £m | Credit risk adjustment charges in the period[a] £m | Net values £m | Accumulated write-offs £m |
|---|---|---|---|---|---|---|---|---|
| 1 | Agriculture, forestry and fishing | 554 | 4,402 | 98 | – | 11 | 4,858 | – |
| 2 | Mining and quarrying | 487 | 10,664 | 103 | – | 54 | 11,048 | 7 |
| 3 | Manufacturing | 135 | 36,265 | 92 | – | 12 | 36,308 | 16 |
| 4 | Electricity, gas, steam and air conditioning supply | 112 | 12,569 | 34 | – | 8 | 12,647 | 1 |
| 5 | Water supply | 39 | 3,148 | 7 | – | 5 | 3,181 | 2 |
| 6 | Construction | 101 | 5,229 | 41 | – | 7 | 5,289 | – |
| 7 | Wholesale and retail trade | 364 | 15,729 | 160 | – | (2) | 15,933 | 19 |
| 8 | Transport and storage | 103 | 8,118 | 68 | – | – | 8,153 | 1 |
| 9 | Accommodation and food service activities | 187 | 4,341 | 26 | – | 2 | 4,502 | – |
| 10 | Information and communication | 53 | 11,868 | 56 | – | 45 | 11,864 | 5 |
| 11 | Real estate activities | 508 | 32,292 | 123 | – | 6 | 32,678 | 1 |
| 12 | Professional, scientific and technical activities | 109 | 6,280 | 56 | – | (65) | 6,333 | 2 |
| 13 | Administrative and support service activities | 378 | 9,875 | 208 | – | 208 | 10,045 | 12 |
| 14 | Public administration and defence, compulsory social security | – | 69,842 | 1 | – | (76) | 69,840 | – |
| 15 | Education | 58 | 5,446 | 19 | – | (5) | 5,485 | 2 |
| 16 | Human health services and social work activities | 253 | 6,830 | 30 | – | (18) | 7,053 | – |
| 17 | Arts, entertainment and recreation | 42 | 1,601 | 15 | – | 1 | 1,628 | – |
| 18 | Other services | 6,290 | 624,646 | 5,595 | – | (818) | 625,341 | 1,815 |
| 19 | **Total** | 9,773 | 869,145 | 6,731 | – | (625) | 872,187 | 1,883 |

**Note**
a Credit risk adjustment charges in the period represent the movements in impairment stock between the reporting periods.

Non-defaulted exposures increased £65.2bn to £934.4bn primarily driven by "Other Services" due to an increase in the Group liquidity pool and BoE funding scheme.

Specific credit risk adjustments increased £2.9bn to £9.7bn to reflect the ECL increase due to the impact of COVID-19 scenarios.

# Risk and capital position review
## Analysis of credit risk continued

### Table 55a: CR1-B – Credit quality of exposures by industry or counterparty types for significant subsidiary

**Barclays Bank PLC**

| | As at 31 December 2020 | Defaulted exposures £m | Non-defaulted exposures £m | Specific credit risk adjustment £m | General credit risk adjustment £m | Credit risk adjustment charges in the period[a] £m | Net values £m | Accumulated write-offs £m |
|---|---|---|---|---|---|---|---|---|
| 1 | Agriculture, forestry and fishing | **15** | **155** | **4** | **–** | **1** | **166** | **–** |
| 2 | Mining and quarrying | **415** | **7,861** | **189** | **–** | **96** | **8,087** | **48** |
| 3 | Manufacturing | **226** | **31,303** | **219** | **–** | **142** | **31,310** | **7** |
| 4 | Electricity, gas, steam and air conditioning supply | **86** | **10,456** | **17** | **–** | **(15)** | **10,525** | **–** |
| 5 | Water supply | **46** | **2,706** | **14** | **–** | **8** | **2,738** | **–** |
| 6 | Construction | **131** | **4,310** | **108** | **–** | **81** | **4,333** | **–** |
| 7 | Wholesale and retail trade | **575** | **13,403** | **370** | **–** | **235** | **13,608** | **3** |
| 8 | Transport and storage | **104** | **6,930** | **154** | **–** | **92** | **6,880** | **10** |
| 9 | Accommodation and food service activities | **248** | **3,419** | **90** | **–** | **74** | **3,577** | **–** |
| 10 | Information and communication | **128** | **10,981** | **170** | **–** | **119** | **10,939** | **2** |
| 11 | Real estate activities | **337** | **18,572** | **99** | **–** | **36** | **18,810** | **–** |
| 12 | Professional, scientific and technical activities | **103** | **6,652** | **61** | **–** | **17** | **6,694** | **–** |
| 13 | Administrative and support service activities | **218** | **11,994** | **150** | **–** | **(45)** | **12,062** | **–** |
| 14 | Public administration and defence, compulsory social security | **–** | **50,223** | **1** | **–** | **–** | **50,222** | **–** |
| 15 | Education | **28** | **4,945** | **29** | **–** | **23** | **4,944** | **–** |
| 16 | Human health services and social work activities | **200** | **6,682** | **83** | **–** | **60** | **6,799** | **–** |
| 17 | Arts, entertainment and recreation | **40** | **1,604** | **68** | **–** | **58** | **1,576** | **10** |
| 18 | Other services | **1,421** | **384,579** | **1,048** | **–** | **547** | **384,952** | **50** |
| 19 | **Total** | **4,321** | **576,775** | **2,874** | **–** | **1,529** | **578,222** | **130** |

| | As at 31 December 2019 | Defaulted exposures £m | Non-defaulted exposures £m | Specific credit risk adjustment £m | General credit risk adjustment £m | Credit risk adjustment charges in the period[a] £m | Net values £m | Accumulated write-offs £m |
|---|---|---|---|---|---|---|---|---|
| 1 | Agriculture, forestry and fishing | 10 | 135 | 3 | – | 2 | 142 | – |
| 2 | Mining and quarrying | 422 | 8,838 | 93 | – | 44 | 9,167 | 7 |
| 3 | Manufacturing | 94 | 32,668 | 77 | – | 7 | 32,685 | 16 |
| 4 | Electricity, gas, steam and air conditioning supply | 109 | 10,842 | 32 | – | 9 | 10,919 | – |
| 5 | Water supply | 30 | 2,749 | 6 | – | 5 | 2,773 | – |
| 6 | Construction | 30 | 4,156 | 26 | – | 5 | 4,160 | – |
| 7 | Wholesale and retail trade | 233 | 13,484 | 135 | – | (4) | 13,582 | 19 |
| 8 | Transport and storage | 76 | 7,241 | 62 | – | (1) | 7,254 | 1 |
| 9 | Accommodation and food service activities | 78 | 3,483 | 17 | – | 1 | 3,545 | – |
| 10 | Information and communication | 37 | 10,783 | 51 | – | 40 | 10,769 | 5 |
| 11 | Real estate activities | 195 | 17,515 | 63 | – | 12 | 17,647 | 1 |
| 12 | Professional, scientific and technical activities | 70 | 5,343 | 44 | – | (55) | 5,369 | 2 |
| 13 | Administrative and support service activities | 350 | 9,938 | 195 | – | 195 | 10,093 | 12 |
| 14 | Public administration and defence, compulsory social security | – | 46,766 | 1 | – | (63) | 46,765 | – |
| 15 | Education | 13 | 4,760 | 7 | – | 5 | 4,766 | 2 |
| 16 | Human health services and social work activities | 171 | 5,901 | 23 | – | (4) | 6,048 | – |
| 17 | Arts, entertainment and recreation | 10 | 1,319 | 10 | – | – | 1,320 | – |
| 18 | Other services | 1,343 | 329,512 | 500 | – | (236) | 330,356 | 89 |
| 19 | **Total** | 3,272 | 515,433 | 1,345 | – | (40) | 517,360 | 154 |

**Note**
a Credit risk adjustment charges in the period represent the movements in impairment stock between the reporting periods.

# Risk and capital position review
## Analysis of credit risk continued

### Table 56: CR1-C – Credit quality of exposures by geography
This table provides a comprehensive picture of the credit quality of the bank's on balance sheet and off balance sheet exposures by geography.

**Barclays Group**

| As at 31 December 2020 | Defaulted exposures £m | Non-defaulted exposures £m | Specific credit risk adjustment £m | General credit risk adjustment £m | Credit risk adjustment charges in the period[a] £m | Net values[a] £m | Accumulated write-offs £m |
|---|---|---|---|---|---|---|---|
| **UK** | 6,714 | 495,354 | 4,844 | – | 1,373 | 497,224 | 717 |
| **Europe** | 1,889 | 152,672 | 1,217 | – | 360 | 153,344 | 207 |
| France | 147 | 35,410 | 57 | – | 20 | 35,500 | 22 |
| Germany | 387 | 35,035 | 348 | – | 98 | 35,074 | 148 |
| Italy | 732 | 10,200 | 443 | – | 91 | 10,489 | 16 |
| Switzerland | 44 | 32,675 | 21 | – | 10 | 32,698 | – |
| **Asia** | 53 | 44,023 | 38 | – | (11) | 44,038 | – |
| Japan | – | 28,726 | – | – | – | 28,725 | – |
| **Americas** | 2,085 | 235,572 | 3,254 | – | 952 | 234,403 | 1,041 |
| United States | 1,732 | 218,113 | 3,109 | – | 869 | 216,736 | 1,041 |
| **Africa and Middle East** | 407 | 6,818 | 324 | – | 272 | 6,901 | 3 |
| **Total** | 11,148 | 934,439 | 9,677 | – | 2,946 | 935,910 | 1,968 |
| **As at 31 December 2019** | | | | | | | |
| **UK** | 6,212 | 460,292 | 3,471 | – | (451) | 463,033 | 770 |
| **Europe** | 1,398 | 132,294 | 857 | – | (50) | 132,835 | 97 |
| France | 109 | 26,543 | 37 | – | (5) | 26,615 | 4 |
| Germany | 203 | 29,512 | 250 | – | (18) | 29,465 | 64 |
| Italy | 710 | 11,002 | 353 | – | (27) | 11,359 | 13 |
| Switzerland | 21 | 28,944 | 12 | – | (4) | 28,954 | – |
| **Asia** | 55 | 33,530 | 49 | – | 14 | 33,536 | 6 |
| Japan | – | 20,545 | – | – | – | 20,544 | – |
| **Americas** | 2,016 | 235,746 | 2,302 | – | (117) | 235,460 | 1,001 |
| United States | 1,713 | 222,564 | 2,240 | – | (136) | 222,037 | 1,001 |
| **Africa and Middle East** | 92 | 7,283 | 52 | – | (21) | 7,323 | 9 |
| **Total** | 9,773 | 869,145 | 6731 | – | (625) | 872,187 | 1,883 |

**Note**
a Credit risk adjustment charges in the period represent the movements in impairment stock between the reporting periods.

Non-defaulted exposures in the UK increased £35.1bn to £495.4bn primarily driven by the BoE funding scheme, government backed Bounce Back Loans, and mortgage lending activity. The increase across Europe and Asia is primarily driven by cash placements with central banks and government bonds held as part of the Group liquidity pool.

Specific credit risk adjustments increased £2.9bn to £9.7bn to reflect the ECL increase due to the impact of COVID-19 scenarios.

# Risk and capital position review
## Analysis of credit risk continued

### Table 56a: CR1-C – Credit quality of exposures by geography for significant subsidiary

Barclays Bank PLC

| As at 31 December 2020 | Defaulted exposures £m | Non-defaulted exposures £m | Specific credit risk adjustment £m | General credit risk adjustment £m | Credit risk adjustment charges in the period[a] £m | Net values £m | Accumulated write-offs £m |
|---|---|---|---|---|---|---|---|
| **UK** | 1,966 | 240,610 | 1,220 | – | 583 | 241,356 | 43 |
| **Europe** | 1,121 | 106,864 | 549 | – | 150 | 107,436 | 12 |
| France | 73 | 29,102 | 28 | – | 2 | 29,147 | – |
| Germany | 120 | 6,766 | 12 | – | 6 | 6,874 | – |
| Italy | 482 | 2,863 | 301 | – | 54 | 3,044 | 12 |
| Switzerland | 35 | 32,974 | 19 | – | 9 | 32,990 | – |
| **Asia** | 52 | 35,344 | 37 | – | (11) | 35,359 | – |
| Japan | – | 20,314 | – | – | – | 20,314 | – |
| **Americas** | 788 | 188,717 | 745 | – | 536 | 188,760 | 72 |
| United States | 495 | 142,679 | 607 | – | 458 | 142,567 | 72 |
| **Africa and Middle East** | 394 | 5,240 | 323 | – | 271 | 5,311 | 3 |
| **Total** | 4,321 | 576,775 | 2,874 | – | 1,529 | 578,222 | 130 |
| **As at 31 December 2019** | | | | | | | |
| **UK** | 1,686 | 201,111 | 638 | – | 40 | 202,159 | 89 |
| **Europe** | 787 | 100,596 | 399 | – | (150) | 100,984 | 35 |
| France | 78 | 21,004 | 26 | – | (11) | 21,056 | 4 |
| Germany | 20 | 6,569 | 6 | – | 2 | 6,583 | – |
| Italy | 501 | 3,988 | 246 | – | (133) | 4,243 | 13 |
| Switzerland | 12 | 29,433 | 9 | – | (2) | 29,436 | – |
| **Asia** | 54 | 31,547 | 48 | – | 14 | 31,553 | 6 |
| Japan | – | 18,240 | – | – | – | 18,239 | – |
| **Americas** | 655 | 176,559 | 209 | – | 78 | 177,005 | 15 |
| United States | 372 | 135,502 | 149 | – | 60 | 135,724 | 15 |
| **Africa and Middle East** | 88 | 5,623 | 51 | – | (22) | 5,660 | 9 |
| **Total** | 3,272 | 515,434 | 1,345 | – | (40) | 517,361 | 154 |

**Note**
a Credit risk adjustment charges in the period represent the movements in impairment stock between the reporting periods.

# Risk and capital position review
## Analysis of credit risk continued

### Table 57: Credit quality of forborne exposures
This table provides an overview of the quality of forborne exposures.

**Barclays Group**

| | Gross carrying amount/nominal amount of exposures with forbearance measures | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | Collateral received and financial guarantees received on forborne exposures | |
|---|---|---|---|---|---|---|---|---|
| | | Non-performing forborne | | | | | | |
| **As at 31 December 2020** | Performing forborne £m | £m | Of which defaulted[a] £m | Of which impaired £m | On performing forborne exposures £m | On non-performing forborne exposures £m | £m | Of which collateral and financial guarantees received on non-performing exposures with forbearance measures £m |
| 1 Loans and Advances | **1,970** | **2,454** | **2,454** | **2,352** | **(313)** | **(814)** | **1,711** | **939** |
| 2 Central banks | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 3 General governments | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 4 Credit institutions | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 5 Other financial corporations | **13** | **77** | **77** | **76** | **–** | **(67)** | **1** | **1** |
| 6 Non-financial corporations | **1,414** | **1,465** | **1,465** | **1,422** | **(99)** | **(525)** | **1,098** | **401** |
| 7 Households | **543** | **912** | **912** | **854** | **(214)** | **(222)** | **612** | **537** |
| 8 Debt securities | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 9 Loan commitments given | **909** | **131** | **131** | **128** | **(12)** | **(1)** | **32** | **6** |
| 10 **Total** | **2,879** | **2,585** | **2,585** | **2,480** | **(325)** | **(815)** | **1,743** | **945** |
| **As at 31 December 2019** | | | | | | | | |
| 1 Loans and Advances | 1,114 | 2,118 | 2,118 | 2,118 | (77) | (515) | 1,443 | 873 |
| 2 Central banks | – | – | – | – | – | – | – | – |
| 3 General governments | – | – | – | – | – | – | – | – |
| 4 Credit institutions | – | – | – | – | – | – | – | – |
| 5 Other financial corporations | – | – | – | – | – | – | – | – |
| 6 Non-financial corporations | 965 | 1,465 | 1,465 | 1,465 | (41) | (257) | 745 | 301 |
| 7 Households | 149 | 653 | 653 | 653 | (36) | (258) | 698 | 572 |
| 8 Debt securities | – | – | – | – | – | – | – | – |
| 9 Loan commitments given | 275 | 150 | 150 | 4 | – | – | 16 | – |
| 10 **Total** | 1,389 | 2,268 | 2,268 | 2,122 | (77) | (515) | 1,459 | 873 |

**Note**
a Prior year comparatives have been revised for non performing forborne exposures, of which defaulted.

# Risk and capital position review
## Analysis of credit risk continued

### Table 57a: Credit quality of forborne exposures for significant subsidiary

**Barclays Bank PLC**

| | | Gross carrying amount/nominal amount of exposures with forbearance measures | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | Collateral received and financial guarantees received on forborne exposures | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Non-performing forborne | | | | | | |
| **As at 31 December 2020** | | Performing forborne £m | £m | Of which defaulted[a] £m | Of which impaired £m | On performing forborne exposures £m | On non-performing forborne exposures £m | £m | Of which collateral and financial guarantees received on non-performing exposures with forbearance measures £m |
| 1 | Loans and Advances | **1,393** | **1,305** | **1,305** | **1,212** | **(91)** | **(551)** | **1,109** | **380** |
| 2 | Central banks | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 3 | General governments | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 4 | Credit institutions | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 5 | Other financial corporations | **13** | **77** | **77** | **76** | **–** | **(67)** | **1** | **1** |
| 6 | Non-financial corporations | **1,313** | **925** | **925** | **886** | **(90)** | **(455)** | **781** | **117** |
| 7 | Households | **67** | **303** | **303** | **250** | **(1)** | **(29)** | **327** | **262** |
| 8 | Debt securities | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 9 | Loan commitments given | **810** | **102** | **102** | **100** | **(12)** | **(1)** | **26** | **1** |
| 10 | **Total** | **2,203** | **1,407** | **1,407** | **1,312** | **(103)** | **(552)** | **1,135** | **381** |
| **As at 31 December 2019** | | | | | | | | | |
| 1 | Loans and Advances | 788 | 835 | 835 | 470 | (20) | (152) | 843 | 392 |
| 2 | Central banks | – | – | – | – | – | – | – | – |
| 3 | General governments | – | – | – | – | – | – | – | – |
| 4 | Credit institutions | – | – | – | – | – | – | – | – |
| 5 | Other financial corporations | – | – | – | – | – | – | – | – |
| 6 | Non-financial corporations | 761 | 528 | 528 | 419 | (20) | (135) | 529 | 105 |
| 7 | Households | 27 | 307 | 307 | 51 | – | (17) | 314 | 287 |
| 8 | Debt securities | – | – | – | – | – | – | – | – |
| 9 | Loan commitments given | 200 | 148 | 148 | 1 | – | – | 16 | – |
| 10 | **Total** | 988 | 983 | 983 | 471 | (20) | (152) | 859 | 392 |

**Note**
a Prior year comparatives have been revised for non performing forborne exposures, of which defaulted.

# Risk and capital position review
## Analysis of credit risk continued

### Table 58: Credit quality of performing and non-performing exposures by past due days

This table follows the regulatory defined measures rather than the IFRS definition and they cannot be reconciled to the tables disclosed in the Barclays PLC Annual Report 2020. For example, loans and advances in the tables below include cash balances at central banks, cash collateral and settlement balances and reverse repos that are not part of the "loans and advances at amortised cost" disclosed in the Barclays PLC Annual Report 2020.

**Barclays Group**

| | | Gross carrying amount/nominal amount | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Performing exposures | | | Non-performing exposures | | | | | | | | |
| | As at 31 December 2020 | £m | Not past due or past due ≤ 30 days £m | Past due > 30 days ≤ 90 days £m | £m | Unlikely to pay that are not past due or are past due ≤ 90 days £m | Past due > 90 days ≤ 180 days £m | Past due > 180 days ≤ 1 year £m | Past due > 1 year ≤ 2 years £m | Past due > 2 year ≤ 5 years £m | Past due > 5 year ≤ 7 years £m | Past due > 7 years £m | Of which defaulted £m |
| 1 | Loans and advances | 781,782 | 779,973 | 1,809 | 9,340 | 3,018 | 1,639 | 2,710 | 610 | 767 | 159 | 437 | 9,311 |
| 2 | Central banks | 209,819 | 209,819 | – | – | – | – | – | – | – | – | – | – |
| 3 | General governments | 11,763 | 11,763 | – | – | – | – | – | – | – | – | – | – |
| 4 | Credit institutions | 48,123 | 48,123 | – | 3 | 3 | – | – | – | – | – | – | 3 |
| 5 | Other financial corporations | 217,470 | 217,391 | 79 | 201 | 19 | 7 | 98 | 63 | 12 | 1 | 1 | 201 |
| 6 | Non-financial corporations | 90,691 | 89,987 | 704 | 3,469 | 1,535 | 819 | 491 | 243 | 313 | 35 | 33 | 3,468 |
| 7 | Of which SMEs | 21,942 | 21,930 | 12 | 1,403 | 421 | 286 | 261 | 149 | 234 | 28 | 24 | 1,403 |
| 8 | Households | 203,916 | 202,890 | 1,026 | 5,667 | 1,461 | 813 | 2,121 | 304 | 442 | 123 | 403 | 5,639 |
| 9 | Debt securities | 103,440 | 103,440 | – | – | – | – | – | – | – | – | – | – |
| 10 | Central banks | 688 | 688 | – | – | – | – | – | – | – | – | – | – |
| 11 | General governments | 68,516 | 68,516 | – | – | – | – | – | – | – | – | – | – |
| 12 | Credit institutions | 19,551 | 19,551 | – | – | – | – | – | – | – | – | – | – |
| 13 | Other financial corporations | 9,965 | 9,965 | – | – | – | – | – | – | – | – | – | – |
| 14 | Non-financial corporations | 4,720 | 4,720 | – | – | – | – | – | – | – | – | – | – |
| 15 | Off-balance-sheet exposures | 358,465 | | | 2,330 | | | | | | | | 2,323 |
| 16 | Central banks | 656 | | | – | | | | | | | | – |
| 17 | General governments | 2,420 | | | – | | | | | | | | – |
| 18 | Credit institutions | 3,025 | | | 23 | | | | | | | | 23 |
| 19 | Other financial corporations | 63,448 | | | 167 | | | | | | | | 167 |
| 20 | Non-financial corporations | 154,877 | | | 1,935 | | | | | | | | 1,928 |
| 21 | Households | 134,039 | | | 205 | | | | | | | | 205 |
| 22 | **Total** | 1,243,687 | 883,413 | 1,809 | 11,670 | 3,018 | 1,639 | 2,710 | 610 | 767 | 159 | 437 | 11,634 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 58: Credit quality of performing and non-performing exposures by past due days – continued

**Barclays Group**

| | | Gross carrying amount/nominal amount | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Performing exposures | | | Non-performing exposures | | | | | | | | |
| | **As at 31 December 2019** | £m | Not past due or past due ≤ 30 days £m | Past due > 30 days ≤ 90 days £m | £m | Unlikely to pay that are not past due or are past due ≤ 90 days £m | Past due > 90 days ≤ 180 days £m | Past due > 180 days ≤ 1 year £m | Past due > 1 year ≤ 2 years £m | Past due > 2 year ≤ 5 years £m | Past due > 5 year ≤ 7 years £m | Past due > 7 years £m | Of which defaulted £m |
| 1 | Loans and advances | 669,345 | 667,549 | 1,796 | 8,227 | 2,545 | 1,261 | 2,574 | 677 | 565 | 159 | 446 | 8,181 |
| 2 | Central banks | 159,850 | 159,850 | – | – | – | – | – | – | – | – | – | – |
| 3 | General governments | 11,053 | 11,053 | – | – | – | – | – | – | – | – | – | – |
| 4 | Credit institutions | 37,414 | 37,414 | – | – | – | – | – | – | – | – | – | – |
| 5 | Other financial corporations | 164,554 | 164,217 | 337 | 106 | 14 | 69 | 8 | 2 | 12 | – | 1 | 106 |
| 6 | Non-financial corporations | 85,577 | 85,232 | 345 | 2,347 | 989 | 343 | 355 | 398 | 207 | 27 | 28 | 2,326 |
| 7 | Of which SMEs | 11,945 | 11,920 | 25 | 1,210 | 274 | 179 | 258 | 308 | 152 | 21 | 18 | 1,213 |
| 8 | Households | 210,897 | 209,783 | 1,114 | 5,774 | 1,542 | 849 | 2,211 | 277 | 346 | 132 | 417 | 5,749 |
| 9 | Debt securities | 87,372 | 87,372 | – | – | – | – | – | – | – | – | – | – |
| 10 | Central banks | 1,078 | 1,078 | – | – | – | – | – | – | – | – | – | – |
| 11 | General governments | 57,010 | 57,010 | – | – | – | – | – | – | – | – | – | – |
| 12 | Credit institutions | 18,622 | 18,622 | – | – | – | – | – | – | – | – | – | – |
| 13 | Other financial corporations | 6,864 | 6,864 | – | – | – | – | – | – | – | – | – | – |
| 14 | Non-financial corporations | 3,798 | 3,798 | – | – | – | – | – | – | – | – | – | – |
| 15 | Off-balance-sheet exposures | 363,948 | | | 937 | | | | | | | | 937 |
| 16 | Central banks | 768 | | | – | | | | | | | | – |
| 17 | General governments | 2,916 | | | – | | | | | | | | – |
| 18 | Credit institutions | 3,176 | | | – | | | | | | | | – |
| 19 | Other financial corporations | 60,364 | | | 54 | | | | | | | | 54 |
| 20 | Non-financial corporations | 160,224 | | | 649 | | | | | | | | 649 |
| 21 | Households | 136,500 | | | 234 | | | | | | | | 234 |
| 22 | **Total** | 1,120,665 | 754,921 | 1,796 | 9,164 | 2,545 | 1,261 | 2,574 | 677 | 565 | 159 | 446 | 9,118 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 58a: Credit quality of performing and non-performing exposures by past due days for significant subsidiary

**Barclays Bank PLC**

| | | Gross carrying amount/nominal amount | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Performing exposures | | | Non-performing exposures | | | | | | | | |
| As at 31 December 2020 | | £m | Not past due or past due ≤ 30 days £m | Past due > 30 days ≤ 90 days £m | £m | Unlikely to pay that are not past due or are past due ≤ 90 days £m | Past due > 90 days ≤ 180 days £m | Past due > 180 days ≤ 1 year £m | Past due > 1 year ≤ 2 years £m | Past due > 2 year ≤ 5 years £m | Past due > 5 year ≤ 7 years £m | Past due > 7 years £m | Of which defaulted £m |
| 1 | Loans and advances | 611,880 | 611,144 | 736 | 3,111 | 1,158 | 567 | 585 | 177 | 271 | 91 | 262 | 3,110 |
| 2 | Central banks | 147,783 | 147,783 | – | – | – | – | – | – | – | – | – | – |
| 3 | General governments | 2,400 | 2,400 | – | – | – | – | – | – | – | – | – | – |
| 4 | Credit institutions | 58,659 | 58,659 | – | 3 | 3 | – | – | – | – | – | – | 3 |
| 5 | Other financial corporations | 339,214 | 339,136 | 78 | 179 | 17 | 5 | 95 | 61 | – | 1 | – | 179 |
| 6 | Non-financial corporations | 53,848 | 53,240 | 608 | 1,846 | 1,067 | 400 | 214 | 83 | 68 | 5 | 9 | 1,846 |
| 7 | Of which SMEs | 608 | 602 | 6 | 7 | 1 | 5 | 1 | – | – | – | – | 7 |
| 8 | Households | 9,976 | 9,926 | 50 | 1,083 | 71 | 162 | 276 | 33 | 203 | 85 | 253 | 1,082 |
| 9 | Debt securities | 66,609 | 66,609 | – | – | – | – | – | – | – | – | – | – |
| 10 | Central banks | 649 | 649 | – | – | – | – | – | – | – | – | – | – |
| 11 | General governments | 43,877 | 43,877 | – | – | – | – | – | – | – | – | – | – |
| 12 | Credit institutions | 13,295 | 13,295 | – | – | – | – | – | – | – | – | – | – |
| 13 | Other financial corporations | 7,575 | 7,575 | – | – | – | – | – | – | – | – | – | – |
| 14 | Non-financial corporations | 1,213 | 1,213 | – | – | – | – | – | – | – | – | – | – |
| 15 | Off-balance-sheet exposures | 210,364 | | | 1,957 | | | | | | | | 1,956 |
| 16 | Central banks | 6 | | | – | | | | | | | | – |
| 17 | General governments | 2,420 | | | – | | | | | | | | – |
| 18 | Credit institutions | 6,878 | | | 23 | | | | | | | | 23 |
| 19 | Other financial corporations | 65,561 | | | 166 | | | | | | | | 166 |
| 20 | Non-financial corporations | 133,843 | | | 1,768 | | | | | | | | 1,767 |
| 21 | Households | 1,656 | | | – | | | | | | | | – |
| 22 | **Total** | 888,853 | 677,753 | 736 | 5,068 | 1,158 | 567 | 585 | 177 | 271 | 91 | 262 | 5,066 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 58a Credit quality of performing and non-performing exposures by past due days for significant subsidiary

**Barclays Bank PLC**

| | | Gross carrying amount/nominal amount | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Performing exposures | | | Non-performing exposures | | | | | | | | |
| | **As at 31 December 2019** | £m | Not past due or past due ≤ 30 days £m | Past due > 30 days ≤ 90 days £m | £m | Unlikely to pay that are not past due or are past due ≤ 90 days £m | Past due > 90 days ≤ 180 days £m | Past due > 180 days ≤ 1 year £m | Past due > 1 year ≤ 2 years £m | Past due > 2 year ≤ 5 years £m | Past due > 5 year ≤ 7 years £m | Past due > 7 years £m | Of which defaulted £m |
| 1 | Loans and advances | 501,822 | 501,071 | 751 | 2,307 | 831 | 407 | 394 | 152 | 199 | 107 | 217 | 2,307 |
| 2 | Central banks | 117,983 | 117,983 | – | – | – | – | – | – | – | – | – | – |
| 3 | General governments | 3,383 | 3,383 | – | – | – | – | – | – | – | – | – | – |
| 4 | Credit institutions | 47,049 | 47,049 | – | – | – | – | – | – | – | – | – | – |
| 5 | Other financial corporations | 266,786 | 266,455 | 331 | 79 | 9 | 67 | 2 | – | – | – | 1 | 79 |
| 6 | Non-financial corporations | 58,213 | 57,887 | 326 | 1,067 | 659 | 168 | 93 | 89 | 45 | 3 | 10 | 1,067 |
| 7 | Of which SMEs | 653 | 637 | 16 | 7 | 1 | 5 | – | – | – | – | 1 | 7 |
| 8 | Households | 8,408 | 8,314 | 94 | 1,161 | 163 | 172 | 299 | 63 | 154 | 104 | 206 | 1,161 |
| 9 | Debt securities | 59,721 | 59,721 | – | – | – | – | – | – | – | – | – | – |
| 10 | Central banks | 1,021 | 1,021 | – | – | – | – | – | – | – | – | – | – |
| 11 | General governments | 38,761 | 38,761 | – | – | – | – | – | – | – | – | – | – |
| 12 | Credit institutions | 13,359 | 13,359 | – | – | – | – | – | – | – | – | – | – |
| 13 | Other financial corporations | 5,611 | 5,611 | – | – | – | – | – | – | – | – | – | – |
| 14 | Non-financial corporations | 969 | 969 | – | – | – | – | – | – | – | – | – | – |
| 15 | Off-balance-sheet exposures | 217,551 | | | 641 | | | | | | | | 641 |
| 16 | Central banks | 18 | | | – | | | | | | | | – |
| 17 | General governments | 2,903 | | | – | | | | | | | | – |
| 18 | Credit institutions | 3,603 | | | – | | | | | | | | – |
| 19 | Other financial corporations | 64,462 | | | 54 | | | | | | | | 54 |
| 20 | Non-financial corporations | 145,113 | | | 582 | | | | | | | | 582 |
| 21 | Households | 1,452 | | | 5 | | | | | | | | 5 |
| 22 | **Total** | 779,094 | 560,792 | 751 | 2,948 | 831 | 407 | 394 | 152 | 199 | 107 | 217 | 2,948 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 59: Performing and non-performing exposures and related provisions
This table provides an overview of the credit quality of non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class.

**Barclays Group**

| | | Gross carrying amount/nominal | | | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | | | | | Collateral and financial guarantees received | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Performing exposures | | | Non-performing exposures | | | Performing exposures – accumulated impairment and provisions | | | Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | Accumulated partial write-off | On performing exposures | On non-performing exposures |
| | | | Of which Stage 1 | Of which Stage 2 | | Of which Stage 2 | Of which Stage 3 | | Of which Stage 1 | Of which Stage 2 | | Of which Stage 2 | Of which Stage 3 | | | |
| | **As at 31 December 2020** | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| 1 | Loans and advances | 781,782 | 730,428 | 51,354 | 9,340 | 187 | 9,122 | (4,632) | (1,063) | (3,569) | (3,811) | (12) | (3,799) | (272) | 383,831 | 3,352 |
| 2 | Central banks | 209,819 | 209,819 | – | – | – | – | – | – | – | – | – | – | – | 5,073 | – |
| 3 | General governments | 11,763 | 11,763 | – | – | – | – | (1) | (1) | – | – | – | – | – | 9,064 | – |
| 4 | Credit institutions | 48,123 | 48,034 | 89 | 3 | – | 3 | (4) | (3) | (1) | – | – | – | – | 20,749 | – |
| 5 | Other financial corporations | 217,470 | 214,180 | 3,290 | 201 | – | 201 | (37) | (21) | (16) | (150) | – | (150) | (116) | 139,228 | 16 |
| 6 | Non-financial corporations | 90,691 | 72,207 | 18,484 | 3,469 | – | 3,469 | (1,040) | (315) | (725) | (947) | – | (947) | (156) | 46,391 | 1,115 |
| 7 | Of which SMEs | 21,942 | 19,665 | 2,277 | 1,403 | – | 1,403 | (161) | (58) | (103) | (234) | – | (234) | – | 18,348 | 816 |
| 8 | Households | 203,916 | 174,425 | 29,491 | 5,667 | 187 | 5,449 | (3,550) | (723) | (2,827) | (2,714) | (12) | (2,702) | – | 163,326 | 2,221 |
| 9 | Debt securities | 103,440 | 99,724 | 3,716 | – | – | – | (21) | (12) | (9) | – | – | – | – | 1,385 | – |
| 10 | Central banks | 688 | 688 | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 11 | General governments | 68,516 | 66,779 | 1,737 | – | – | – | (7) | (4) | (3) | – | – | – | – | – | – |
| 12 | Credit institutions | 19,551 | 17,892 | 1,659 | – | – | – | (4) | (2) | (2) | – | – | – | – | 1,385 | – |
| 13 | Other financial corporations | 9,965 | 9,739 | 226 | – | – | – | (6) | (2) | (4) | – | – | – | – | – | – |
| 14 | Non-financial corporations | 4,720 | 4,626 | 94 | – | – | – | (4) | (4) | – | – | – | – | – | – | – |
| 15 | Off-balance-sheet exposures | 358,465 | 306,351 | 52,114 | 2,330 | – | 2,330 | (1,014) | (256) | (758) | (50) | – | (50) | | 33,239 | 230 |
| 16 | Central banks | 656 | 656 | – | – | – | – | – | – | – | – | – | – | | – | – |
| 17 | General governments | 2,420 | 2,420 | – | – | – | – | – | – | – | – | – | – | | – | – |
| 18 | Credit institutions | 3,025 | 2,809 | 216 | 23 | – | 23 | (7) | (3) | (4) | – | – | – | | 21 | – |
| 19 | Other financial corporations | 63,448 | 61,377 | 2,071 | 167 | – | 167 | (41) | (14) | (27) | (13) | – | (13) | | 16,927 | – |
| 20 | Non-financial corporations | 154,877 | 117,025 | 37,852 | 1,935 | – | 1,935 | (622) | (195) | (427) | (37) | – | (37) | | 11,382 | 228 |
| 21 | Households | 134,039 | 122,064 | 11,975 | 205 | – | 205 | (344) | (44) | (300) | – | – | – | | 4,909 | 2 |
| 22 | **Total** | 1,243,687 | 1,136,503 | 107,184 | 11,670 | 187 | 11,452 | (5,667) | (1,331) | (4,336) | (3,861) | (12) | (3,849) | (272) | 418,455 | 3,582 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 59: Performing and non-performing exposures and related provisions – continued

**Barclays Group**

| | | Gross carrying amount/nominal | | | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | | | | | Collateral and financial guarantees received | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Performing exposures | | | Non-performing exposures | | | Performing exposures – accumulated impairment and provisions | | | Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | Accumulated partial write-off | On performing exposures[a] | On non-performing exposures |
| | As at 31 December 2019 | £m | Of which Stage 1 £m | Of which Stage 2 £m | £m | Of which Stage 2 £m | Of which Stage 3 £m | £m | Of which Stage 1 £m | Of which Stage 2 £m | £m | Of which Stage 2 £m | Of which Stage 3 £m | £m | £m | £m |
| 1 | Loans and advances | 669,345 | 631,384 | 37,961 | 8,227 | 177 | 8,021 | (3,106) | (722) | (2,384) | (3,277) | (6) | (3,271) | (146) | 314,480 | 3,200 |
| 2 | Central banks | 159,850 | 159,850 | – | – | – | – | – | – | – | – | – | – | – | 900 | – |
| 3 | General governments | 11,053 | 11,053 | – | – | – | – | – | – | – | – | – | – | – | 7,655 | – |
| 4 | Credit institutions | 37,414 | 37,328 | 86 | – | – | – | (3) | (1) | (2) | – | – | – | – | 11,636 | – |
| 5 | Other financial corporations | 164,554 | 163,389 | 1,165 | 106 | – | 106 | (83) | (24) | (59) | (18) | – | (18) | (116) | 98,323 | 21 |
| 6 | Non-financial corporations | 85,577 | 76,565 | 9,012 | 2,346 | 20 | 2,326 | (400) | (128) | (272) | (557) | (1) | (556) | (28) | 37,348 | 950 |
| 7 | Of which SMEs | 11,945 | 9,477 | 2,468 | 1,213 | – | 1,213 | (117) | (38) | (79) | (178) | – | (178) | – | 7,497 | 705 |
| 8 | Households | 210,897 | 183,199 | 27,698 | 5,775 | 157 | 5,589 | (2,620) | (569) | (2,051) | (2,702) | (5) | (2,697) | (2) | 158,618 | 2,229 |
| 9 | Debt securities | 87,372 | 86,398 | 974 | – | – | – | (16) | (9) | (7) | – | – | – | – | 1,051 | – |
| 10 | Central banks | 1,078 | 1,078 | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 11 | General governments | 57,010 | 57,010 | – | – | – | – | (6) | (6) | – | – | – | – | – | – | – |
| 12 | Credit institutions | 18,622 | 17,895 | 727 | – | – | – | (2) | (1) | (1) | – | – | – | – | 1,051 | – |
| 13 | Other financial corporations | 6,864 | 6,727 | 137 | – | – | – | (5) | (1) | (4) | – | – | – | – | – | – |
| 14 | Non-financial corporations | 3,798 | 3,688 | 110 | – | – | – | (3) | (1) | (2) | – | – | – | – | – | – |
| 15 | Off-balance-sheet exposures | 363,948 | 345,055 | 18,893 | 937 | 2 | 935 | (266) | (95) | (171) | (56) | – | (56) | | 44,527 | 27 |
| 16 | Central banks | 768 | 768 | – | – | – | – | – | – | – | – | – | – | | – | – |
| 17 | General governments | 2,916 | 2,764 | 152 | – | – | – | (1) | – | (1) | – | – | – | | – | – |
| 18 | Credit institutions | 3,176 | 3,022 | 154 | – | – | – | (3) | (1) | (2) | – | – | – | | 43 | – |
| 19 | Other financial corporations | 60,364 | 57,594 | 2,770 | 54 | – | 54 | (11) | (7) | (4) | – | – | – | | 18,197 | – |
| 20 | Non-financial corporations | 160,224 | 150,479 | 9,745 | 649 | 1 | 648 | (152) | (58) | (94) | (56) | – | (56) | | 21,923 | 23 |
| 21 | Households | 136,500 | 130,428 | 6,072 | 234 | 1 | 233 | (99) | (29) | (70) | – | – | – | | 4,364 | 4 |
| 22 | **Total** | 1,120,665 | 1,062,837 | 57,828 | 9,164 | 179 | 8,956 | (3,388) | (826) | (2,562) | (3,333) | (6) | (3,327) | (146) | 360,058 | 3,227 |

**Note**
a Prior year comparatives have been revised for collateral and financial guarantees received for on performing exposures.

# Risk and capital position review
## Analysis of credit risk continued

### Table 59a: Performing and non-performing exposures and related provisions for significant subsidiary

**Barclays Bank PLC**

| | | Gross carrying amount/nominal | | | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | | | | | Collateral and financial guarantees received | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Performing exposures | | | Non-performing exposures | | | Performing exposures – accumulated impairment and provisions | | | Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | | | |
| | As at 31 December 2020 | £m | Of which Stage 1 £m | Of which Stage 2 £m | £m | Of which Stage 2 £m | Of which Stage 3 £m | £m | Of which Stage 1 £m | Of which Stage 2 £m | £m | Of which Stage 2 £m | Of which Stage 3 £m | Accumulated partial write-off £m | On performing exposures £m | On non-performing exposures £m |
| 1 | Loans and advances | 611,880 | 595,212 | 16,668 | 3,111 | 22 | 3,089 | (885) | (342) | (543) | (1,193) | – | (1,193) | (272) | 226,663 | 908 |
| 2 | Central banks | 147,783 | 147,783 | – | – | – | – | – | – | – | – | – | – | – | 4,813 | – |
| 3 | General governments | 2,400 | 2,400 | – | – | – | – | – | – | – | – | – | – | – | 628 | – |
| 4 | Credit institutions | 58,659 | 58,577 | 82 | 3 | – | 3 | (5) | (4) | (1) | – | – | – | – | 26,039 | – |
| 5 | Other financial corporations | 339,214 | 335,949 | 3,265 | 179 | – | 179 | (47) | (32) | (15) | (146) | – | (146) | (116) | 167,216 | 1 |
| 6 | Non-financial corporations | 53,848 | 41,178 | 12,670 | 1,846 | – | 1,846 | (780) | (269) | (511) | (652) | – | (652) | (156) | 19,591 | 239 |
| 7 | Of which SMEs | 608 | 527 | 81 | 7 | – | 7 | (54) | (24) | (30) | (6) | – | (6) | – | 8 | 1 |
| 8 | Households | 9,976 | 9,325 | 651 | 1,083 | 22 | 1,061 | (53) | (37) | (16) | (395) | – | (395) | – | 8,376 | 668 |
| 9 | Debt securities | 66,609 | 63,697 | 2,912 | – | – | – | (14) | (7) | (7) | – | – | – | – | 1,065 | – |
| 10 | Central banks | 649 | 649 | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 11 | General governments | 43,877 | 42,360 | 1,517 | – | – | – | (6) | (4) | (2) | – | – | – | – | – | – |
| 12 | Credit institutions | 13,295 | 12,113 | 1,182 | – | – | – | (2) | (1) | (1) | – | – | – | – | 1,065 | – |
| 13 | Other financial corporations | 7,575 | 7,370 | 205 | – | – | – | (6) | (2) | (4) | – | – | – | – | – | – |
| 14 | Non-financial corporations | 1,213 | 1,205 | 8 | – | – | – | – | – | – | – | – | – | – | – | – |
| 15 | Off-balance-sheet exposures | 210,364 | 174,417 | 35,947 | 1,957 | – | 1,957 | (604) | (200) | (404) | (50) | – | (50) | | 41,600 | 214 |
| 16 | Central banks | 6 | 6 | – | – | – | – | – | – | – | – | – | – | | – | – |
| 17 | General governments | 2,420 | 2,420 | – | – | – | – | – | – | – | – | – | – | | – | – |
| 18 | Credit institutions | 6,878 | 6,714 | 164 | 23 | – | 23 | (6) | (2) | (4) | – | – | – | | 21 | – |
| 19 | Other financial corporations | 65,561 | 63,673 | 1,888 | 166 | – | 166 | (20) | (14) | (6) | (13) | – | (13) | | 30,411 | – |
| 20 | Non-financial corporations | 133,843 | 100,040 | 33,803 | 1,768 | – | 1,768 | (578) | (184) | (394) | (37) | – | (37) | | 11,057 | 214 |
| 21 | Households | 1,656 | 1,564 | 92 | – | – | – | – | – | – | – | – | – | | 111 | – |
| 22 | **Total** | 888,853 | 833,326 | 55,527 | 5,068 | 22 | 5,046 | (1,503) | (549) | (954) | (1,243) | – | (1,243) | (272) | 269,328 | 1,122 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 59a: Performing and non-performing exposures and related provisions for significant subsidiary – continued

**Barclays Bank PLC**

| | | Gross carrying amount/nominal | | | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | | | | | | Collateral and financial guarantees received | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Performing exposures | | | Non-performing exposures | | | Performing exposures – accumulated impairment and provisions | | | Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions | | Accumulated partial write-off | On performing exposures[a] | On non-performing exposures |
| | **As at 31 December 2019** | £m | Of which Stage 1 £m | Of which Stage 2 £m | £m | Of which Stage 2 £m | Of which Stage 3 £m | £m | Of which Stage 1 £m | Of which Stage 2 £m | £m | Of which Stage 2 £m | Of which Stage 3 £m | £m | £m | £m |
| 1 | Loans and advances | 501,822 | 494,243 | 7,579 | 2,307 | 8 | 2,299 | (404) | (144) | (260) | (710) | – | (710) | (146) | 180,286 | 1,029 |
| 2 | Central banks | 117,983 | 117,983 | – | – | – | – | – | – | – | – | – | – | – | 729 | – |
| 3 | General governments | 3,383 | 3,383 | – | – | – | – | – | – | – | – | – | – | – | 362 | – |
| 4 | Credit institutions | 47,049 | 46,963 | 86 | – | – | – | (4) | (2) | (2) | – | – | – | – | 14,709 | – |
| 5 | Other financial corporations | 266,786 | 265,683 | 1,103 | 79 | – | 79 | (84) | (26) | (58) | (7) | – | (7) | (116) | 137,314 | 3 |
| 6 | Non-financial corporations | 58,213 | 52,396 | 5,817 | 1,067 | – | 1,067 | (279) | (91) | (188) | (368) | – | (368) | (28) | 20,275 | 207 |
| 7 | Of which SMEs | 653 | 532 | 121 | 7 | – | 7 | (37) | (12) | (25) | (7) | – | (7) | – | – | – |
| 8 | Households | 8,408 | 7,835 | 573 | 1,161 | 8 | 1,153 | (37) | (25) | (12) | (335) | – | (335) | (2) | 6,897 | 819 |
| 9 | Debt securities | 59,721 | 58,847 | 874 | – | – | – | (14) | (7) | (7) | – | – | – | – | 727 | – |
| 10 | Central banks | 1,021 | 1,021 | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 11 | General governments | 38,761 | 38,761 | – | – | – | – | (5) | (5) | – | – | – | – | – | – | – |
| 12 | Credit institutions | 13,359 | 12,632 | 727 | – | – | – | (2) | (1) | (1) | – | – | – | – | 727 | – |
| 13 | Other financial corporations | 5,611 | 5,474 | 137 | – | – | – | (5) | (1) | (4) | – | – | – | – | – | – |
| 14 | Non-financial corporations | 969 | 959 | 10 | – | – | – | (2) | – | (2) | – | – | – | – | – | – |
| 15 | Off-balance-sheet exposures | 217,551 | 205,847 | 11,704 | 641 | – | 641 | (158) | (61) | (97) | (56) | – | (56) | | 52,371 | 8 |
| 16 | Central banks | 18 | 18 | – | – | – | – | – | – | – | – | – | – | | – | – |
| 17 | General governments | 2,903 | 2,751 | 152 | – | – | – | (1) | – | (1) | – | – | – | | – | – |
| 18 | Credit institutions | 3,603 | 3,468 | 135 | – | – | – | (3) | (1) | (2) | – | – | – | | 43 | – |
| 19 | Other financial corporations | 64,462 | 61,696 | 2,766 | 54 | – | 54 | (11) | (6) | (5) | – | – | – | | 30,854 | – |
| 20 | Non-financial corporations | 145,113 | 136,518 | 8,595 | 582 | – | 582 | (143) | (54) | (89) | (56) | – | (56) | | 21,474 | 8 |
| 21 | Households | 1,452 | 1,396 | 56 | 5 | – | 5 | – | – | – | – | – | – | | – | – |
| 22 | **Total** | 779,094 | 758,937 | 20,157 | 2,948 | 8 | 2,940 | (576) | (212) | (364) | (766) | – | (766) | (146) | 233,384 | 1,037 |

**Note**
a Prior year comparatives have been revised for collateral and financial guarantees received for on performing exposures.

# Risk and capital position review
## Analysis of credit risk continued

### Table 60: Collateral obtained by taking possession and execution processes

This table provides an overview of foreclosed assets obtained from non-performing exposures.

**Barclays Group**

| | | Collateral obtained by taking possession | |
|---|---|---|---|
| **As at 31 December 2020** | | **Value at initial recognition £m** | **Accumulated negative changes £m** |
| 1 | Property, plant and equipment (PP&E) | **-** | **-** |
| 2 | Other than PP&E | **-** | **-** |
| 3 | Residential immovable property | **21** | **15** |
| 4 | Commercial Immovable property | **-** | **-** |
| 5 | Movable property (auto, shipping, etc.) | **-** | **-** |
| 6 | Equity and debt instruments | **-** | **-** |
| 7 | Other | **-** | **-** |
| 8 | **Total** | **21** | **15** |
| **As at 31 December 2019** | | | |
| 1 | Property, plant and equipment (PP&E) | – | – |
| 2 | Other than PP&E | – | – |
| 3 | Residential immovable property | 15 | 9 |
| 4 | Commercial Immovable property | – | – |
| 5 | Movable property (auto, shipping, etc.) | – | – |
| 6 | Equity and debt instruments | – | – |
| 7 | Other | – | – |
| 8 | **Total** | 15 | 9 |

### Table 60a: Collateral obtained by taking possession and execution processes for significant subsidiary

**Barclays Bank PLC**

| | | Collateral obtained by taking possession | |
|---|---|---|---|
| **As at 31 December 2020** | | **Value at initial recognition £m** | **Accumulated negative changes £m** |
| 1 | Property, plant and equipment (PP&E) | **-** | **-** |
| 2 | Other than PP&E | **-** | **-** |
| 3 | Residential immovable property | **21** | **15** |
| 4 | Commercial Immovable property | **-** | **-** |
| 5 | Movable property (auto, shipping, etc.) | **-** | **-** |
| 6 | Equity and debt instruments | **-** | **-** |
| 7 | Other | **-** | **-** |
| 8 | **Total** | **21** | **15** |
| **As at 31 December 2019** | | | |
| 1 | Property, plant and equipment (PP&E) | – | – |
| 2 | Other than PP&E | – | – |
| 3 | Residential immovable property | 15 | 9 |
| 4 | Commercial Immovable property | – | – |
| 5 | Movable property (auto, shipping, etc.) | – | – |
| 6 | Equity and debt instruments | – | – |
| 7 | Other | – | – |
| 8 | **Total** | 15 | 9 |

# Risk and capital position review
## Analysis of credit risk continued

### Table 61: CR2-B – Changes in the stock of defaulted and impaired loans and debt securities
This table provides an overview of the Bank's stock of defaulted and impaired loans and debt securities.

**Barclays Group**

| | | Gross carrying value defaulted exposures[a] £m |
|---|---|---|
| 1 | **As at 1 January 2020** | **8,181** |
| 2 | Loans and debt securities that have defaulted or impaired since the last reporting period | 5,311 |
| 3 | Returned to non-defaulted status | (1,127) |
| 4 | Amounts written off | (1,976) |
| 5 | Other changes[b] | (1,078) |
| 10 | **As at 31 December 2020** | **9,311** |

**Notes**
a Defaulted exposures are defined as all Stage 3 impaired gross loans and debt securities under IFRS 9 and any Stage 1 and Stage 2 gross loans and debt securities under IFRS 9 more than 90 days past due.
b Other changes include repayments and disposals net drawdowns.

### Table 62: CR2-A – Changes in the stock of general and specific credit risk adjustments
This table shows the movement in the impairment allowance the year.

**Barclays Group**

| | | Accumulated specific credit risk adjustment[a] £m | Accumulated general credit risk adjustment £m |
|---|---|---|---|
| 1 | **As at 1 January 2020** | **6,721** | **–** |
| 2 | Increases due to amounts set aside for estimated loan losses during the period[b] | 4,888 | – |
| 3 | Decreases due to amounts reversed for estimated loan losses during the period[c] | (1,976) | – |
| 4 | Decreases due to amounts taken against accumulated credit risk adjustments | - | – |
| 5 | Transfers between credit risk adjustments | - | – |
| 6 | Impact of exchange rate differences | (105) | – |
| 7 | Business combinations, including acquisitions and disposals of subsidiaries | - | – |
| 9 | Other adjustments | - | – |
| 10 | **As at 31 December 2020** | **9,528** | **–** |
| 11 | Recoveries on credit risk adjustments recorded directly to the statement of profit or loss[d] | (399) | – |
| 12 | Specific credit risk adjustments directly recorded to the statement of profit or loss | - | – |

**Notes**
a Excludes other assets impairment of £149m.
b Increases due to amounts set aside for estimated loan losses during the period includes the net impact of changes made to parameters (such as probability of default, exposure at default and loss given default), changes in macro-economic variables, new assets originated, repayments and drawdowns.
c Represents amounts written off.
d Recoveries include £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.

# Risk and capital position review
## Analysis of credit risk continued

### Table 63: Loans and advances subject to legislative and non-legislative moratoria
This table provides an overview of the credit quality of loans and advances subject to moratoria on loan repayments applied in the light of the COVID-19 crisis.

**Barclays Group**

| | | Gross carrying amount | | | | | | | Accumulated impairment, accumulated negative changes in fair value due to credit risk | | | | | | | Gross carrying amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Performing | | | Non-performing | | | | Performing | | | Non-performing | | | |
| | As at 31 December 2020 | £m | £m | Of which: exposures with forbearance measures[a] £m | Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2) £m | £m | Of which: exposures with forbearance measures £m | Of which: Unlikely to pay that are not past-due or past-due <= 90 days £m | £m | £m | Of which: exposures with forbearance measures £m | Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2) £m | £m | Of which: exposures with forbearance measures £m | Of which: Unlikely to pay that are not past-due or past-due <= 90 days £m | Inflows to non-performing exposures £m |
| 1 | Loans and advances subject to moratorium | **5,027** | **4,714** | **83** | **1,126** | **313** | **5** | **267** | **89** | **64** | **2** | **36** | **25** | **0** | **17** | **75** |
| 2 | of which: Households | **2,621** | **2,474** | **1** | **517** | **146** | **4** | **141** | **48** | **43** | **1** | **25** | **6** | **0** | **4** | **45** |
| 3 | *of which: Collateralised by residential immovable property* | **2,381** | **2,240** | **–** | **444** | **141** | **4** | **139** | **12** | **9** | **–** | **7** | **3** | **0** | **3** | **42** |
| 4 | of which: Non-financial corporations | **2,398** | **2,233** | **82** | **608** | **165** | **0** | **125** | **41** | **21** | **2** | **11** | **20** | **0** | **13** | **30** |
| 5 | *of which: Small and Medium-sized Enterprises* | **2,083** | **1,919** | **65** | **422** | **165** | **–** | **125** | **35** | **16** | **1** | **7** | **20** | **–** | **13** | **30** |
| 6 | *of which: Collateralised by commercial immovable property* | **513** | **444** | **–** | **30** | **69** | **–** | **52** | **10** | **2** | **–** | **0** | **8** | **–** | **5** | **12** |

**Note**
a Balances identified as forborne for Non-Households relate to where a client has at least one facility subject to forbearance and may not specifically relate to public guarantee scheme facilities.

# Risk and capital position review
## Analysis of credit risk continued

### Table 64: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria
This table provides an overview of the volume of loans and advances subject to legislative and non-legislative moratoria.

**Barclays Group**

| | | | Gross carrying amount | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Residual maturity of moratoria | | | | |
| **As of 31 December 2020** | | Number of obligors | £m | Of which: legislative moratoria £m | Of which: expired £m | <= 3 months £m | > 3 months <= 6 months £m | > 6 months <= 9 months £m | > 9 months <= 12 months £m | > 1 year £m |
| 1 | Loans and advances for which moratorium was offered | 717,126 | 29,620 | | | | | | | |
| 2 | Loans and advances subject to moratorium (granted) | 683,034 | 29,278 | 405 | 24,251 | 3,651 | 1,072 | 147 | 89 | 68 |
| 3 | of which: Households | | 25,093 | 405 | 22,472 | 2,498 | 57 | 21 | 36 | 9 |
| *4* | *of which: Collateralised by residential immovable property* | | 22,498 | 306 | 20,117 | 2,258 | 57 | 21 | 36 | 9 |
| 5 | of which: Non-financial corporations | | 4,171 | - | 1,773 | 1,149 | 1,012 | 125 | 53 | 59 |
| *6* | *of which: Small and Medium-sized Enterprises* | | 3,499 | - | 1,416 | 963 | 936 | 100 | 44 | 40 |
| *7* | *of which: Collateralised by commercial immovable property* | | 924 | - | 411 | 244 | 209 | 31 | 12 | 17 |

### Table 65: Newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis
This table provides an overview of the stock of newly originated loans and advances subject to public guarantee schemes introduced in response to COVID-19 crisis.

**Barclays Group**

| | | Gross carrying amount | | Maximum amount of the guarantee that can be considered | Gross carrying amount |
|---|---|---|---|---|---|
| **As of 31 December 2020** | | £m | of which: forborne[a] £m | Public guarantees received £m | Inflows to non-performing exposures £m |
| 1 | **Newly originated loans and advances subject to public guarantee schemes** | 12,266 | 31 | 11,796 | 167 |
| 2 | of which: Households | - | | | - |
| *3* | of which: Collateralised by residential immovable property | - | | | - |
| *4* | of which: Non-financial corporations | 12,256 | 31 | 11,788 | 167 |
| *5* | of which: Small and Medium-sized Enterprises | 11,990 | | | 162 |
| *6* | of which: Collateralised by commercial immovable property | 4,620 | | | 67 |

**Note**

a Balances identified as forborne for Non-Households relate to where a client has at least one facility subject to forbearance and may not specifically relate to public guarantee scheme facilities.

# Risk and capital position review
Analysis of credit risk continued

## Regulatory adjustments to statutory Impairment

The IFRS impairment allowance is adjusted to reflect a regulatory view, which is used to calculate the provision misalignment adjustment to regulatory capital. The primary differences are detailed below:

- Scope of consolidation - adjustments driven by differences between the IFRS and regulatory consolidation, as highlighted on page 14. These include, but are not exclusive to associates and impairments relating to securitisation vehicles.

### Table 66: Regulatory adjustments to statutory Impairment

| As at 31 December 2020 | £m |
|---|---|
| **IFRS allowance for impairment** | **9,564** |
| Scope of consolidation | 113 |
| **Regulatory impairment allowance** | **9,677** |

# Risk and capital position review
Analysis of credit risk continued

## Loss analysis – regulatory expected loss (EL) versus actual losses

The following table compares Barclays regulatory expected loss measure against the actual loss for those portfolios where credit risk is calculated using the AIRB approach.

As expected loss best estimate (ELBE) represents a charge for assets already in default, it has been separately disclosed from total EL. This facilitates comparison of actual loss during the period to the expectation of future loss or EL, as per AIRB models in the prior period.

The following should be considered when comparing EL and actual loss metrics:

- The purpose of EL is not to represent a prediction of future impairment charges
- Whilst the impairment charge and the EL measure respond to similar drivers, they are not directly comparable
- The EL does not reflect growth of portfolios or changes in the mix of exposures. In forecasting and calculating impairment, balances and trends in the cash flow behaviour of customer accounts are considered.

### Regulatory Expected Loss

EL is an input to the capital adequacy calculation which can be seen as an expectation of average future loss based on AIRB models over a one year period as follows:

- Non-defaulted assets: EL is calculated using probability of default, downturn loss given default estimates and exposures at default
- Defaulted assets: EL is based upon an estimate of likely recovery levels for each asset and is generally referred to as ELBE.

### Table 67: Analysis of expected loss versus actual losses for AIRB exposures

AIRB Exposure Class

| Barclays Group | EL £m | ELBE £m | Total expected loss as at 31 December 2019 £m | Total actual loss as at 31 December 2020 £m |
|---|---|---|---|---|
| Central governments or central banks | **8** | **-** | **8** | **-** |
| Institutions | **17** | **1** | **18** | **5** |
| Corporates | **469** | **421** | **890** | **1,043** |
| Retail | | | | |
| – SME | **128** | **90** | **218** | **74** |
| – Secured by real estate collateral | **317** | **309** | **626** | **100** |
| – Qualifying revolving retail | **720** | **599** | **1,319** | **1,007** |
| – Other retail | **183** | **217** | **400** | **204** |
| Equity | **-** | **-** | **-** | **-** |
| Securitisation positions | **-** | **-** | **-** | **-** |
| Non-credit obligation assets | **-** | **-** | **-** | **-** |
| **Total AIRB** | **1,842** | **1,637** | **3,479** | **2,433** |

| Barclays Group | EL £m | ELBE £m | Total expected loss as at 31 December 2018 £m | Total actual loss as at 31 December 2019 £m |
|---|---|---|---|---|
| Central governments or central banks | 6 | - | 6 | - |
| Institutions | 29 | 5 | 33 | 1 |
| Corporates | 425 | 415 | 840 | 180 |
| Retail | - | - | - | - |
| – SME | 142 | 85 | 227 | 21 |
| – Secured by real estate collateral | 294 | 303 | 596 | 26 |
| – Qualifying revolving retail | 816 | 728 | 1,544 | 554 |
| – Other retail | 183 | 329 | 512 | 126 |
| Equity | - | - | - | - |
| Securitisation positions | - | - | - | (18) |
| Non-credit obligation assets | - | - | - | - |
| **Total AIRB** | 1,895 | 1,865 | 3,758 | 890 |

# Risk and capital position review
Analysis of credit risk continued

## Non-trading book equity investments

The holding of non-trading book equity positions is primarily related to the holding of investments by the Private Equity business.

### Table 68: Fair value of gains and losses on equity investments

This table shows the fair value of non-trading book equity positions subject to credit risk calculations, plus associated gains and losses.

**Non trading book equity positions**

| | As at 31 December 2020 | | As at 31 December 2019 | |
|---|---|---|---|---|
| **Barclays Group** | **Fair Value £m** | **RWAs £m** | Fair Value £m | RWAs £m |
| Exchange Traded | **756** | **1,792** | 1,115 | 2,606 |
| Private Equity | **1,393** | **2,110** | 1,396 | 2,148 |
| Other | **-** | **-** | - | - |
| **Total** | **2,149** | **3,902** | 2,511 | 4,754 |
| **Realised gains/(losses) from sale and liquidations of equity investments** | **58** | **-** | 11 | - |
| **Unrealised gains/(losses)** | **(49)** | **-** | 925 | - |
| Unrealised gains/losses included in PRA transitional CET1 Capital | **(49)** | **-** | 925 | - |

# Analysis of counterparty credit risk

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

- **Counterparty credit risk (CCR) RWAs are primarily generated by the following IFRS account classifications: financial assets designated at fair value; derivative financial instruments; reverse repurchase agreements and other similar secured lending**
- **CVA has been included as part of the CCR RWAs disclosures.**

## Key Metrics

**Risk weighted assets for credit risk increased in the year**

**Total RWA**

£3.6bn

**Driven by**

£2.2bn

**Increase in derivatives and SFTs trading activity**

£1.6bn

**Increase due to reduction in credit quality within CIB**

## Risk and capital position review

# Analysis of counterparty credit risk

## CCR exposures

CCR is the risk related to a counterparty defaulting before the final transaction settlement. Barclays calculates the exposures subject to CCR using three methods: IMM, FCCM, and MTM.

The following tables analyse counterparty credit risk exposures and risk weighted assets split by regulatory exposure classes.

### Table 69: Detailed view of counterparty credit risk RWAs and capital requirements

**Barclays Group**

| | As at 31 December 2020 | | | As at 31 December 2019 | | |
|---|---|---|---|---|---|---|
| | EAD £m | RWA £m | Capital requirements £m | EAD £m | RWA £m | Capital requirements £m |
| **Standardised approach** | | | | | | |
| Central governments or central banks | 3,675 | 4 | – | 2,951 | 2 | – |
| Regional governments or local authorities | 2,606 | 2 | – | 1,291 | 1 | – |
| Public sector entities | 1,225 | 145 | 12 | 912 | 119 | 10 |
| Multilateral development banks | 296 | 1 | – | 328 | 1 | – |
| International organisations | 182 | – | – | 48 | – | – |
| Institutions | 24,104 | 993 | 79 | 19,819 | 563 | 45 |
| Corporates | 10,425 | 10,500 | 840 | 10,939 | 10,969 | 878 |
| Retail | – | – | – | – | – | – |
| Secured by mortgages | – | – | – | – | – | – |
| Exposures in default | – | – | – | – | – | – |
| Items associated with high risks | – | – | – | – | – | – |
| Covered bonds | – | – | – | – | – | – |
| Securitisation positions | 119 | 102 | 8 | 7 | 1 | – |
| Collective investment undertakings | – | – | – | – | – | – |
| Equity positions | – | – | – | – | – | – |
| Other items | – | – | – | – | – | – |
| **Total standardised approach** | 42,632 | 11,747 | 939 | 36,295 | 11,656 | 933 |
| **Advanced IRB approach** | – | – | – | | | |
| Central governments or central banks | 7,144 | 763 | 61 | 5,889 | 576 | 46 |
| Institutions | 22,281 | 5,184 | 415 | 21,173 | 5,083 | 407 |
| Corporates | 51,875 | 14,377 | 1,150 | 45,687 | 11,091 | 887 |
| Retail | – | – | – | – | – | – |
| – Small and medium-sized enterprises (SMEs) | – | – | – | – | – | – |
| – Secured by real estate collateral | – | – | – | – | – | – |
| – Qualifying revolving retail | – | – | – | – | – | – |
| – Other retail | – | – | – | – | – | – |
| Equity | – | – | – | – | – | – |
| Securitisation positions | – | – | – | 162 | 162 | 13 |
| Non-credit obligation assets | – | – | – | – | – | – |
| **Total advanced IRB approach** | 81,300 | 20,324 | 1,626 | 72,911 | 16,912 | 1,353 |
| **Default fund contributions** | 2,113 | 1,115 | 89 | 2,084 | 998 | 80 |
| **Total** | 126,045 | 33,186 | 2,654 | 111,290 | 29,566 | 2,366 |

Counterparty credit risk exposure post-CRM and RWAs increased £14.8bn to £126.0bn and £3.6bn to £33.2bn respectively, primarily due to increased derivative and SFT trading activity.

# Risk and capital position review
## Analysis of counterparty credit risk continued

### Table 69a: Detailed view of counterparty credit risk RWAs and capital requirements for significant subsidiary

**Barclays Bank PLC**

| | As at 31 December 2020 | | As at 31 December 2019 | |
|---|---|---|---|---|
| | **RWA £m** | **Capital requirements £m** | RWA £m | Capital requirements £m |
| **Standardised approach** | | | | |
| Central governments or central banks | **2** | **–** | 2 | – |
| Regional governments or local authorities | **2** | **–** | 1 | – |
| Public sector entities | **142** | **11** | 117 | 9 |
| Multilateral development banks | **1** | **–** | 1 | – |
| International organisations | **–** | **–** | – | – |
| Institutions | **3,279** | **262** | 2,718 | 217 |
| Corporates | **7,731** | **619** | 8,276 | 662 |
| Retail | **–** | **–** | – | – |
| Secured by mortgages | **–** | **–** | – | – |
| Exposures in default | **–** | **–** | – | – |
| Items associated with high risks | **–** | **–** | – | – |
| Covered bonds | **–** | **–** | – | – |
| Securitisation positions | **103** | **8** | 1 | – |
| Collective investment undertakings | **–** | **–** | – | – |
| Equity positions | **–** | **–** | – | – |
| Other items | **–** | **–** | – | – |
| **Total standardised approach** | **11,260** | **900** | 11,116 | 888 |
| Advanced IRB approach | | | | – |
| Central governments or central banks | **644** | **52** | 450 | 36 |
| Institutions | **4,190** | **335** | 4,329 | 346 |
| Corporates | **11,965** | **957** | 9,273 | 742 |
| Retail | **–** | **–** | – | – |
| – Small and medium-sized enterprises (SMEs) | **–** | **–** | – | – |
| – Secured by real estate collateral | **–** | **–** | – | – |
| – Qualifying revolving retail | **–** | **–** | – | – |
| – Other retail | **–** | **–** | – | – |
| Equity | **–** | **–** | – | – |
| Securitisation positions | **–** | **–** | 163 | 13 |
| Non-credit obligation assets | **–** | **–** | – | – |
| **Total advanced IRB approach** | **16,799** | **1,344** | 14,215 | 1,137 |
| **Default fund contributions** | **625** | **50** | 342 | 27 |
| **Total** | **28,684** | **2,294** | 25,673 | 2,052 |

# Risk and capital position review
## Analysis of counterparty credit risk continued

### Table 70: CCR1 – Analysis of CCR exposure by approach
This table excludes default fund contribution and as such cannot be directly reconciled to table 69.

**Barclays Group**

| | As at 31 December 2020 | Notional £m | Replacement cost/current market value £m | Potential future credit exposure £m | EEPE £m | Multiplier | EAD post CRM £m | RWAs £m |
|---|---|---|---|---|---|---|---|---|
| 1 | Mark to market | | **2,633** | **19,512** | | | **9,574** | **2,219** |
| 2 | Original exposure | **–** | | | | | **–** | **–** |
| 3 | Standardised approach | | **–** | | | | **–** | **–** |
| 4 | IMM (for derivatives and SFTs) | | | | **72,284** | **1.4** | **101,196** | **25,582** |
| 5 | Of which securities financing transactions | | | | **25,429** | **1.4** | **35,600** | **4,388** |
| 6 | Of which derivatives and long settlement transactions | | | | **46,855** | **1.4** | **65,596** | **21,194** |
| 7 | Of which from contractual cross-product netting | | | | **–** | | **–** | **–** |
| 8 | Financial collateral simple method (for SFTs) | | | | | | **–** | **–** |
| 9 | Financial collateral comprehensive method (for SFTs) | | | | | | **13,162** | **4,270** |
| 10 | VaR for SFTs | | | | | | **–** | **–** |
| 11 | **Total** | | | | | | | **32,071** |

| | As at 31 December 2019 | Notional £m | Replacement cost/current market value £m | Potential future credit exposure £m | EEPE £m | Multiplier | EAD post CRM £m | RWAs £m |
|---|---|---|---|---|---|---|---|---|
| 1 | Mark to market | | 2,004 | 7,996 | | | 5,723 | 1,974 |
| 2 | Original exposure | – | | | | | – | – |
| 3 | Standardised approach | | – | | | | – | – |
| 4 | IMM (for derivatives and SFTs) | | | | 64,055 | 1.4 | 89,677 | 21,871 |
| 5 | Of which securities financing transactions | | | | 21,083 | 1.4 | 29,517 | 4,297 |
| 6 | Of which derivatives and long settlement transactions | | | | 42,972 | 1.4 | 60,160 | 17,575 |
| 7 | Of which from contractual cross-product netting | | | | – | | – | – |
| 8 | Financial collateral simple method (for SFTs) | | | | | | – | – |
| 9 | Financial collateral comprehensive method (for SFTs) | | | | | | 13,806 | 4,723 |
| 10 | VaR for SFTs | | | | | | – | – |
| 11 | **Total** | | | | | | | 28,568 |

Counterparty Credit Risk RWAs increased by £3.5bn to £32.1bn primarily driven by increased trading activity within IMM Derivatives.

# Risk and capital position review

## Analysis of counterparty credit risk continued

### Table 71: CCR3 Counterparty credit risk exposures by exposure classes and risk weight under standardised approach

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

**Exposures by regulatory portfolio and risk**

| Barclays Group | | 0% £m | 2% £m | 4% £m | 10% £m | 20% £m | 35% £m | 50% £m | 70% £m | 75% £m | 100% £m | 150% £m | 250% £m | 370% £m | 1250% £m | Others £m | Deducted £m | Total £m | of which: Unrated £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | | | | | | | | | | | |
| 1 | Central governments or central banks | **3,669** | **–** | **–** | **–** | **–** | **–** | **3** | **–** | **–** | **3** | **–** | **–** | **–** | **–** | **–** | **–** | **3,675** | **358** |
| 2 | Regional governments or local authorities | **2,602** | **–** | **–** | **–** | **2** | **–** | **–** | **–** | **–** | **2** | **–** | **–** | **–** | **–** | **–** | **–** | **2,606** | **180** |
| 3 | Public sector entities | **502** | **–** | **–** | **–** | **722** | **–** | **1** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **1,225** | **1,220** |
| 4 | Multilateral development banks | **293** | **–** | **–** | **–** | **3** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **296** | **3** |
| 5 | International Organisations | **182** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **182** | **88** |
| 6 | Institutions | **–** | **22,648** | **–** | **–** | **651** | **–** | **788** | **–** | **–** | **17** | **–** | **–** | **–** | **–** | **–** | **–** | **24,104** | **8,630** |
| 7 | Corporates | **–** | **–** | **–** | **–** | **27** | **–** | **19** | **–** | **–** | **10,234** | **4** | **–** | **–** | **–** | **–** | **–** | **10,284** | **10,222** |
| 8 | Retail | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 9 | Secured by mortgages on immovable property | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 10 | Exposures in default | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 11 | Items associated with particularly high risk | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 12 | Covered Bonds | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 13 | Claims on institutions and corporate with a short-term credit assessment | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 14 | Claims in the form of CIU | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 15 | Equity exposures | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 16 | Other items | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| 17 | **Total** | **7,248** | **22,648** | **–** | **–** | **1,405** | **–** | **811** | **–** | **–** | **10,256** | **4** | **–** | **–** | **–** | **–** | **–** | **42,372** | **20,701** |

# Risk and capital position review
## Analysis of counterparty credit risk continued

### Table 71: CCR3 Counterparty credit risk exposures by exposure classes and risk weight under standardised approach - continued

**Exposures by regulatory portfolio and risk**

| | Barclays Group | 0% £m | 2% £m | 4% £m | 10% £m | 20% £m | 35% £m | 50% £m | 70% £m | 75% £m | 100% £m | 150% £m | 250% £m | 370% £m | 1250% £m | Others £m | Deducted £m | Total £m | of which: Unrated £m |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **As at 31 December 2019** | | | | | | | | | | | | | | | | | | |
| 1 | Central governments or central banks | 2,947 | – | – | – | – | – | 4 | – | – | – | – | – | – | – | – | – | 2,951 | 219 |
| 2 | Regional governments or local authorities | 1,288 | – | – | – | 3 | – | – | – | – | – | – | – | – | – | – | – | 1,291 | 21 |
| 3 | Public sector entities | 327 | – | – | – | 582 | – | 1 | – | – | 2 | – | – | – | – | – | – | 912 | 591 |
| 4 | Multilateral development banks | 323 | – | – | – | 5 | – | – | – | – | – | – | – | – | – | – | – | 328 | 4 |
| 5 | International Organisations | 48 | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | 48 | 48 |
| 6 | Institutions | – | 19,191 | – | – | 550 | – | 29 | – | – | 7 | – | – | – | – | – | – | 19,777 | 10,210 |
| 7 | Corporates | – | – | – | – | 81 | – | 55 | – | – | 10,647 | 34 | – | – | – | – | – | 10,817 | 10,664 |
| 8 | Retail | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 9 | Secured by mortgages on immovable property | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 10 | Exposures in default | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 11 | Items associated with particularly high risk | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 12 | Covered Bonds | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 13 | Claims on institutions and corporate with a short-term credit assessment | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 14 | Claims in the form of CIU | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 15 | Equity exposures | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 16 | Other items | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – | – |
| 17 | **Total** | 4,933 | 19,191 | – | – | 1,221 | – | 89 | – | – | 10,656 | 34 | – | – | – | – | – | 36,125 | 21,757 |

Counterparty credit risk EAD increased by £6.2bn to £42.4bn primarily driven by an increase in exposures to central clearing counterparties.

# Risk and capital position review
## Analysis of counterparty credit risk continued

### AIRB obligor grade disclosure
The following tables show counterparty credit risk exposure at default post-CRM for the advanced IRB approach for portfolios within both the trading and banking books. Separate tables are provided for the following exposure classes: central governments and central banks (table 72), institutions (table 73), corporates (table 74) and corporates subject to slotting (table 75).

### Table 72: CCR4 Counterparty credit risk exposures by portfolio and PD range for central governments and central banks
**Barclays Group**

| | EAD post CRM £m | Average PD % | Number of obligors | Average LGD % | Average Maturity | RWA £m | RWA Density % | Expected Loss £m | Value Adjustment and Provisions £m |
|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | |
| 0.00 to < 0.15 | **6,827** | **0.0%** | **49** | **60.3%** | **0** | **563** | **8.2%** | **3** | |
| 0.15 to < 0.25 | **140** | **0.2%** | **12** | **53.9%** | **1** | **50** | **36.0%** | **0** | |
| 0.25 to < 0.50 | **65** | **0.3%** | **6** | **45.3%** | **0** | **21** | **31.9%** | **0** | |
| 0.50 to < 0.75 | **–** | **0.6%** | **1** | **45.0%** | **1** | **–** | **66.5%** | **0** | |
| 0.75 to < 2.50 | **104** | **2.3%** | **2** | **45.0%** | **0** | **106** | **101.6%** | **1** | |
| 2.50 to < 10.00 | **3** | **9.1%** | **3** | **56.7%** | **1** | **8** | **242.1%** | **0** | |
| 10.00 to < 100.00 | **5** | **13.0%** | **1** | **63.0%** | **1** | **15** | **312.1%** | **0** | |
| 100.00 (Default) | **–** | **0.0%** | **–** | **0.0%** | **–** | **–** | **0.0%** | **–** | |
| **Total** | **7,144** | **0.1%** | **74** | **59.9%** | **–** | **763** | **10.7%** | **4** | |
| **As at 31 December 2019** | | | | | | | | | |
| 0.00 to < 0.15 | 5,734 | 0.0% | 60 | 58.4% | 0 | 491 | 8.6% | 1 | |
| 0.15 to < 0.25 | 84 | 0.2% | 9 | 51.7% | 1 | 29 | 34.5% | 0 | |
| 0.25 to < 0.50 | 4 | 0.4% | 5 | 50.9% | 2 | 3 | 72.1% | 0 | |
| 0.50 to < 0.75 | 0 | 0.6% | 1 | 45.0% | 1 | 0 | 67.1% | 0 | |
| 0.75 to < 2.50 | 63 | 1.1% | 2 | 45.0% | 0 | 46 | 72.3% | 0 | |
| 2.50 to < 10.00 | 4 | 5.4% | 3 | 59.1% | 1 | 7 | 202.2% | 0 | |
| 10.00 to < 100.00 | – | 0.0% | – | 0.0% | – | – | – | – | |
| 100.00 (Default) | – | 0.0% | – | 0.0% | – | – | – | – | |
| **Total** | 5,889 | 0.1% | 80 | 58.2% | 0 | 576 | 9.8% | 1 | |

The RWA density associated with central governments and central banks remained broadly stable at 10.7% (December 2019: 9.8%).

# Risk and capital position review

## Analysis of counterparty credit risk continued

### Table 73: CCR4 Counterparty credit risk exposures by portfolio and PD range for institutions

**Barclays Group**

| | EAD post CRM £m | Average PD % | Number of obligors | Average LGD % | Average Maturity | RWA £m | RWA Density % | Expected Loss £m | Value Adjustment and Provisions £m |
|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | |
| 0.00 to < 0.15 | **21,028** | **0.1%** | **523** | **46.4%** | **1** | **4,327** | **20.6%** | **6** | |
| 0.15 to < 0.25 | **364** | **0.2%** | **70** | **44.7%** | **2** | **182** | **49.9%** | **0** | |
| 0.25 to < 0.50 | **344** | **0.3%** | **79** | **47.4%** | **1** | **169** | **49.2%** | **0** | |
| 0.50 to < 0.75 | **228** | **0.6%** | **41** | **45.8%** | **1** | **162** | **70.9%** | **1** | |
| 0.75 to < 2.50 | **161** | **1.6%** | **66** | **45.4%** | **1** | **156** | **96.9%** | **1** | |
| 2.50 to < 10.00 | **144** | **5.1%** | **69** | **43.1%** | **1** | **174** | **121.2%** | **2** | |
| 10.00 to < 100.00 | **12** | **14.1%** | **13** | **30.3%** | **1** | **14** | **114.1%** | **0** | |
| 100.00 (Default) | **–** | **0.0%** | **–** | **0.0%** | **–** | **–** | **0.0%** | **–** | |
| **Total** | **22,281** | **0.1%** | **861** | **46.4%** | **1** | **5,184** | **23.3%** | **10** | |
| **As at 31 December 2019** | | | | | | | | | |
| 0.00 to < 0.15 | 18,894 | 0.1% | 634 | 46.4% | 1 | 3,720 | 19.7% | 4 | |
| 0.15 to < 0.25 | 1,672 | 0.2% | 151 | 45.6% | 2 | 887 | 53.1% | 1 | |
| 0.25 to < 0.50 | 294 | 0.3% | 90 | 46.6% | 1 | 160 | 54.3% | 0 | |
| 0.50 to < 0.75 | 45 | 0.6% | 38 | 44.0% | 1 | 28 | 62.0% | 0 | |
| 0.75 to < 2.50 | 108 | 1.7% | 76 | 44.7% | 1 | 109 | 100.5% | 1 | |
| 2.50 to < 10.00 | 152 | 4.4% | 82 | 46.2% | 1 | 175 | 115.2% | 2 | |
| 10.00 to < 100.00 | 8 | 10.7% | 11 | 17.1% | 1 | 4 | 56.0% | 0 | |
| 100.00 (Default) | – | 0.00% | – | | – | – | | – | |
| **Total** | 21,173 | 0.1% | 1,082 | 46.4% | 2 | 5,083 | 24.0% | 8 | |

The RWA density associated with institutions remained broadly stable at 23.3% (December 2019: 24.0%).

# Risk and capital position review
## Analysis of counterparty credit risk continued

### Table 74: CCR4 Counterparty credit risk exposures by portfolio and PD range for corporates

**Barclays Group**

| | EAD post CRM £m | Average PD % | Number of obligors | Average LGD % | Average Maturity | RWA £m | RWA Density % | Expected Loss £m | Value Adjustment and Provisions £m |
|---|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | | |
| 0.00 to < 0.15 | **38,215** | **0.0%** | **5,864** | **45.0%** | **1** | **5,996** | **15.7%** | **8** | |
| 0.15 to < 0.25 | **3,673** | **0.2%** | **586** | **38.6%** | **3** | **1,486** | **40.5%** | **3** | |
| 0.25 to < 0.50 | **2,065** | **0.3%** | **416** | **39.0%** | **3** | **1,043** | **50.5%** | **2** | |
| 0.50 to < 0.75 | **761** | **0.6%** | **299** | **37.6%** | **2** | **526** | **68.9%** | **1** | |
| 0.75 to < 2.50 | **3,146** | **1.4%** | **303** | **26.4%** | **3** | **1,881** | **59.8%** | **11** | |
| 2.50 to < 10.00 | **2,930** | **4.4%** | **214** | **25.6%** | **2** | **2,216** | **75.6%** | **28** | |
| 10.00 to < 100.00 | **800** | **16.3%** | **85** | **28.4%** | **2** | **996** | **124.5%** | **28** | |
| 100.00 (Default) | **30** | **100.0%** | **12** | **26.7%** | **1** | **60** | **199.8%** | **–** | |
| **Total** | **51,620** | **0.7%** | **7,779** | **41.7%** | **2** | **14,204** | **27.5%** | **81** | |
| **As at 31 December 2019** | | | | | | | | | |
| 0.00 to < 0.15 | 38,463 | 0.0% | 6,132 | 45.5% | 1 | 6,098 | 15.9% | 8 | |
| 0.15 to < 0.25 | 2,415 | 0.2% | 615 | 46.9% | 2 | 1,126 | 46.6% | 2 | |
| 0.25 to < 0.50 | 1,474 | 0.3% | 382 | 36.2% | 3 | 725 | 49.2% | 2 | |
| 0.50 to < 0.75 | 717 | 0.5% | 314 | 43.6% | 2 | 563 | 78.6% | 2 | |
| 0.75 to < 2.50 | 1,074 | 1.4% | 256 | 30.4% | 3 | 773 | 72.0% | 4 | |
| 2.50 to < 10.00 | 1,087 | 5.0% | 190 | 39.4% | 2 | 1,327 | 122.1% | 17 | |
| 10.00 to < 100.00 | 218 | 22.1% | 40 | 32.9% | 2 | 306 | 140.3% | 11 | |
| 100.00 (Default) | 6 | 100.0% | 19 | 39.1% | 2 | 7 | 118.4% | – | |
| **Total** | 45,454 | 0.3% | 7,948 | 44.7% | 2 | 10,925 | 24.0% | 46 | |

The RWA density associated with corporates increased 3.5% to 27.5% primarily driven by an increase in trading activity with counterparties in lower quality PD grade.

# Risk and capital position review

## Analysis of counterparty credit risk continued

### Table 75: Counterparty Credit risk - Corporate exposures subject to the slotting approach

**Barclays Group**

| Regulatory categories | | Remaining maturity | On-balance sheet amount £m | Off-balance sheet amount % | Risk weight £m | Exposure amount £m | RWA £m | Expected losses £m |
|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | |
| Category 1 | Strong | Less than 2.5 years | | | **50%** | **68** | **34** | **–** |
| | | Equal to or more than 2.5 years | | | **70%** | **33** | **23** | **0** |
| Category 2 | Good | Less than 2.5 years | | | **70%** | **122** | **85** | **1** |
| | | Equal to or more than 2.5 years | | | **90%** | **25** | **23** | **0** |
| Category 3 | Satisfactory | Less than 2.5 years | | | **115%** | **4** | **5** | **0** |
| | | Equal to or more than 2.5 years | | | **115%** | **4** | **4** | **0** |
| Category 4 | Weak | Less than 2.5 years | | | **250%** | **–** | **–** | **–** |
| | | Equal to or more than 2.5 years | | | **250%** | **–** | **–** | **–** |
| Category 5 | Default | Less than 2.5 years | | | **0%** | **–** | **–** | **–** |
| | | Equal to or more than 2.5 years | | | **0%** | **–** | **–** | **–** |
| **Total** | | Less than 2.5 years | | | | **194** | **124** | **1** |
| | | Equal to or more than 2.5 years | | | | **62** | **50** | **0** |
| **As at 31 December 2019** | | | | | | | | |
| Category 1 | Strong | Less than 2.5 years | | | 50% | 42 | 21 | – |
| | | Equal to or more than 2.5 years | | | 70% | 24 | 17 | 0 |
| Category 2 | Good | Less than 2.5 years | | | 70% | 136 | 96 | 1 |
| | | Equal to or more than 2.5 years | | | 90% | 17 | 15 | 0 |
| Category 3 | Satisfactory | Less than 2.5 years | | | 115% | 11 | 13 | 0 |
| | | Equal to or more than 2.5 years | | | 115% | 3 | 4 | 0 |
| Category 4 | Weak | Less than 2.5 years | | | 250% | – | – | – |
| | | Equal to or more than 2.5 years | | | 250% | – | – | – |
| Category 5 | Default | Less than 2.5 years | | | 0% | – | – | – |
| | | Equal to or more than 2.5 years | | | 0% | – | – | – |
| **Total** | | Less than 2.5 years | | | | 189 | 130 | 1 |
| | | Equal to or more than 2.5 years | | | | 44 | 36 | 0 |

# Risk and capital position review
## Analysis of counterparty credit risk continued

### Table 75a: CR10 - Corporate exposures subject to slotting approach for significant subsidiary

**Barclays Bank PLC**

| Regulatory categories | | Remaining maturity | On-balance sheet amount £m | Off-balance sheet amount £m | Risk weight % | Exposure amount £m | RWA £m | Expected losses £m |
|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | | | |
| Category 1 | Strong | Less than 2.5 years | | | **50%** | **68** | **34** | **–** |
| | | Equal to or more than 2.5 years | | | **70%** | **33** | **23** | **0** |
| Category 2 | Good | Less than 2.5 years | | | **70%** | **77** | **54** | **0** |
| | | Equal to or more than 2.5 years | | | **90%** | **25** | **23** | **0** |
| Category 3 | Satisfactory | Less than 2.5 years | | | **115%** | **4** | **5** | **0** |
| | | Equal to or more than 2.5 years | | | **115%** | **4** | **4** | **0** |
| Category 4 | Weak | Less than 2.5 years | | | **250%** | **–** | **–** | **–** |
| | | Equal to or more than 2.5 years | | | **250%** | **–** | **–** | **–** |
| Category 5 | Default | Less than 2.5 years | | | **0%** | **–** | **–** | **–** |
| | | Equal to or more than 2.5 years | | | **0%** | **–** | **–** | **–** |
| **Total** | | Less than 2.5 years | | | | **149** | **93** | **0** |
| | | Equal to or more than 2.5 years | | | | **62** | **50** | **0** |
| **As at 31 December 2019** | | | | | | | | |
| Category 1 | Strong | Less than 2.5 years | | | 50% | 42 | 21 | – |
| | | Equal to or more than 2.5 years | | | 70% | 24 | 17 | 0 |
| Category 2 | Good | Less than 2.5 years | | | 70% | 134 | 94 | 1 |
| | | Equal to or more than 2.5 years | | | 90% | 17 | 15 | 0 |
| Category 3 | Satisfactory | Less than 2.5 years | | | 115% | 3 | 4 | 0 |
| | | Equal to or more than 2.5 years | | | 115% | 3 | 4 | 0 |
| Category 4 | Weak | Less than 2.5 years | | | 250% | – | – | – |
| | | Equal to or more than 2.5 years | | | 250% | – | – | – |
| Category 5 | Default | Less than 2.5 years | | | 0% | – | – | – |
| | | Equal to or more than 2.5 years | | | 0% | – | – | – |
| **Total** | | Less than 2.5 years | | | | 179 | 119 | 1 |
| | | Equal to or more than 2.5 years | | | | 44 | 36 | 0 |

# Risk and capital position review
## Analysis of counterparty credit risk continued

### Table 76: CCR5-A - Impact of netting and collateral held on exposure values
This table shows the impact on exposure from netting and collateral held for derivatives and SFTs.

**Barclays Group**

| | As at 31 December 2020 | Gross positive fair value or net carrying amount £m | Netting benefits £m | Netted current credit exposure £m | Collateral held £m | Net credit exposure £m |
|---|---|---|---|---|---|---|
| 1 | Derivatives | 717,174 | 642,049 | 75,125 | 101,194 | 30,365 |
| 2 | SFTs | 1,211,561 | 1,188,002 | 23,559 | 164 | 23,559 |
| 3 | Cross-product netting | – | – | – | – | – |
| 4 | **Total** | 1,928,735 | 1,830,051 | 98,684 | 101,358 | 53,924 |
| | **As at 31 December 2019** | | | | | |
| 1 | Derivatives | 457,727 | 395,378 | 62,349 | 86,485 | 21,932 |
| 2 | SFTs | 1,014,883 | 995,137 | 19,745 | 378 | 19,745 |
| 3 | Cross-product netting | – | – | – | – | – |
| 4 | **Total** | 1,472,610 | 1,390,515 | 82,094 | 86,863 | 41,677 |

Net carrying amount increased £456.1bn to £1,928.7bn primarily due to increase in trading activity, which was mostly offset by corresponding netting and collateral benefits resulting in a £12.2bn increase to net credit exposure.

### Table 77: CCR5-B - Composition of collateral for exposures to CCR
This table shows the types of collateral posted or received to support or reduce CCR exposures relating to derivative transactions or SFTs, including transactions cleared through a CCP.

**Barclays Group**

| | | Collateral used in derivative transactions | | | | Collateral used in SFTs | |
|---|---|---|---|---|---|---|---|
| | | Fair value of collateral received | | Fair value of posted collateral | | Fair value of collateral received | Fair value of posted collateral |
| | As at 31 December 2020 | Segregated £m | Unsegregated £m | Segregated £m | Unsegregated £m | £m | £m |
| 1 | Cash | – | 79,256 | – | 68,165 | 119 | 1,567 |
| 2 | Debt | 7,998 | 12,142 | 6,960 | 5,042 | – | – |
| 3 | Equity | 60 | 644 | – | – | – | – |
| 4 | Others | – | 1,094 | – | – | 45 | – |
| 5 | **Total** | 8,058 | 93,136 | 6,960 | 73,207 | 164 | 1,567 |
| | **As at 31 December 2019** | | | | | | |
| 1 | Cash | – | 65,487 | – | 57,877 | 259 | 762 |
| 2 | Debt | 7,180 | 12,060 | 5,892 | 4,771 | – | – |
| 3 | Equity | 13 | 637 | – | – | – | – |
| 4 | Others | – | 1,108 | – | – | 119 | – |
| 5 | **Total** | 7,193 | 79,292 | 5,892 | 62,648 | 378 | 762 |

Derivatives collateral received increased £14.7bn to £101.2bn and posted collateral increased £11.6bn to £80.2bn primarily due to trading activity.

# Risk and capital position review
Analysis of counterparty credit risk continued

## Credit derivative notionals

The following tables show the notional of the credit derivative transactions outstanding as at 31 December 2020.

Table 78 splits the notional values of credit default swaps (CDS) and total return swaps (TRS), by two categories: own credit portfolio and intermediation activities.

Own credit portfolio consists of trades used for hedging and credit management. Intermediation activities cover all other credit derivatives.

Credit derivatives booked arising from clearing activities performed on behalf of external counterparties are not reported in this table as the Group does not have any long/short exposures to the underlying reference obligations.

Own credit for the purposes of this note is different from own credit used for accounting disclosures purposes, which represents the change in fair value due to Barclays' own credit standing.

### Table 78: Notional exposure associated with credit derivative contracts

**Outstanding amount of exposure held:**

| Barclays Group<br>Credit derivative product type | Own credit portfolio | | Intermediation activities | |
|---|---|---|---|---|
| | As protection purchaser | As protection seller | As protection purchaser | As protection seller |
| | £m | £m | £m | £m |
| **As at 31 December 2020** | | | | |
| Credit default swaps | **936** | **217** | **340,528** | **337,630** |
| Total return swaps | **165** | **165** | **11,004** | **1,884** |
| **Total** | **1,101** | **382** | **351,532** | **339,514** |
| **As at 31 December 2019** | | | | |
| Credit default swaps | 1,017 | 133 | 345,152 | 334,321 |
| Total return swaps | 171 | 171 | 9,689 | 1,570 |
| **Total** | 1,188 | 304 | 354,841 | 335,891 |

Notional exposures from intermediation activities remained broadly stable at £691.0bn (December 2019: £690.7bn).

# Risk and capital position review
## Analysis of counterparty credit risk continued

### Table 79: CCR6 - Credit derivatives exposures
This table provides a breakdown of the Barclays' exposures to credit derivatives products.

**Barclays Group**

| | | Credit derivative hedges | | |
|---|---|---|---|---|
| | | Protection bought £m | Protection sold £m | Other credit derivatives £m |
| **As at 31 December 2020** | | | | |
| **Notionals** | | | | |
| | Single-name credit default swaps | **388** | **–** | **307,957** |
| | Index credit default swaps | **–** | **–** | **370,967** |
| | Total return swaps | **–** | **–** | **13,218** |
| | Credit options | **–** | **–** | **62,494** |
| | Other credit derivatives | **–** | **–** | **–** |
| **Total notionals** | | **388** | **–** | **754,636** |
| **Fair values** | | **(10)** | **–** | **(421)** |
| | **Positive fair value (asset)** | **2** | **–** | **10,040** |
| | **Negative fair value (liability)** | **(12)** | **–** | **(10,461)** |
| **As at 31 December 2019** | | | | |
| Notionals | | | | |
| | Single-name credit default swaps | 347 | – | 315,330 |
| | Index credit default swaps | – | – | 364,946 |
| | Total return swaps | – | – | 11,601 |
| | Credit options | – | – | 50,512 |
| | Other credit derivatives | – | – | – |
| **Total notionals** | | 347 | – | 742,389 |
| **Fair values** | | (14) | – | 164 |
| | **Positive fair value (asset)** | 4 | – | 12,646 |
| | **Negative fair value (liability)** | (18) | – | (12,482) |

Other credit derivatives notionals increased by £12.2bn to £754.6bn primarily due to trading activity.

# Risk and capital position review
## Analysis of counterparty credit risk continued

### Table 80: CCR8 Exposures to Central Counterparties (CCPs)
This table provides a breakdown of Barclays' exposures and RWAs to CCPs.

**Barclays Group**

| | | As at 31 December 2020 | | As at 31 December 2019 | |
|---|---|---|---|---|---|
| | | EAD post CRM £m | RWAs £m | EAD post CRM £m | RWAs £m |
| 1 | **Exposures to QCCPs (total)** | | 1,568 | | 1,382 |
| 2 | Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which | 9,181 | 184 | 9,346 | 187 |
| 3 | (i) OTC derivatives | 2,343 | 47 | 3,639 | 73 |
| 4 | (ii) Exchange-traded derivatives | 5,361 | 107 | 2,684 | 54 |
| 5 | (iii) SFTs | 1,477 | 30 | 3,023 | 60 |
| 6 | (iv) Netting sets where cross-product netting has been approved | – | – | – | – |
| 7 | Segregated initial margin | 1,633 | | 1,005 | |
| 8 | Non-segregated initial margin | 13,468 | 269 | 9,845 | 197 |
| 9 | Prefunded default fund contributions | 2,113 | 1,115 | 2,084 | 998 |
| 10 | Alternative calculation of own funds requirements for exposures | | – | | – |
| 11 | **Exposures to non-QCCPs (total)** | | – | | – |
| 12 | Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which | – | – | – | – |
| 13 | (i) OTC derivatives | – | – | – | – |
| 14 | (ii) Exchange-traded derivatives | – | – | – | – |
| 15 | (iii) SFTs | – | – | – | – |
| 16 | (iv) Netting sets where cross-product netting has been approved | – | – | – | – |
| 17 | Segregated initial margin | – | | – | |
| 18 | Non-segregated initial margin | – | – | – | – |
| 19 | Prefunded default fund contributions | – | – | – | – |
| 20 | Unfunded default fund contributions | – | – | – | – |

EAD post CRM for non-segregated initial margin increased by £3.6bn to £13.5bn driven by market volatility and increased client activity.

# Risk and capital position review
Analysis of counterparty credit risk continued

## Credit valuation adjustments (CVA)

The CVA measures the risk from MTM losses due to deterioration in the credit quality of a counterparty to over-the-counter derivative transactions with Barclays. It is a complement to the counterparty credit risk charge, that accounts for the risk of outright default of a counterparty.

### Table 81: CCR2 Credit valuation adjustment (CVA) capital charge

Two approaches can be used to calculate the adjustment:

- Standardised approach: this approach takes account of the external credit rating of each counterparty, EAD from the calculation of the CCR and the effective maturity
- Advanced approach: this approach requires the calculation of the charge as a) a 10-day 99% Value at Risk (VaR) measure for the most recent two-year period and b) the same measure for a one-year stressed period. The sum of the 60 day averages for the two VaR measures is multiplied with the relevant multiplication factor, based on the number of market risk back-testing exceptions for the most recent 250 business days, to yield the capital charge.

**Credit valuation adjustment (CVA) capital charge**

| Barclays Group | | Exposure value £m | RWA £m |
|---|---|---|---|
| **As at 31 December 2020** | | | |
| 1 | Total portfolios subject to the Advanced Method | **16,455** | **2,171** |
| 2 | (i) VaR component (including the 3x multiplier) | | **706** |
| 3 | (ii) Stressed VaR component (including 3x multiplier) | | **1,465** |
| 4 | All portfolios subject to the Standardised Method | **832** | **347** |
| EU4 | Based on original exposure method | **–** | **–** |
| 5 | **Total subject to the CVA capital charge** | **17,287** | **2,518** |
| **As at 31 December 2019** | | | |
| 1 | Total portfolios subject to the Advanced Method | 15,966 | 2,295 |
| 2 | (i) VaR component (including the 3x multiplier) | | 595 |
| 3 | (ii) Stressed VaR component (including 3x multiplier) | | 1,700 |
| 4 | All portfolios subject to the Standardised Method | 306 | 209 |
| EU4 | Based on original exposure method | – | – |
| 5 | **Total subject to the CVA capital charge** | 16,272 | 2,504 |

The CVA RWA remained stable at £2.5bn (December 2019: £2.5bn).

# Analysis of market risk

This section contains key disclosures describing market risk profile, including regulatory as well as management measures. This includes risk weighted assets by major business lines, as well as Value at Risk measures.

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

## Key Metrics

**Risk weighted assets for market risk increased by £4.9bn (December 2019: £30.8bn)**

**Driven by**

£9.2bn

**Increase in derivatives and SFTs trading activity**

-£4.3bn

**Removal of a Risk Not In VaR (RNIV) and a reduction in pre COVID-19 VaR backtesting exceptions**

**Management Value at Risk increased by £9m (39%)**

£9.0m

**Increase in market volatility during the initial phase of the COVID-19 pandemic**

## Risk and capital position review

# Analysis of market risk

## Balance sheet view of trading and banking books

As defined by regulatory rules, a trading book consists of positions held for trading intent or to hedge elements of the trading book. Trading intent must be evidenced in the basis of the strategies, policies and procedures set up by the firm to manage the position or portfolio. The table below provides a Group-wide overview of where assets and liabilities on the Group's balance sheet are managed within regulatory traded and non-traded books.

The balance sheet split by trading book and banking book is shown on an IFRS accounting scope of consolidation. The reconciliation between the accounting and regulatory scope of consolidation is shown in table 8 on page 20.

### Table 82: Balance sheet split by trading and banking books

| As at 31 December2020 | Banking book[a] £m | Trading book £m | Total £m |
|---|---|---|---|
| Cash and balances at central banks | 191,127 | - | 191,127 |
| Cash collateral and settlement balances | 79,464 | 21,903 | 101,367 |
| Loans and advances at amortised cost | 342,632 | - | 342,632 |
| Reverse repurchase agreements and other similar secured lending | 9,031 | - | 9,031 |
| Trading portfolio assets | 1,834 | 126,116 | 127,950 |
| Financial assets designated at fair value | 10,743 | 164,408 | 175,151 |
| Derivative financial instruments | 4,245 | 298,201 | 302,446 |
| Financial assets at fair value through other comprehensive income | 78,688 | - | 78,688 |
| Investments in associates and joint ventures | 781 | - | 781 |
| Goodwill and intangible assets | 7,948 | - | 7,948 |
| Property, plant and equipment | 4,036 | - | 4,036 |
| Current tax assets | 477 | - | 477 |
| Deferred tax assets | 3,444 | - | 3,444 |
| Retirement benefit assets | 1,814 | - | 1,814 |
| Other assets | 2,622 | - | 2,622 |
| **Total assets** | 738,886 | 610,628 | 1,349,514 |
| Deposits at amortised cost | 481,036 | - | 481,036 |
| Cash collateral and settlement balances | 58,901 | 26,522 | 85,423 |
| Repurchase agreements and other similar secured borrowing | 14,174 | - | 14,174 |
| Debt securities in issue | 75,796 | - | 75,796 |
| Subordinated liabilities | 16,341 | - | 16,341 |
| Trading portfolio liabilities | 878 | 46,527 | 47,405 |
| Financial liabilities designated at fair value | 4,660 | 245,105 | 249,765 |
| Derivative financial instruments | 4,366 | 296,409 | 300,775 |
| Current tax liabilities | 645 | - | 645 |
| Deferred tax liabilities | 15 | - | 15 |
| Retirement benefit liabilities | 291 | - | 291 |
| Other liabilities | 8,662 | - | 8,662 |
| Provisions | 2,304 | - | 2,304 |
| **Total liabilities** | 668,069 | 614,563 | 1,282,632 |

**Note**

a The primary risk factors for banking book assets and liabilities are interest rates and to a lesser extent, foreign exchange rates. Credit spreads and equity prices will also be factor where the Group holds debt and equity securities respectively, either as financial assets designated at fair value or as financial assets at fair value through other comprehensive income.

Included within the trading book are assets and liabilities which are included in the market risk regulatory measures. For more information on these measures (VaR, Stressed Value at Risk (SVaR), Incremental Risk Charge (IRC) and Comprehensive risk measure) see the risk management section on pages 184 and 185.

# Risk and capital position review
## Analysis of market risk continued

## Traded market risk review

### Review of management measures

The following disclosures provide details on market risk management measures. See the risk management section on page 182 for more detail on management measures and the differences with 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.

### Table 83: The daily average, maximum and minimum values of management VaR

**Management VaR (95%, one day)**

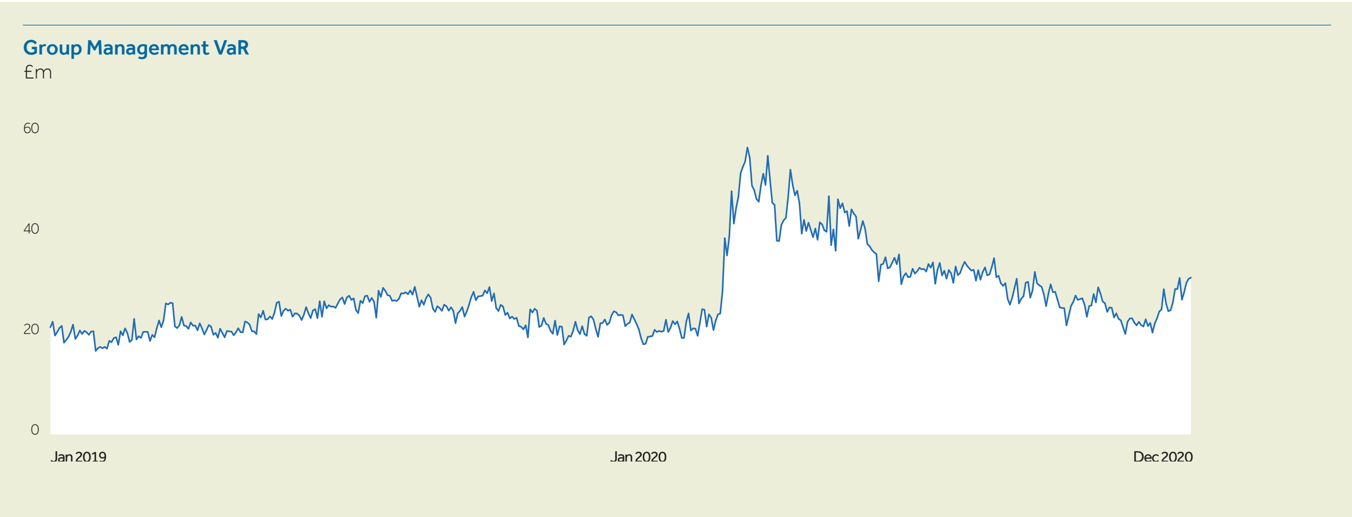
| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| **For the year ended 31 December** | **Average £m** | **High[a] £m** | **Low[a] £m** | Average £m | High[a] £m | Low[a] £m |
| Credit risk | **20** | **38** | **10** | 12 | 17 | 8 |
| Interest rate risk | **10** | **17** | **6** | 6 | 11 | 3 |
| 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 |

**Notes**

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

Average management VaR increased to £32m (December 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.

### Group Management VaR[a] (£m)



# Risk and capital position review
## Analysis of market risk continued

### 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.

### Review of regulatory measures
The following disclosures provide details on regulatory measures of market risk. Refer to pages 183 and 184 of this report for more detail on regulatory measures and the differences when compared to management measures.

Barclays Group's market risk capital requirement comprises of two elements:

- the market risk of trading book positions booked to legal entities are measured under a PRA approved internal models approach, including Regulatory VaR, SVaR, IRC and Comprehensive Risk Measure (CRM) as required
- the trading book positions that do not meet the conditions for inclusion within the approved internal models approach are calculated using standardised rules.

The table below summarises the regulatory market risk measures, under the internal models approach. Refer to Table 86 "Minimum capital requirement for market risk", on page 129 for a breakdown of capital requirements by approach.

### Table 84: MR3 - Analysis of Regulatory VaR, SVaR, IRC and CRM

| | Year-end £m | Avg. £m | Max £m | Min £m |
|---|---|---|---|---|
| **As at 31 December 2020** | | | | |
| Regulatory VaR (1-day) | **39** | **56** | **111** | **24** |
| Regulatory VaR (10-day)[a] | **123** | **178** | **352** | **75** |
| SVaR (1-day) | **91** | **90** | **152** | **62** |
| SVaR (10-day)[a] | **288** | **285** | **481** | **195** |
| IRC | **378** | **206** | **391** | **112** |
| CRM | **-** | **-** | **-** | **-** |
| **As at 31 December 2019** | | | | |
| Regulatory VaR (1-day) | 36 | 27 | 38 | 16 |
| Regulatory VaR (10-day)[a] | 115 | 84 | 119 | 52 |
| SVaR (1-day) | 112 | 57 | 112 | 35 |
| SVaR (10-day)[a] | 355 | 180 | 355 | 111 |
| IRC | 264 | 139 | 283 | 74 |
| CRM | - | - | - | - |

**Notes**
a The 10 day VaR is based on scaling of 1-day VaR model output since VaR is currently not modelled for a 10-day holding period. For more information about regulatory and stressed VaR methodology, refer to page 184.

Overall, there was an increase in VaR, SVaR and IRC model risk components in 2020:

- Regulatory VaR and SVaR: Increased due to elevated market volatility during the COVID-19 pandemic
- IRC: Increase was driven by higher default exposure in credit trading

# Risk and capital position review
## Analysis of market risk continued

### Table 85: Breakdown of the major regulatory risk measures by portfolio

| As at 31 December 2020 | Macro £m | Equities £m | Credit £m | Barclays International Treasury £m | Banking £m | Barclays Group Treasury £m | Cross Markets £m | Securitised Products £m | Fixed Income Financing £m |
|---|---|---|---|---|---|---|---|---|---|
| Regulatory VaR (1-day) | **15** | **29** | **42** | **-** | **1** | **5** | **38** | **4** | **2** |
| Regulatory VaR (10-day) | **47** | **90** | **132** | **-** | **4** | **15** | **119** | **11** | **7** |
| SVaR (1-day) | **35** | **31** | **47** | **-** | **1** | **9** | **49** | **6** | **6** |
| SVaR (10-day) | **112** | **99** | **148** | **1** | **3** | **28** | **155** | **20** | **20** |
| IRC | **208** | **26** | **568** | **-** | **1** | **-** | **26** | **10** | **4** |
| CRM | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **As at 31 December 2019** | | | | | | | | | |
| Regulatory VaR (1-day) | 13 | 10 | 23 | - | 1 | 4 | 16 | 2 | 2 |
| Regulatory VaR (10-day) | 42 | 31 | 73 | 1 | 2 | 12 | 49 | 6 | 8 |
| SVaR (1-day) | 61 | 11 | 41 | 1 | 2 | 13 | 33 | 4 | 4 |
| SVaR (10-day) | 194 | 33 | 129 | 2 | 5 | 41 | 103 | 14 | 13 |
| IRC | 174 | 6 | 427 | - | 3 | - | 59 | 7 | 8 |
| CRM | - | - | - | - | - | - | - | - | - |

The table above shows the primary portfolios which are driving the trading businesses' modelled capital requirement as at 2020 year-end. The standalone portfolio results diversify at the total level and are not additive. Regulatory VaR, SVaR, IRC and CRM in the prior table show the diversified results at a Group level.

# Risk and capital position review

Analysis of market risk continued

## Capital requirements for market risk

The table below shows the elements of capital requirements and risk weighted assets under the market risk framework as defined in the CRR. The Group is required to hold capital for the market risk exposures arising from regulatory trading books. Inputs for the modelled components include the measures on table 84, using the higher of the end of period value or an average over the past 60 days (times a multiplier in the case of VaR and SVaR).

### Table 86: Market risk own funds requirements

**Barclays Group**

| | | RWA | | Capital requirements | |
|---|---|---|---|---|---|
| | | **As at 31 December 2020 £m** | As at 31 December 2019 £m | **As at 31 December 2020 £m** | As at 31 December 2019 £m |
| 1 | **Internal models approach** | **22,434** | 17,729 | **1,795** | 1,418 |
| 2 | VaR | **5,126** | 4,121 | **410** | 330 |
| 3 | SVaR | **9,037** | 8,236 | **723** | 659 |
| 4 | Incremental risk charge | **4,671** | 3,705 | **374** | 296 |
| 5 | Comprehensive risk measure | **-** | - | **-** | - |
| 6 | Risks not in VaR | **3,600** | 1,667 | **288** | 133 |
| 7 | **Standardised approach** | **13,195** | 13,032 | **1,055** | 1,043 |
| 8 | Interest rate risk (general and specific) | **5,669** | 5,770 | **453** | 462 |
| 9 | Equity risk (general and specific) | **4,072** | 4,951 | **326** | 396 |
| 10 | Foreign exchange risk | **437** | 457 | **35** | 37 |
| 11 | Commodity risk | **-** | - | **-** | - |
| 12 | Specific interest rate risk of securitisation position | **3,017** | 1,854 | **241** | 148 |
| 13 | **Total** | **35,629** | 30,761 | **2,850** | 2,461 |

Overall market risk RWAs increased £4.9bn to £35.6bn.

Refer to tables 87 and 88 for detailed movement analysis on the standardised approach and internal models approach.

# Risk and capital position review
## Analysis of market risk continued

### Table 86a: Market risk own funds requirements for significant subsidiary

**Barclays Bank PLC**

| | | RWA | | Capital Requirements | |
|---|---|---|---|---|---|
| | | **As at 31 December 2020 £m** | As at 31 December 2019 £m | **As at 31 December 2020 £m** | As at 31 December 2019 £m |
| 1 | **Internal models approach** | **20,353** | 17,275 | **1,628** | 1,382 |
| 2 | VaR | **4,860** | 4,288 | **389** | 343 |
| 3 | SVaR | **7,783** | 7,986 | **622** | 639 |
| 4 | Incremental risk charge | **4,711** | 3,394 | **377** | 271 |
| 5 | Comprehensive risk measure | **-** | - | **-** | - |
| 6 | Risks not in VaR | **2,999** | 1,607 | **240** | 129 |
| 7 | **Standardised approach** | **6,175** | 6,163 | **494** | 493 |
| 8 | Interest rate risk (general and specific) | **3,592** | 3,607 | **287** | 289 |
| 9 | Equity risk (general and specific) | **1,585** | 1,828 | **127** | 146 |
| 10 | Foreign exchange risk | **42** | 36 | **3** | 3 |
| 11 | Commodity risk | **-** | - | **-** | - |
| 12 | Specific interest rate risk of securitisation position | **956** | 692 | **77** | 55 |
| 13 | **Total** | **26,528** | 23,438 | **2,122** | 1,875 |

### Table 87: MR1 – Market risk under standardised approach

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

**Barclays Group**

| | | RWA | | Capital requirements | |
|---|---|---|---|---|---|
| | | **As at December 2020 £m** | As at December 2019 £m | **As at December 2020 £m** | As at December 2019 £m |
| | **Outright products** | | | | |
| 1 | Interest rate risk (general and specific) | **5,669** | 5,770 | **453** | 462 |
| 2 | Equity risk (general and specific) | **2,992** | 4,057 | **240** | 325 |
| 3 | Foreign exchange risk | **437** | 457 | **35** | 37 |
| 4 | Commodity risk | **-** | - | **-** | - |
| | **Options** | **-** | - | **-** | - |
| 5 | Simplified approach | **-** | - | **-** | - |
| 6 | Delta-plus method | **868** | 789 | **69** | 63 |
| 7 | Scenario approach | **212** | 105 | **17** | 8 |
| 8 | **Securitisation ( Specific Risk )** | **3,017** | 1,854 | **241** | 148 |
| 9 | **Total** | **13,195** | 13,032 | **1,055** | 1,043 |

Standardised market risk RWAs remained stable at £13.2bn.

# Risk and capital position review
## Analysis of market risk continued

### Table 88: MR2-A – Market risk under internal models approach
This table shows RWAs and capital requirements under the internal models approach. The table shows the calculation of capital requirements as a function of latest and average values for each component.

**Barclays Group**

| | | RWA | | Capital requirements | |
|---|---|---|---|---|---|
| | | **As at 31 December 2020 £m** | As at 31 December 2019 £m | **As at 31 December 2020 £m** | As at 31 December 2019 £m |
| **1** | **VaR** (higher of values a and b) | **5,126** | 4,121 | **410** | 330 |
| (a) | Previous day's VaR (Article 365(1) (VaRt-1)) | **-** | - | **180** | 171 |
| (b) | Average of the daily VaR (Article 365(1)) on each of the preceding sixty business days (VaRavg) x multiplication factor ((mc) in accordance with Article 366) | **-** | - | **410** | 330 |
| **2** | **SVaR** (higher of values a and b) | **9,037** | 8,236 | **723** | 659 |
| (a) | Latest SVaR (Article 365(2) (sVaRt-1)) | **-** | - | **390** | 521 |
| (b) | Average of the SVaR (Article 365(2) during the preceding sixty business days (sVaRavg) x multiplication factor (ms) (Article 366) | **-** | - | **723** | 659 |
| **3** | Incremental risk charge –**IRC** (higher of values a and b) | **4,671** | 3,705 | **374** | 296 |
| (a) | Most recent IRC value (incremental default and migration risks section 3 calculated in accordance with articles 370/374) | **-** | - | **374** | 296 |
| (b) | Average of the IRC number over the preceding 12 weeks | **-** | - | **273** | 185 |
| **4** | Comprehensive Risk Measure – **CRM** (higher of values a, b and c) | **-** | - | **-** | - |
| (a) | Most recent risk number for the correlation trading portfolio (article 377) | **-** | - | **-** | - |
| (b) | Average of the risk number for the correlation trading portfolio over the preceding 12-weeks | **-** | - | **-** | - |
| (c) | 8 % of the own funds requirement in SA on most recent risk number for the correlation trading portfolio (Article 338(4)) | **-** | - | **-** | - |
| 5 | Other | **3,600** | 1,667 | **288** | 133 |
| **6** | **Total** | **22,434** | 17,729 | **1,795** | 1,418 |

Modelled market risk RWAs increased £4.7bn to £22.4bn, driven by:

- VaR and SvaR increased £1.0bn and £0.8bn respectively, driven by increased market volatility
- IRC increased £1.0bn primarily due to increased trading activity
- Other increased £1.9bn to £3.6bn due to higher stressed RNIVs

# Analysis of securitisation exposures

This section shows the credit, counterparty credit and market risk arising from securitisation positions. These are already included in previous related sections.

Securitisation positions are subject to a distinct regulatory framework and are therefore disclosed separately.

- **Securitisation RWAs increased by £6.9bn, primarily driven by the implementation of new securitisation rule framework, synthetic originations and business activity.**

**Banking book RWAs**

+£5.7bn

**Trading book RWAs**

+£1.2bn

## Risk and capital position review

# Analysis of securitisation exposures

For regulatory disclosure purposes, a securitisation is defined as a transaction or scheme where the payments are dependent upon the performance of a single exposure or pool of exposures and where the subordination of tranches determines the distribution of losses during the on-going life of the transaction or scheme. Such transactions or schemes are undertaken for a variety of reasons including the transfer of risk for Barclays or on behalf of a client.

The following tables detail positions from securitisation transactions entered into by the Group and cover banking and trading book exposures. Only transactions that achieved significant risk transfer (SRT) are included in these tables. Where securitisations do not achieve SRT (for instance when they are entered into for funding purposes), the associated exposures are presented alongside the rest of the banking book or trading book positions in other sections of the Pillar 3 report

Please see page 190 for further details on Barclays' approach to managing risks associated with securitisation activities.

Barclays completes the Pillar 3 disclosures in accordance with the Basel framework and CRD IV which prescribes minimum disclosure requirements. The following quantitative disclosures are not applicable or result in a nil return for the current and prior reporting period;

- Securitised facilities subject to an early amortisation period - there were no securitisation positions backed by revolving credit exposures, where Barclays acted as the originator and capital relief was sought
- Re-securitisation exposures subject to hedging insurance or involving financial guarantors – there were no such exposures in the current or prior reporting period.

The new securitisation Regulation (EU) 2017/2402 (the Securitisation Regulation) and Regulation (EU) 2017/2401 (amendments to CRR) took effect on 1st January 2020 for all transactions. The following approaches are used for the calculation of RWAs:

- Internal ratings based approach (Sec IRBA)
- Standardised approach (Sec SA)
- External ratings based approach / internal assessment approach (Sec ERBA / Sec IAA)
- 1250% if the above approaches are not applicable.

### Barclays PLC Balance sheet – summary versus regulatory view for securitisation positions

Table 8 shows a reconciliation between Barclays PLC balance sheet for statutory purposes versus a regulatory view. Specifically, for securitisation positions, the regulatory balance sheet differs from the statutory balance sheet due to the following:

- Deconsolidation of certain securitisation entities that are consolidated for accounting purposes, but not for regulatory purposes (refer to page 192 for a summary of accounting policies for securitisation activities)
- Securitised positions are treated in accordance with the Group's accounting policies, as set out in the Barclays PLC Annual Report 2020. Securitisation balances will therefore be disclosed in the relevant asset classification according to their accounting treatment
- Some securitisation positions are considered to be off balance sheet and relate to undrawn liquidity lines to securitisation vehicles, market risk derivative positions and where Barclays is a swap provider to a Special Purpose Vehicle (SPV). These balances are disclosed in table 93.

# Risk and capital position review

Analysis of securitisation exposures continued

## Location of securitisation risk disclosures

As securitisation positions are subject to a distinct regulatory framework, additional securitisation disclosures are provided separate to the credit, counterparty and market risk disclosures.

This table shows a reconciliation of securitisation positions in the following section and where the balances can be found in the relevant credit, counterparty and market risk sections.

### Table 89: Reconciliation of positions and capital requirements relating to securitisations

Barclays Group

| As at 31 December 2020 | Table number in this document | Exposure value £m | RWAs £m | Capital requirement £m |
|---|---|---|---|---|
| **Banking Book** | | | | |
| **Standardised approach** | | | | |
| Credit risk | Table 32 | 14,936 | 2,993 | 240 |
| Counterparty credit risk | | 119 | 102 | 8 |
| **Total standardised approach** | | 15,055 | 3,095 | 248 |
| **Advanced IRB** | | | | |
| Credit risk | Table 32 | 32,512 | 9,547 | 764 |
| Counterparty credit risk | Table 69 | – | – | – |
| Subject to capital deductions | | – | – | – |
| **Total IRB approach** | | 32,512 | 9,547 | 764 |
| **Total banking book** | | 47,567 | 12,642 | 1,012 |
| **Trading book** | | | | |
| **Trading book - specific interest rate market risk** | | | | |
| Standardised approach | Table 86 | 1,614 | 3,017 | 241 |
| Capital deductions | | – | – | – |
| **Total trading book** | | 1,614 | 3,017 | 241 |

# Risk and capital position review
## Analysis of securitisation exposures continued

### Table 90: Securitisation activity during the year
This table discloses a summary of the securitisation activity during 2020, including the amount of exposures securitised and recognised gain or loss on sale in the banking book and trading book. Barclays is involved in the origination of traditional and synthetic securitisations. A securitisation is considered to be synthetic where the transfer of risk is achieved through the use of credit derivatives or guarantees and the exposure remains on Barclays' balance sheet. A securitisation is considered to be traditional where the transfer of risk is achieved through the actual transfer of exposures to a SPV.

**Barclays Group**

| | Banking book | | | | Trading book | | | |
|---|---|---|---|---|---|---|---|---|
| | Traditional £m | Synthetic £m | Total banking book £m | Gain/loss on sale £m | Traditional £m | Synthetic £m | Total trading book £m | Gain/loss on sale £m |
| **As at 31 December 2020** | | | | | | | | |
| **Originator** | | | | | | | | |
| Residential Mortgages | **953** | **–** | **953** | **6** | **–** | **–** | **–** | **–** |
| Commercial Mortgages | **2,320** | **–** | **2,320** | **39** | **–** | **–** | **–** | **–** |
| Credit Card Receivables | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Leasing | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Loans to Corporates or SMEs | **–** | **2,357** | **2,357** | **–** | **–** | **–** | **–** | **–** |
| Consumer Loans | **1,795** | **–** | **1,795** | **(32)** | **–** | **–** | **–** | **–** |
| Trade Receivables | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Securitisations/Re-securitisations | **–** | **–** | **–** | **–** | **–** | **–** | **–** | **–** |
| Other Assets | **–** | **2,071** | **2,071** | **–** | **–** | **–** | **–** | **–** |
| **Total** | **5,068** | **4,428** | **9,496** | **13** | **–** | **–** | **–** | **–** |
| **As at 31 December 2019** | | | | | | | | |
| **Originator** | | | | | | | | |
| Residential Mortgages | – | – | – | – | – | – | – | – |
| Commercial Mortgages | 3,732 | – | 3,732 | 40 | – | – | – | – |
| Credit Card Receivables | – | – | – | – | – | – | – | – |
| Leasing | – | – | – | – | – | – | – | – |
| Loans to Corporates or SMEs | – | 11,563 | 11,563 | – | – | – | – | – |
| Consumer Loans | – | – | – | – | – | – | – | – |
| Trade Receivables | – | – | – | – | – | – | – | – |
| Securitisations/Re-securitisations | – | – | – | – | – | – | – | – |
| Other Assets | – | – | – | – | – | – | – | – |
| **Total** | 3,732 | 11,563 | 15,295 | 40 | – | – | – | – |

The value of assets securitised in the banking book decreased £5.8bn to £9.5bn due to:

**Traditional**
- Barclays originated £1bn of Residential Mortgages, £2.3bn of Commercial Mortgages and £1.8bn of Consumer Loans securitisations in 2020.

**Synthetic**
- Barclays originated £2.4bn Loans to Corporates or SMEs and £2.1bn Social housing securitisation classified under Other Assets where Barclays retains the senior tranches.

# Risk and capital position review
## Analysis of securitisation exposures continued

### Table 91: Assets awaiting securitisation
This table discloses the value of assets held on the balance sheet as at 31 December 2020 and awaiting securitisation.

| Exposure Type<br>Barclays Group | Banking Book £m | Trading Book £m |
|---|---|---|
| **As at 31 December 2020** | | |
| **Originator** | | |
| Residential Mortgages | **–** | **–** |
| Commercial Mortgages | **794** | **–** |
| Credit Card Receivables | **–** | **–** |
| Leasing | **–** | **–** |
| Loans to Corporates or SMEs | **3,662** | **–** |
| Consumer Loans | **488** | **–** |
| Trade Receivables | **–** | **–** |
| Securitisations/Re-securitisations | **–** | **–** |
| Other Assets | **1,938** | **–** |
| **Total** | **6,882** | **–** |
| | | |
| **As at 31 December 2019** | | |
| **Originator** | | |
| Residential Mortgages | – | – |
| Commercial Mortgages | 863 | – |
| Credit Card Receivables | – | – |
| Leasing | – | – |
| Loans to Corporates or SMEs | – | – |
| Consumer Loans | – | – |
| Trade Receivables | – | – |
| Securitisations/Re-securitisations | – | – |
| Other Assets | – | – |
| **Total** | 863 | – |

Barclays plans to originate £3.7bn Loans to Corporates or SMEs, £0.5bn Consumer Loans and £1.9bn Social housing securitisations classified under Other Assets. As at 31 December 2020, these programmes are pending execution and/or submission to PRA.

# Risk and capital position review
## Analysis of securitisation exposures continued

### Table 92: Outstanding amount of exposures securitised - asset values and impairment charges

This table presents the asset values and impairment charges relating to securitisation programmes where Barclays is the originator or sponsor. For programmes where Barclays contributed assets to a securitisation alongside third parties, the amount shown represents the entire asset pool. Barclays is considered a sponsor of three multi-seller asset-backed commercial paper (ABCP) conduits, Sheffield Receivables Corporation, Salisbury Receivables Corporation and Sunderland Receivables Corporation. Please note that table 92 will not reconcile to table 90, as table 92 shows outstanding amount of exposure for the positions held or retained by Barclays, whilst table 90 shows the total position originated by Barclays in 2020.

**Barclays Group**

| | Banking book | | | | | Trading Book |
|---|---|---|---|---|---|---|
| **As at 31 December 2020** | Traditional £m | Synthetic £m | Total banking book £m | Of which past due £m | Recognised losses £m | Traditional £m |
| **Originator** | | | | | | |
| Residential Mortgages | 4,056 | – | 4,056 | 88 | – | – |
| Commercial Mortgages | 27 | 1,050 | 1,077 | – | – | – |
| Credit Card Receivables | – | – | – | – | – | – |
| Leasing | – | – | – | – | – | – |
| Loans to Corporates or SMEs | – | 29,570 | 29,570 | 166 | – | – |
| Consumer Loans | – | – | – | – | – | – |
| Trade Receivables | – | – | – | – | – | – |
| Securitisations/Re-securitisations | – | – | – | – | – | – |
| Other Assets | – | 2,071 | 2,071 | – | – | – |
| **Total (Originator)** | 4,083 | 32,691 | 36,774 | 254 | – | – |
| | | | | | | |
| **Sponsor** | | | | | | |
| Residential Mortgages | 1,580 | – | 1,580 | 169 | – | – |
| Commercial Mortgages | – | – | – | – | – | – |
| Credit Card Receivables | 352 | – | 352 | 27 | – | – |
| Leasing | 920 | – | 920 | 2 | – | – |
| Loans to Corporates or SMEs | 608 | – | 608 | 3 | – | – |
| Consumer Loans | 2,552 | – | 2,552 | 26 | – | – |
| Trade Receivables | 908 | – | 908 | 3 | – | – |
| Securitisations/Re-securitisations | – | – | – | – | – | – |
| Other Assets | 293 | – | 293 | 1 | – | – |
| **Total (Sponsor)** | 7,213 | – | 7,213 | 231 | – | – |
| **Total** | 11,296 | 32,691 | 43,987 | 485 | | |

# Risk and capital position review
## Analysis of securitisation exposures continued

### Table 92: Outstanding amount of exposures securitised - asset values and impairment charges - continued

**Barclays Group**

| | Banking book | | | | | Trading Book |
|---|---|---|---|---|---|---|
| **As at 31 December 2019** | Traditional £m | Synthetic £m | Total banking book £m | Of Which Past Due £m | Recognised losses £m | Traditional £m |
| **Originator** | | | | | | |
| Residential Mortgages | 4,395 | – | 4,395 | 43 | – | – |
| Commercial Mortgages | 111 | 1,423 | 1,534 | – | – | – |
| Credit Card Receivables | – | – | – | – | – | – |
| Leasing | – | – | – | – | – | – |
| Loans to Corporates or SMEs | – | 31,957 | 31,957 | – | – | – |
| Consumer Loans | – | – | – | – | – | – |
| Trade Receivables | – | – | – | – | – | – |
| Securitisations/Re-securitisations | – | – | – | – | – | – |
| Other Assets | – | – | – | – | – | – |
| **Total (Originator)** | 4,506 | 33,380 | 37,886 | 43 | – | – |
| **Sponsor** | | | | | | |
| Residential Mortgages | 850 | – | 850 | 1 | – | – |
| Commercial Mortgages | 25 | – | 25 | – | – | – |
| Credit Card Receivables | 377 | – | 377 | 56 | – | – |
| Leasing | 1,352 | – | 1,352 | 2 | – | – |
| Loans to Corporates or SMEs | 583 | – | 583 | – | – | – |
| Consumer Loans | 3,429 | – | 3,429 | 41 | – | – |
| Trade Receivables | 880 | – | 880 | 7 | – | – |
| Securitisations/Re-securitisations | – | – | – | – | – | – |
| Other Assets | 138 | – | 138 | 1 | – | – |
| **Total (Sponsor)** | 7,634 | – | 7,634 | 108 | – | – |
| **Total** | 12,140 | 33,380 | 45,520 | 151 | – | – |

Banking book securitised assets where Barclays is considered to be the Originator or Sponsor decreased £1.5bn to £44.0bn due to:

**Originator**
- Net reduction of £1.1bn to £36.8bn primarily driven by £5.1bn amortisation and FX movements on synthetic tranches, partially offset by a £4.4bn increase in originated synthetic securitisation.

**Sponsor**
- Overall exposure reduction of £0.4bn to £7.2bn spread across asset categories driven by business activity.

# Risk and capital position review
## Analysis of securitisation exposures continued

### Table 93: Securitisation positions – by exposure class

The table below discloses the aggregate amount of securitisation positions held, which is consistent with table 94, table 95 and table 96.

For originated positions, the table below reflects Barclays' retained positions in the securitisation programmes also disclosed in table 92. For clarity, table 92 discloses the total underlying asset value of these programmes.

For invested and sponsored positions, the table below presents the aggregate amount of positions purchased.

**Barclays Group**

| | Banking book[a,b] | | | | Trading Book[a,b] | | |
|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | Originator £m | Sponsor £m | Investor £m | Total banking book £m | Originator £m | Investor £m | Total trading book £m |
| **On-balance sheet** | | | | | | | |
| Residential Mortgages | 425 | 2 | 3,111 | 3,538 | – | 484 | 484 |
| Commercial Mortgages | 799 | – | 806 | 1,605 | – | 326 | 326 |
| Credit Card Receivables | – | – | – | – | – | 106 | 106 |
| Leasing | – | – | 54 | 54 | – | 25 | 25 |
| Loans to Corporates or SMEs | 26,657 | – | 4,027 | 30,684 | – | 312 | 312 |
| Consumer Loans | – | – | 497 | 497 | – | 267 | 267 |
| Trade Receivables | – | – | 28 | 28 | – | – | – |
| Securitisations/Re-securitisations | – | – | – | – | – | – | – |
| Other Assets | 1,999 | – | 398 | 2,397 | – | 94 | 94 |
| **Total On-balance sheet** | 29,880 | 2 | 8,921 | 38,803 | – | 1,614 | 1,614 |
| **Off-balance sheet** | | | | | | | |
| Residential Mortgages | 3 | 1,169 | 591 | 1,763 | – | – | – |
| Commercial Mortgages | – | 114 | 49 | 163 | – | – | – |
| Credit Card Receivables | – | 122 | – | 122 | – | – | – |
| Leasing | – | 705 | 115 | 820 | – | – | – |
| Loans to Corporates or SMEs | – | 120 | 2,239 | 2,359 | – | – | – |
| Consumer Loans | – | 2,132 | 261 | 2,393 | – | – | – |
| Trade Receivables | – | 515 | 20 | 535 | – | – | – |
| Securitisations/ Re-securitisations | – | – | – | – | – | – | – |
| Other Assets | – | 268 | 341 | 609 | – | – | – |
| **Total Off-balance sheet** | 3 | 5,145 | 3,616 | 8,764 | – | – | – |
| **Total** | 29,883 | 5,147 | 12,537 | 47,567 | – | 1,614 | 1,614 |

# Risk and capital position review
## Analysis of securitisation exposures continued

### Table 93: Securitisation positions – by exposure class - continued

**Barclays Group**

| | Banking Book[a,b] | | | | Trading Book[a,b] | | |
|---|---|---|---|---|---|---|---|
| **As at 31 December 2019** | Originator £m | Sponsor £m | Investor £m | Total Banking Book £m | Originator £m | Investor £m | Total Banking Book £m |
| **On-balance sheet** | | | | | | | |
| Residential Mortgages | 475 | – | 2,179 | 2,654 | – | 882 | 882 |
| Commercial Mortgages | 1,171 | – | 100 | 1,271 | – | 277 | 277 |
| Credit Card Receivables | – | – | – | – | – | 126 | 126 |
| Leasing | – | – | 99 | 99 | – | 3 | 3 |
| Loans to Corporates or SMEs | 29,243 | – | 1,901 | 31,144 | – | 647 | 647 |
| Consumer Loans | – | – | 1,045 | 1,045 | – | 282 | 282 |
| Trade Receivables | – | – | – | – | – | – | – |
| Securitisations/Re-securitisations | – | – | – | – | – | – | – |
| Other Assets | – | – | 239 | 239 | – | 102 | 102 |
| **Total On-balance sheet** | 30,889 | – | 5,563 | 36,452 | – | 2,319 | 2,319 |
| **Off-balance sheet** | | | | | | | |
| Residential Mortgages | – | 646 | 524 | 1,170 | – | – | – |
| Commercial Mortgages | – | 35 | 66 | 101 | – | – | – |
| Credit Card Receivables | – | 219 | – | 219 | – | – | – |
| Leasing | – | 1,004 | 49 | 1,053 | – | – | – |
| Loans to Corporates or SMEs | – | 336 | 976 | 1,312 | – | – | – |
| Consumer Loans | – | 2,919 | 178 | 3,097 | – | – | – |
| Trade Receivables | – | 671 | 21 | 692 | – | – | – |
| Securitisations/Re-securitisations | – | – | – | – | – | – | – |
| Other Assets | – | 104 | 47 | 151 | – | – | – |
| **Total Off-balance sheet** | – | 5,934 | 1,861 | 7,795 | – | – | – |
| **Total** | 30,889 | 5,934 | 7,424 | 44,247 | – | 2,319 | 2,319 |

**Notes**
a The exposure type is based on the asset class of underlying positions
b Off balance sheet relates to liquidity lines to securitisation vehicles, market risk derivative positions and where the Group is a swap provider to a SPV

The total amount of securitisation positions in the banking book increased £3.3bn to £47.6bn due to:

**On-balance sheet**

- Originator decreased £1.0bn to £29.9bn driven by £5.1bn amortisation and FX movements on synthetic tranches, partially offset partially a £4.1bn increase in originated synthetic securitisation
- Investor increased £3.4bn to £8.9bn driven by business activity spread across asset categories.

**Off-balance sheet**

- Sponsored and Investor positions increased £1.0bn to £8.8bn primarily driven by business & client activity.

# Risk and capital position review
## Analysis of securitisation exposures continued

### Table 94: Securitisation positions – by capital approach
This table discloses the total exposure value and associated capital requirement of securitisation positions held by the approach adopted in accordance with the Basel framework. The 2020 disclosure incorporates Sec Internal Ratings Based approach (IRBA), Sec standardised approach (SA), Sec External Ratings Based approach (ERBA) and Sec Internal Assessment approach (IAA) in accordance with new securitisation framework. The total population is as per tables table 93, table 95 and table 96.

**Barclays Group**

| | Exposure values | | | | Capital requirements | | | |
|---|---|---|---|---|---|---|---|---|
| **As at 31 December 2020** | Originator £m | Sponsor £m | Investor £m | Total £m | Originator £m | Sponsor £m | Investor £m | Total £m |
| **Banking book** | | | | | | | | |
| **New securitisation framework approaches** | | | | | | | | |
| **(Sec IRBA, Sec SA, Sec ERBA/Sec IAA)** | | | | | | | | |
| <= 10% | – | – | 1,451 | 1,451 | – | – | 11 | 11 |
| > 10% <= 20% | 17,366 | 520 | 6,769 | 24,655 | 212 | 7 | 84 | 303 |
| > 20% <= 50% | 12,468 | 50 | 1,831 | 14,349 | 262 | 3 | 41 | 306 |
| > 50% <= 100% | 44 | 2 | 655 | 701 | 3 | – | 42 | 45 |
| >100% <= 650% | – | 30 | 1,826 | 1,856 | – | 3 | 257 | 260 |
| > 650% < 1250% | – | – | – | – | – | – | – | – |
| = 1250% | 5 | – | 2 | 7 | 5 | – | 2 | 7 |
| Internal Assessment Approach | – | 4,545 | 3 | 4,548 | – | 80 | – | 80 |
| **Total IRB approach** | 29,449 | – | 3,063 | 32,512 | 470 | – | 294 | 764 |
| **Total standardised approach** | 434 | 5,147 | 9,474 | 15,055 | 12 | 93 | 143 | 248 |
| **Total banking book** | 29,883 | 5,147 | 12,537 | 47,567 | 482 | 93 | 437 | 1,012 |
| | | | | | | | | |
| **Trading book** | | | | | | | | |
| **New securitisation framework approaches** | | | | | | | | |
| **(Sec IRBA, Sec SA, Sec ERBA/Sec IAA)** | | | | | | | | |
| <= 10% | – | – | – | – | – | – | – | – |
| > 10% <= 20% | – | – | 440 | 440 | – | – | 6 | 6 |
| > 20% <= 50% | – | – | 306 | 306 | – | – | 7 | 7 |
| > 50% <= 100% | – | – | 271 | 271 | – | – | 13 | 13 |
| >100% <= 650% | – | – | 453 | 453 | – | – | 86 | 86 |
| > 650% < 1250% | – | – | 91 | 91 | – | – | 70 | 70 |
| = 1250% | – | – | 53 | 53 | – | – | 59 | 59 |
| **Total trading book** | – | – | 1,614 | 1,614 | – | – | 241 | 241 |

# Risk and capital position review
## Analysis of securitisation exposures continued

### Table 94: Securitisation exposures – by capital approach - continued

**Barclays Group**

| As at 31 December 2019 | Exposure values Originator £m | Sponsor £m | Investor £m | Total £m | Capital requirements Originator £m | Sponsor £m | Investor £m | Total £m |
|---|---|---|---|---|---|---|---|---|
| **Banking book** | | | | | | | | |
| **IRB approach** | | | | | | | | |
| Pre-existed & New securitisation framework approaches (Sec IRBA, Sec SA, Sec ERBA/Sec IAA) | | | | | | | | |
| <= 10% | 18,498 | 223 | 1,841 | 20,562 | 110 | 1 | 12 | 123 |
| > 10% <= 20% | 11,490 | 658 | 4,873 | 17,021 | 138 | 8 | 63 | 209 |
| > 20% <= 50% | 292 | 29 | 158 | 479 | 7 | 1 | 4 | 12 |
| > 50% <= 100% | 359 | 15 | 273 | 647 | 17 | 1 | 14 | 32 |
| >100% <= 650% | 245 | – | 235 | 480 | 41 | – | 27 | 68 |
| > 650% < 1250% | – | – | – | – | – | – | – | – |
| = 1250% / Look through | 5 | 4 | 43 | 52 | 5 | 4 | 16 | 25 |
| Internal Assessment Approach | – | 5,006 | – | 5,006 | – | 83 | – | 83 |
| Supervisory Formula Method | – | – | – | – | – | – | – | – |
| **Total IRB** | 30,884 | 1,285 | 3,398 | 35,567 | 313 | 15 | 78 | 406 |
| **Standardised approach** | 5 | 4,650 | 4,025 | 8,680 | 5 | 83 | 58 | 146 |
| **Total banking book** | 30,889 | 5,935 | 7,423 | 44,247 | 318 | 98 | 136 | 552 |
| **Trading book** | | | | | | | | |
| **IRB approach** | | | | | | | | |
| Pre-existed & New securitisation framework approaches (Sec IRBA, Sec SA, Sec ERBA/Sec IAA) | | | | | | | | |
| <= 10% | – | – | 937 | 937 | – | – | 6 | 6 |
| > 10% <= 20% | – | – | 747 | 747 | – | – | 10 | 10 |
| > 20% <= 50% | – | – | 344 | 344 | – | – | 6 | 6 |
| > 50% <= 100% | – | – | 18 | 18 | – | – | 1 | 1 |
| >100% <= 650% | – | – | 169 | 169 | – | – | 24 | 24 |
| > 650% < 1250% | – | – | 10 | 10 | – | – | 7 | 7 |
| = 1250% / Look through | – | – | 94 | 94 | – | – | 94 | 94 |
| **Total trading book** | – | – | 2,319 | 2,319 | – | – | 148 | 148 |

| Risk Weighted Band | New securitisation Regulation (EU) 2017/2401&2 S&P Equivalent Rating (STS) | New securitisation Regulation (EU) 2017/2401&2 S&P Equivalent Rating (Non STS) |
|---|---|---|
| <= 70% | AAA to BBB- (Senior Position Only) / AAA to A (Base Case) | AAA to A- (Senior Position Only) / AAA to A+ (Base Case) |
| > 70% <= 160% | BBB to BB (Senior Position Only) / AA- to BBB+ (Base Case) | BBB+ to BB (Senior Position Only) / AA+ to A- (Base Case) |
| > 160% <= 280% | BB- to B (Senior Position Only) / A- to BBB- (Base Case) | BB to B+ (Senior Position Only) / A+ to BBB (Base Case) |
| > 280% <= 420% | B to CCC- (Senior Position Only) / BBB- to BB+ (Base Case) | B+ to B- (Senior Position Only) / BBB to BBB- (Base Case) |
| > 420% <= 860% | CCC+ to CCC- (Senior Position Only) / BB+ to B+ (Base Case) | B- to CCC- (Senior Position Only) / BBB- to BB- (Base Case) |
| > 860% <=1130% | B to B- (Base Case) | BB- to B- (Base Case) |
| = 1250% / deduction | Below CCC-/Below B- (Base Case) | Below CCC-/ Below B- (Base Case) |

The total amount of securitisation positions in the banking book increased £3.3bn to £47.6bn driven by individual band level migration of exposures from lower to higher risk weight bands primarily due to the new securitisation rule framework.

# Risk and capital position review

## Analysis of securitisation exposures continued

### Table 95: Aggregate amount of securitised positions retained or purchased by geography - banking book

This table presents total banking book securitised exposure type split by geography, based on location of the counterparty.

| Exposure Type<br>Barclays Group | United Kingdom £m | Europe £m | Americas £m | Africa and Middle East £m | Asia £m | Total £m |
|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | |
| Residential Mortgages | **3,570** | **512** | **1,170** | **–** | **49** | **5,301** |
| Commercial Mortgages | **1,430** | **325** | **–** | **13** | **–** | **1,768** |
| Credit Card Receivables | **–** | **–** | **122** | **–** | **–** | **122** |
| Leasing | **–** | **149** | **725** | **–** | **–** | **874** |
| Loans to Corporates or SMEs | **8,704** | **6,890** | **16,940** | **98** | **411** | **33,043** |
| Consumer Loans | **378** | **149** | **2,338** | **–** | **25** | **2,890** |
| Trade Receivables | **82** | **384** | **69** | **–** | **28** | **563** |
| Securitisations/Re-securitisations | **–** | **–** | **–** | **–** | **–** | **–** |
| Other Assets | **1,999** | **165** | **842** | **–** | **–** | **3,006** |
| **Total** | **16,163** | **8,574** | **22,206** | **111** | **513** | **47,567** |
| | | | | | | |
| **As at 31 December 2019** | | | | | | |
| Residential Mortgages | 2,949 | 513 | 319 | – | 43 | 3,824 |
| Commercial Mortgages | 1,188 | 149 | 35 | – | – | 1,372 |
| Credit Card Receivables | – | – | 219 | – | – | 219 |
| Leasing | – | 192 | 960 | – | – | 1,152 |
| Loans to Corporates or SMEs | 9,911 | 6,183 | 15,830 | 103 | 429 | 32,456 |
| Consumer Loans | 381 | 317 | 3,404 | – | 40 | 4,142 |
| Trade Receivables | 140 | 337 | 215 | – | – | 692 |
| Securitisations/Re-securitisations | – | – | – | – | – | – |
| Other Assets | – | 171 | 218 | – | 1 | 390 |
| **Total** | 14,569 | 7,862 | 21,200 | 103 | 513 | 44,247 |

The total amount of securitisation positions in the banking book increased £3.3bn to £47.6bn due to:

- Increase across United Kingdom, Europe and Americas primarily driven by originated synthetic securitisation £4.1bn and new business and client activity of £4.4bn, partially offset by £5.1bn amortisation and FX movement for synthetic tranches.

# Risk and capital position review
## Analysis of securitisation exposures continued

### Table 96: Aggregate amount of securitised positions retained or purchased by geography - trading book
This table presents total trading book securitised exposure type by geography. The country is based on the country of operation of the issuer.

| Exposure Type<br>Barclays Group | United Kingdom £m | Europe £m | Americas £m | Africa and Middle East £m | Asia £m | Total £m |
|---|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | | |
| Residential Mortgages | **320** | **45** | **119** | **-** | **-** | **484** |
| Commercial Mortgages | **-** | **-** | **326** | **-** | **-** | **326** |
| Credit Card Receivables | **-** | **-** | **106** | **-** | **-** | **106** |
| Leasing | **-** | **-** | **25** | **-** | **-** | **25** |
| Loans to Corporates or SMEs | **8** | **95** | **209** | **-** | **-** | **312** |
| Consumer Loans | **7** | **-** | **260** | **-** | **-** | **267** |
| Trade Receivables | **-** | **-** | **-** | **-** | **-** | **-** |
| Securitisations/Re-securitisations | **-** | **-** | **-** | **-** | **-** | **-** |
| Other Assets | **-** | **91** | **3** | **-** | **-** | **94** |
| **Total** | **335** | **231** | **1,048** | **-** | **-** | **1,614** |
| | | | | | | |
| **As at 31 December 2019** | | | | | | |
| Residential Mortgages | 750 | 16 | 116 | - | - | 882 |
| Commercial Mortgages | 5 | 1 | 271 | - | - | 277 |
| Credit Card Receivables | 1 | - | 125 | - | - | 126 |
| Leasing | - | - | 3 | - | - | 3 |
| Loans to Corporates or SMEs | 67 | 266 | 314 | - | - | 647 |
| Consumer Loans | 1 | - | 281 | - | - | 282 |
| Trade Receivables | - | - | - | - | - | - |
| Securitisations/Re-securitisations | - | - | - | - | - | - |
| Other Assets | - | 85 | 17 | - | - | 102 |
| **Total** | 824 | 368 | 1,127 | - | - | 2,319 |

The total amount of securitisation positions in the trading book decreased £0.7bn to £1.6bn, primarily driven by trading activity across geographies.

# Analysis of operational risk

This section contains details of capital requirements for operational risk, expressed as RWAs, and an analysis of the Group's operational risk profile, including events which have had a significant impact in 2020.

### Barclays PLC applies TSA for operational risk regulatory capital purposes

**Total RWAs**

£40.9bn

(2019: £41.0bn)

## Summary of performance in the period

**During 2020, total operational risk losses remained stable at £186m (December 2019: £184m) while the number of recorded events for 2020 (2,378) 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 in 2020

79%

of Barclays 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

## Risk and capital position review

# Analysis of operational risk

### Table 97: Operational risk - risk weighted assets

The following table details the Group's operational risk RWAs. Barclays has approval from the PRA to calculate its operational risk capital requirement using TSA.

See pages 201 to 204 for information on operational risk management.

| Barclays Group<br>As at 31 December 2020 | Barclays UK £m | Barclays International £m | Head Office £m | Total £m |
|---|---|---|---|---|
| **Operational Risk** | | | | |
| Basic Indicator Approach | | | | |
| Standardised Approach | **11,359** | **30,339** | **(800)** | **40,898** |
| Advanced Measurement Approach | | | | |
| **Total operational risk RWAs** | **11,359** | **30,339** | **(800)** | **40,898** |
| **As at 31 December 2019** | | | | |
| Operational Risk | | | | |
| Basic Indicator Approach | | | | |
| Standardised Approach | 11,821 | 29,007 | 129 | 40,957 |
| Advanced Measurement Approach | | | | |
| **Total operational risk RWAs** | 11,821 | 29,007 | 129 | 40,957 |

# Risk and capital position review
## Analysis of operational risk continued

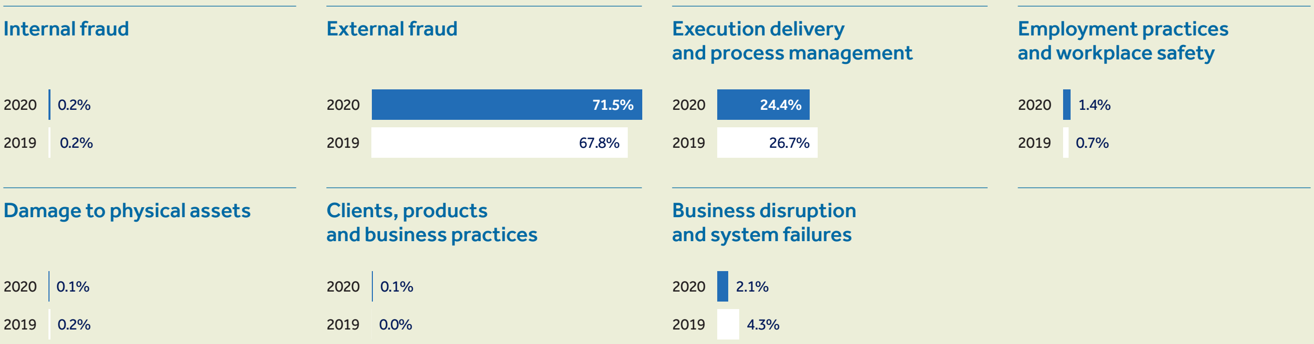
## Operational risk profile

Within operational risk, there are a large number of smaller value risk events. In 2020, 79% (December 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% (December 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.

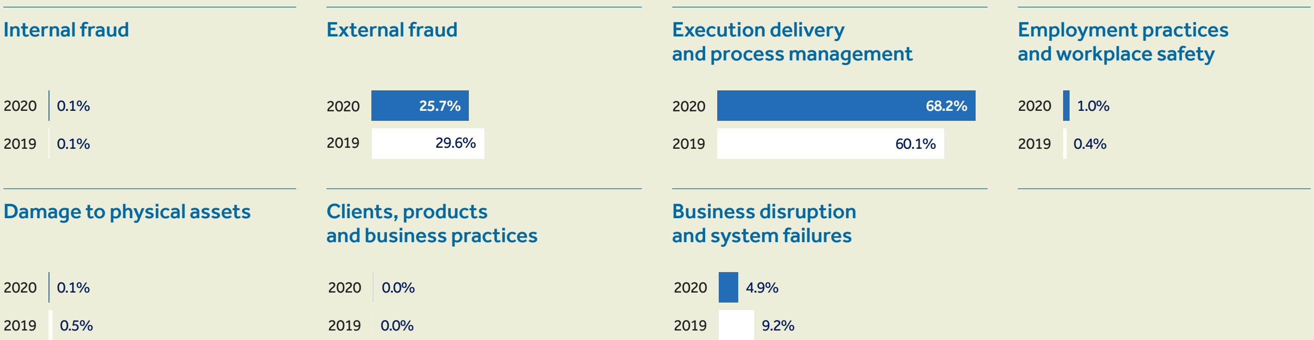
The analysis below presents the Group's operational risk events by Basel event category:

## Operational risk events by BASEL event category[a]

### % of total risk events by count




### % of total risk events by value




**Note**

a The data disclosed includes operational risk losses for reportable events having net 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.

# Risk and capital position review
## Analysis of operational risk continued

- Execution, Delivery and Process Management impacts remain the highest contributor to total losses increasing to £144m (December 2019: £111m) and accounting for 68% (December 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 (December 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 (December 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 (December 2019: 93).

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 and Technology continue to be highlighted as key operational risk exposures. The operational risk profile is also informed by a number of risk themes: Cyber, Data, Execution and Resilience. These represent threats to the Group that extend across multiple risk types, and therefore require an integrated risk management approach.

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 was a Tail Risk Event and 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 Barclays 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 Barclays' cyber-security risk exposure, see the operational risk management section.

For further information, refer to the operational risk management section (pages 203-206).

# Risk management strategy, governance and risk culture

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

- **The Enterprise Risk Management Framework (ERMF) sets out the tools, techniques and organisational arrangements to enable all material risks to be identified and understood (see pages 150 to 151)**
- **A governance structure, encompassing the organisation of the function as well as executive and Board committees, supports the continued application of the ERMF. This is discussed in pages 151 to 152**
- **A discussion of how our risk management strategy is designed to foster a strong risk culture is contained on pages 154**
- **Pages 154 to 158 describe group-wide risk management tools that support risk management, the Barclays Group ExCo and the Board in discharging their responsibilities, and how they are applied in the strategic planning cycle.**

## Barclays' approach to managing risks

# Risk management strategy, governance and risk culture

## Barclays Group's risk management strategy

This section introduces Barclays 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 direction 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 clearly 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
- 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 that are mainly aligned to individual principal risks:

- Frameworks cover the management processes 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. 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 (described below). 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 is subject to second line oversight.

# Barclays' approach to managing risks
## Risk management strategy, governance and risk culture continued

### Principal risks
The ERMF identifies eight principal risks (see table below) and sets out associated responsibilities and risk management standards.

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.

Accountable executives, their delegates and teams frequently collaborate to address issues and drive initiatives that span more than one principal risk.

### 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.

### Roles and responsibilities in the management of risk
Certain roles within the Group carry specific responsibilities and accountabilities with respect to risk management and the ERMF. These include the following:

- **Group Chief Executive Officer (CEO):** The Group CEO is accountable for leading the development and execution of the strategy in line with the Group's purpose and values, and within the risk appetite. Importantly, the Group CEO appoints the most senior risk owners including the Group Chief Risk Officer and the Group General Counsel.
- **Group Chief Risk Officer (CRO):** The Group CRO leads the Risk Function across Barclays Group. In addition to developing and maintaining all aspects of the ERMF, the Group CRO:
  - prepares and recommends to the Barclays PLC Board the Group risk appetite and its allocation to the trading entities (Barclays Bank Group and Barclays Bank UK Group);
  - is primarily responsible for assessing and reporting the actual risk profile of the institution against the agreed appetite;
  - has the power to identify and assign actions to the business in order to comply with the ERMF and remain within the risk appetite, suspend or stop decisions that carry unacceptable risks, and escalate unresolved concerns directly to the Group CEO, the Chairman of the Board or any of its committees; and
  - is accountable for the final approval of lending or investing decisions either directly or via delegated authority.

#### Financial Principal Risks

- **Credit risk:** The risk of loss to the firm from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the firm, including the whole and timely payment of principal, interest, collateral and other receivables.
- **Market risk:** The risk of loss arising from potential adverse changes in the value cf the firm's assets and liabilities from fluctuation in market variables including, but not limited to, interest rates, foreign exchange, equity prices, commodity prices, credit spreads, implied volatilities and asset correlations.
- **Treasury and capital risk:**
  - Liquidity risk: The risk that the firm is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.
  - Capital risk: The risk that the firm has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This includes the risk from the firm's pension plans.
  - Interest rate risk in the banking book: The risk that the firm is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.

#### Non-Financial Principal Risks

- **Operational risk:** The risk of loss to the firm 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.
- **Model risk:** The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.
- **Conduct risk:** 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.
- **Reputation risk:** The risk that an action, transaction, investment or event will reduce trust in the firm's integrity and competence by clients, counterparties, investors, regulators, employees or the public.
- **Legal risk:** The risk of loss or imposition of penalties, damages or fines from the failure of the firm to meet its legal obligations including regulatory or contractual requirements.

# Barclays' approach to managing risks
## Risk management strategy, governance and risk culture continued

- **Group Chief Compliance Officer:** The Group Chief Compliance Officer is accountable to the Group CEO for the strategic and function leadership of the Group Compliance Function. Their main role is:
  – to effectively manage the Group's conduct and reputation risks and escalate to the Barclays PLC Board where appropriate;
  – to set global compliance standards, and to maintain robust breach reporting and whistleblowing processes; and
  – similarly to Group CRO, to utilise their mandate to access any part of the organisation and any information, and to bring to the attention of line and senior management or the Board, as appropriate, any situation that is of concern from a conduct or reputation risk management perspective that could materially violate the approved risk appetite guidelines.
- **Group General Counsel:** The Group General Counsel is required to develop and maintain the Legal Risk Management Framework. This includes defining Legal Risk Policies, and defining and overseeing the Group-wide and business risk appetite/tolerances for legal risk.
- **Group Chief Controls Officer:** The Chief Controls Office, led by the Group Chief Controls Officer, sits in the First Line of Defence and is responsible for overseeing the practical implementation of operational, conduct and reputation risk controls and methodologies across the Group. To that end the Chief Controls Officer defines a control framework and oversees its execution. The control framework directs businesses to manage risk exposure within approved operational risk appetites, to record risk events and issues, and to complete risk and control self-assessments.

### Senior Managers Regime

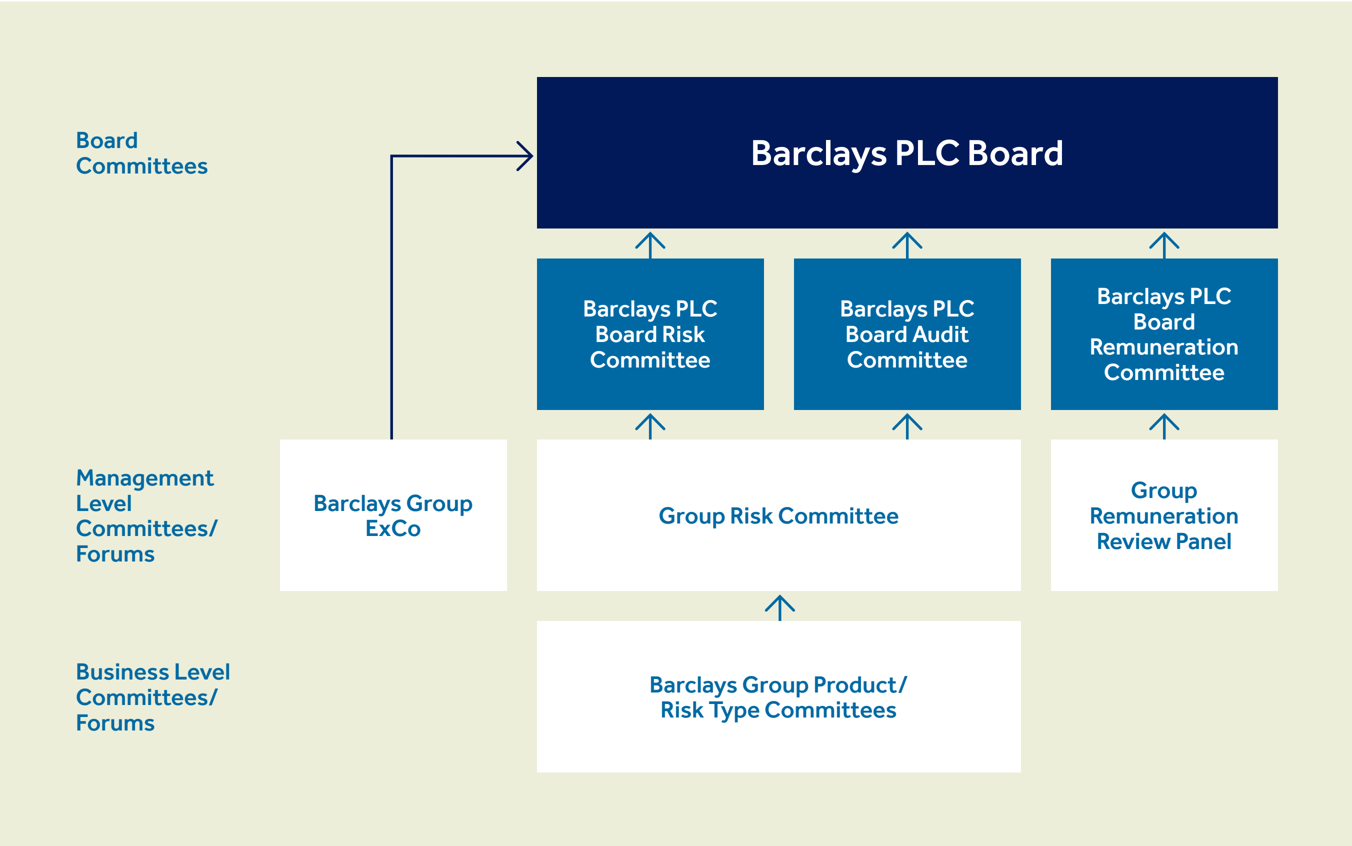
A number of members of the Barclays PLC Board, the majority of the Group Executive Committee and a limited number of specified senior individuals are also subject to additional rules included within the Senior Managers Regime (SMR), which clarifies their accountability and responsibilities. Those designated with a Senior Manager Function under the SMR are held to four specific rules of conduct in which they must:

- Take reasonable steps to establish that the business of the Group for which they are responsible is controlled effectively;
- Take reasonable steps to establish that the business of the Group for which they are responsible complies with relevant regulatory requirements and standards of the regulatory system;
- Take reasonable steps to make certain that any delegation of their responsibilities is to an appropriate individual and that they oversee the discharge of the delegated responsibilities effectively;
- Disclose appropriately any information to the FCA or PRA, of which they would reasonably expect notice.

### 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.



# Barclays' approach to managing risks
## Risk management strategy, governance and risk culture continued

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, and quarterly papers on accounting judgements (including impairment). In particular, it receives a half-yearly review of the adequacy of impairment allowances, which it reviews relative to the risk inherent in the portfolios, the business environment, 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.

**Coverage of risk reports to executive and Board risk committees**

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

- Risk profile
- Risk perspective on medium-term plans and strategy
- Risk appetite
- Results of stress tests, including Comprehensive Capital Analysis and Review (CCAR)
- Other technical topics, e.g. model risk.

In addition to regular topics, committees consider ad hoc papers on current risk topics, such as:

- Political events and their potential impacts on Barclays and its customers
- Economic developments in major economies or sectors
- Impacts of key market developments on the risk management of the Group.

Reports are generally presented by CROs or other accountable executives. Occasionally subject matter experts are delegated to present specific topics of interest. Report presenters are responsible for following processes for creating reports that include appropriate controls and that these controls are operated effectively.

### Frameworks, policies and standards

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

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

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

The Group CRO is accountable for the development and implementation of frameworks, policies and associated standards for each of the financial principal risks, operational risk and model risk. These must be subject to limits, monitored, reported on and escalated as required. The Group Chief Compliance Officer is likewise accountable for conduct risk and reputation risk, and the Group General Counsel for legal risk. The Group CRO and Group Chief Compliance Officer have the right to require amendments to any frameworks, policies or standards in the Group, for any reason, including inconsistencies or contradictions among them.

Frameworks, policies and standards are subject to minimum annual review, and challenge by the Risk and/or Compliance functions, unless explicitly waived by the relevant heads of those functions. Principal risk frameworks are subject to approval by relevant committees of the Board.

### Assurance

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

In addition, the Risk function carry out conformance reviews to assess the implementation of, and adherence to, principal risk framework and component policies. This activity is undertaken independently of the business

Internal Audit is responsible for the independent review of risk management and the control environment. Its objective is to provide reliable, valued and timely assurance to the Board and executive management over the effectiveness of controls, mitigating current and evolving material risks and thus enhancing the control culture within the Group. The BAC reviews and approves Internal Audit's plans and resources, and evaluates the effectiveness of Internal Audit. An assessment by independent external advisers is also carried out periodically.

### Effectiveness of risk management arrangements

The embedding of the ERMF is monitored by executive and board committees as described above. The ERMF and its component principal risks are subject to control testing assurance reviews to confirm its effectiveness or identify issues to be mitigated. Management and the Board are satisfied that the design of the ERMF and its components are appropriate given the risk profile of the Group.

# Barclays' approach to managing risks
## Risk management strategy, governance and risk culture continued

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

Barclays has implemented a lessons learned process, setting out requirements for the completion of lessons learned assessments in response to internal and external risk events. The approach is aligned to the Three Lines of Defence model (see page 151), with businesses and functions accountable for undertaking lessons learned assessments; the Second Line providing oversight and challenge; and independent review by Internal Audit.

Core components of the lessons learned approach include:

- Defined triggers for when lessons learned assessments must be completed;
- Requirements and guidance for the completion of root cause analysis to identify the causes of risk events impacting the Group;
- Standardised templates to report conclusions consistently to relevant management forums and committees;
- Use of a central system to record completed lessons learned assessments and to facilitate sharing across the 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.

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.

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

#### Risk appetite
Risk appetite is defined as the level of risk which the Group is prepared to accept in the conduct of its activities.

Risk appetite provides a basis for ongoing dialogue between management and Board with respect to the Group's current and evolving risk profile and enables strategic and financial decisions to be made on an informed basis. Thus, the risk appetite setting process aims to consider the material risks Barclays is exposed to under its business plans.

The risk appetite aims to:

- Specify the level of risk we are willing to take to enable specific risk taking activities.
- Consider all principal risks individually and, where appropriate, in aggregate.
- Consistently communicate the acceptable level of risk for different risk types.

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

Risk appetite is formally expressed by the Board as the acceptable level of deterioration in a set of key financial parameters under a severe but plausible stress scenario defined as the Adverse stress test scenario. For 2021 the key financial parameters are listed below.

| *Measure relevant to strategy and risk* | *Link between strategy and risk profile* |
|---|---|
| Profit after tax | Fundamental performance of Barclays Group and underpins the Group's capacity to make capital distributions. |
| Common Equity Tier 1 (CET1) | Monitors capital adequacy in relation to capital plan, targets and regulatory hurdle rates. |
| Liquidity Risk Appetite | Monitors liquidity of the bank and its ability to meet financial obligations in a stress. |

Based on the specified risk appetite, the Group develops both stress loss and mandate & scale limits to control specific activities.

# Barclays' approach to managing risks
## Risk management strategy, governance and risk culture continued

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

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

The mandate and scale framework is used to:

- Limit concentration risk
- Keep business activities within the Group and individual business mandates
- Maintain activities at an appropriate scale relative to the underlying risk and reward
- Confirm that risk-taking is supported by appropriate expertise and capabilities and take corrective actions otherwise.

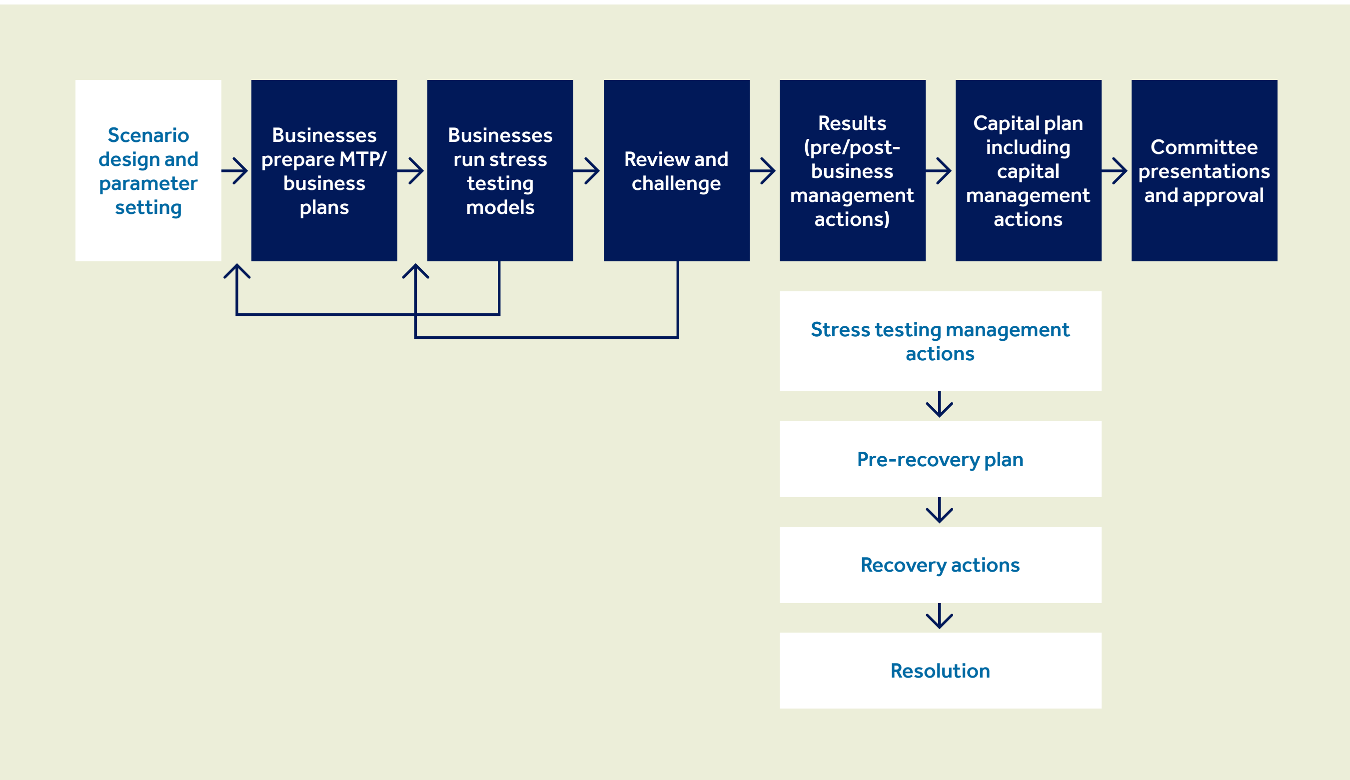
The most material stress loss and mandate and scale limits are designated as A-level (Board level) and B-Level (Group level). All B-level and lower limits are set by the Risk function. Business limits are approved by the relevant business risk teams and are reportable to the relevant risk committee. Unapproved excesses of limits may result in performance management and disciplinary consequences. All limits and are subject to escalation and governance requirements.

Limits reflect the nature of the risk being managed and controlled and are measured by total financing limits, LGD, stress loss or other metrics as appropriate. There is explicit identification of the exposures that are captured by limits and any material exclusion must be agreed. Limits are reviewed at least annually. The factors taken into consideration when setting the limit include:

- The Group risk appetite
- Current exposure/MTP forecasts
- Risk return considerations
- Senior risk management judgement.

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

The following diagram outlines the key steps in Group-wide stress testing process.



# Barclays' approach to managing risks

## Risk management strategy, governance and risk culture continued

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

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

The governance process in place includes a detailed review of stress testing methodology, assumptions, judgements, results and management actions within each business (including sign-off by business CROs and CFOs) and by central functions.

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

The overall stress testing results are reviewed and signed off by the Board, following review by the Stress Testing Steering Committee, the Group Risk Committee and the Board Risk Committee.

Summary of methodologies for Group-wide stress testing by risk type

| *Principal Risk* | *Stress testing approach* |
|---|---|
| Credit risk | ▪ Credit risk impairment: For retail portfolios businesses use statistical models to establish a relationship between IFRS 9 impairment loss levels and key macroeconomic parameters such as GDP, inflation and unemployment, incorporating credit quality migration analysis to estimate stressed levels. In addition, house price reductions (for mortgages), increased customer drawdowns (for revolving facilities) and higher interest rates impacting customer affordability lead to higher losses which also contribute to increased impairment levels. For wholesale portfolios the stress shocks on credit risk drivers (PDs, LGDs and EADs) are primarily calibrated using historical and expected relationships with key macro-economic parameters<br>▪ Counterparty credit risk losses: The scenarios include market risk shocks that are applied to determine the market value under stress of contracts that give rise to Counterparty Credit Risk (CCR). Counterparty losses, including from changes to the Credit Valuation Adjustment and from defaults, are modelled based on the impact of these shocks as well as using stressed credit risk drivers (PDs and LGDs). The same approach is used to stress the market value of assets held as available for sale or at fair value in the banking book<br>▪ Credit risk weighted assets: The impact of the scenarios is calculated via a combination of business volumes and using similar factors to impairment drivers above, as well as the regulatory calculation and the level of pro-cyclicality of underlying regulatory credit risk models. |
| Market risk | ▪ Trading book losses: Market risk factors on the balance sheet are stressed using specific market risk shocks (and are used for the CCR analysis, above). The severity of the shocks applied are dependent on the liquidity of the market under stress, e.g. illiquid positions are assumed to have a longer holding period than positions in liquid markets. |

# Barclays' approach to managing risks
## Risk management strategy, governance and risk culture continued

| *Principal Risk* | *Stress testing approach* |
|---|---|
| Treasury and Capital Risk | ▪ The analysis of treasury and capital risk also contributes to the estimate of stressed income and costs:<br>▪ Stress impact on non-interest income is primarily driven by lower projected business volumes and hence lower income from fees and commissions<br>▪ Impact on net interest income is driven by stressed margins, which depend on the level of interest rates under stress as well as funding costs, and on stressed balance sheet volumes. This can be partly mitigated by management actions that may include repricing of variable rate products, taking into account interbank lending rates under stress<br>▪ The impact on costs is mainly driven by business volumes and exchange rates with management actions to partly offset profit reductions (due to impairment increases and decreases in income) such as headcount reductions and lower performance costs.<br>**Capital Risk:**<br>Capital risk is assessed by taking all modelled risk impacts as part of the stress test (as listed above) into consideration when assessing Barclays Group's ability to withstand a severe stress. The stressed results are considered against internally agreed risk appetite levels but also regulatory minima and perceived market expectations. The MTP can only be agreed by the Board if this is within the agreed risk appetite levels under stress.<br>The IAS19 position of pension funds is also stressed as part of the capital risk assessment, taking into account key economic drivers impacting future obligations (e.g. long-term inflation and interest rates) and the impact of the scenarios on the value of fund assets.<br>**Liquidity Risk:**<br>Liquidity risk is assessed by the internal liquidity risk appetite, LRA, which analyses specific liquidity risk drivers such as wholesale funding and contingent funding needs based on the below scenarios:<br>▪ Barclays idiosyncratic liquidity scenario: Barclays faces a loss of market confidence while the market overall is not impacted<br>▪ Market wide liquidity stress scenario: All financial institutions are impacted by a market wide loss of confidence<br>▪ Combined liquidity stress scenario: A simultaneous Barclays idiosyncratic and market liquidity stress scenario<br>▪ Long term liquidity stress scenario: All financial institutions are impacted by a financial market-wide stress based on a prolonged global recession<br>▪ Liquidity Coverage Ratio: Regulatory prescribed 30-day liquidity metric.<br>**Interest Rate Risk in the Banking Book (IRRBB):**<br>Risk assessment for interest rate risk on the banking books is driven by the economic risk of the underlying positions but also considers the accounting treatment:<br>▪ Earnings based measures are used to assess risk to net interest income from positions in customer banking books, hedging portfolios (held to mitigate those risks), and Treasury investment and funding activities<br>▪ Value based measures are used to assess risk to the fair value of assets held as part of investments in the liquid asset portfolio and associated risk management portfolios.<br>Risk under stress is assessed by considering:<br>▪ The impact on net interest income resulting from stressed product margins and volumes, which are dependent on the level of interest rates and funding costs under stress conditions. This can be partly mitigated by management actions, which may include repricing of variable rate products taking into account interbank lending rates under stress.<br>▪ Securities in the liquid asset portfolio are subject to several market risk stresses designed to estimate potential losses in various scenarios. This includes, but is not limited to, an annual internal stress test, regulatory stress tests as well as various ad hoc exploratory exercises. |
| Operational risk | ▪ Operational risk loss projections include the effect of the stressed macroeconomic scenario as well as the impact of forward-looking idiosyncratic risk events under stress. Operational risk is also part of the reverse stress testing framework through scenario assessments of such idiosyncratic events. |
| Model risk | ▪ IVU reviews the models and assumptions used in the MTP and stress test and may request the application of overlays to address model deficiencies. |

# Barclays' approach to managing risks
## Risk management strategy, governance and risk culture continued

| *Principal Risk* | *Stress testing approach* |
|---|---|
| Conduct risk | ▪ Redress/Remediation: Businesses review existing provisions and include additional provisions in MTP if required.<br>▪ Litigation: Irrespective of whether a provision had been recognised, stress projections of future losses for conduct risk matters managed by legal are estimated by exercising expert judgment on a case by case basis (material matters) or on a portfolio basis (non-material matters) on accordance with the methodology provided by regulators (EBA, PRA). |
| Reputation risk | ▪ Reputation risk is not quantified or stressed. |
| Legal risk | ▪ Legal risk is not quantified or stressed. |

In 2020, the internal Group-wide stress testing exercise was run as part of the MTP process, where the Group assessed the impact of an "Adverse" global recession scenario. This was used for the risk appetite setting process.

Group-wide stress testing framework also includes reverse stress testing techniques, which aim to identify the circumstances under which the Group's business model would no longer be viable, leading to a significant change in business strategy and to the identification of appropriate mitigating actions. Examples include extreme macroeconomic downturn ('severely adverse') scenarios, or specific idiosyncratic events, covering both operational risk and capital/liquidity events. Reverse stress testing is used to help support ongoing risk management and is an input to our recovery planning process.

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

### Regulatory stress testing
In addition to running internal Barclays Group-wide stress tests, Barclays Group also runs regulatory stress tests. In 2020, as a result of the COVID pandemic, the PRA cancelled its annual concurrent stress testing of the major UK banks.

Barclays Group is also subject to stress testing by non-UK regulators which includes the European Banking Authority (EBA) and the US Federal Reserve CCAR process (which focuses on the US domicile legal entity). The EBA decided to postpone the EU-wide stress test to 2021 and the Federal Reserve released the results of its annual supervisory stress test in June 2020.

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

- The risk review process includes a review of the proposed risk appetite by the business, including assessment of business plans under stress which is used to inform the MTP.
- If the business' plans entail too high a level of risk, management can challenge them. This assessment is based on a comparison of the businesses' own risk appetite assessment reflected in their business plans ('bottom-up' risk appetite) with the central risk team's view ('top-down' risk appetite) based on the financial constraints set by the Board for Barclays Group.
- Businesses may be asked to update their business plans until the bottom-up risk appetite is within top-down appetite. There is also a detailed review of the stressed estimates and the methodology used to translate the economic scenario to these stressed estimates, as well as the management actions included in the businesses' results to verify that these are appropriate and realistic in a stressed environment.
- Meetings are held with each business, where they present their business plans to Barclays Group CRO and Finance Director. The findings from the risk reviews are discussed and businesses may be required to change their business plans as a result of these meetings.
- Interim internal capital adequacy assessments inform the capital planning process and are reviewed during the meetings. These assessments are refreshed based on year-end positions and reflected in the ICAAP.

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

# Management of credit risk and the internal ratings-based approach

This section discusses the organisation specific to the management of credit risks, and provides details of the calculation of risk weighted assets under the Internal Ratings Based approach of the Basel framework.

- **Pages 162 to 170 cover the aspects of the Group's risk management framework specific to credit risk, including committees and Barclays Group's reporting structure**
- **As 63% of our regulatory capital is for credit risk, we devote pages 171 to 178 to detailing how we approach the internal ratings models, and how the framework supports risk differentiation and management.**

## Barclays' approach to managing risks

# Management of credit risk and the internal ratings-based approach

### Credit risk

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

## 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 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 and structure

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

## 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.

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 development 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.

**Barclays PLC Board Risk Committee**

- Reviews and recommends Barclays Group's risk appetite for wholesale and retail credit risk to the Barclays PLC Board
- Reviews Barclays Group's risk profile for wholesale and retail credit risk on behalf of the Barclays PLC Board
- Commissions, receives and considers reports on wholesale and retail credit risk issues

**Barclays Group Risk Committee**

- Reviews appetite for wholesale and retail credit risk and makes recommendations on the setting of limits to the Barclay s PLC Board
- Monitors the risk profile for wholesale and retail credit risk
- Reviews and monitors the control environment for wholesale and retail credit risk

**Business Risk Committees**

- Oversee activities and manage information relating to business portfolios, and identify actions needed to mitigate current and arising credit risks
- Review and approve business mandate and scale limits and, where relevant, provide recommendations for limits managed by wholesale and retail risk committees
- Review relevant decisions made by, and material issues and topics raised by, other forums and committees

**Wholesale and Retail Credit Risk Management Committees**

- Monitor the wholesale and retail credit risk profile against plan and agree required actions
- Review and approve Group mandate and scale limits and, where relevant, provide recommendations for limits managed by the Barclays PLC Board Risk Committee
- Review key wholesale and retail credit risk issues
- Review credit risk policies and framework
- Monitor risk appetite consumption – key credit portfolio (mandate and scale) limits

# Barclays' approach to managing risks
## Management of credit risk and the internal ratings-based approach continued

For wholesale portfolios, credit risk approval is undertaken by experienced credit risk professionals operating within a clearly defined delegated authority framework, with only the most senior credit officers assigned the higher levels of delegated authority. 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.

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

The role of the Enterprise Risk function is to provide Group-wide direction, oversight and challenge of credit risk taking. Enterprise Risk sets the Credit Risk Control Framework, which provides the structure within which credit risk is managed, together with supporting credit risk policies and standards.

## Reporting

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

- Measuring exposures and concentrations
- Monitoring performance and asset quality
- Monitoring for weaknesses in portfolios
- Raising allowances for impairment and other credit provisions
- Returning assets to a performing status or writing off assets when the whole or part of a debt is considered irrecoverable.

### Measuring exposures and concentrations

Loans and advances to customers provide the principal source of credit risk to the Group, although it is also exposed to other forms of credit risk through, for example, loans and advances to banks, loan commitments and debt securities. Risk management policies and processes are designed to identify and analyse risk, to set appropriate risk appetite, limits and controls, and to monitor the risks and adherence to limits by means of reliable and timely data.

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

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

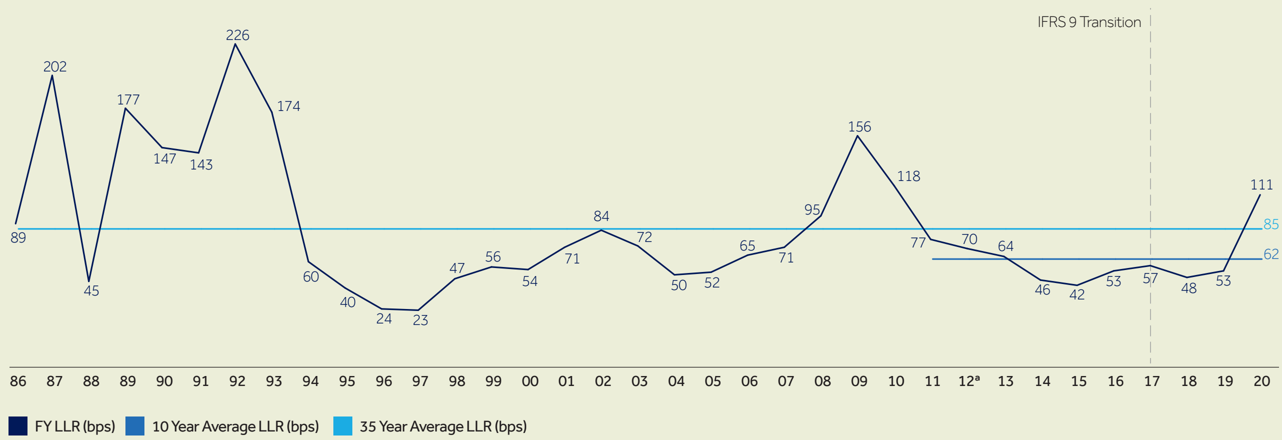
### Monitoring performance and asset quality

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

#### Loan loss rate

The loan loss rate (LLR) provides a way of consistently monitoring trends in loan portfolio quality at the Group, business and product levels. The LLR represents the annualised impairment charges on loans and advances to customers and banks and other credit provisions as a percentage of the total, period-end loans and advances to customers and banks, gross of impairment allowances. Details of the LLR for the current period may be found in the Credit Risk Performance section on page 171 in the Barclays PLC Annual Report 2020.

**Loan loss rate (bps) – longer-term trends[a, b, c]**
bps




**Notes**
a Restated to reflect the impact of IFRS10, which results in some former Exit Quadrant exposures being recorded at fair value from 2012 onwards.
b Figures from 2015 onwards exclude BAGL.
c Impairment calculated under IFRS 9 from 2018 onwards.

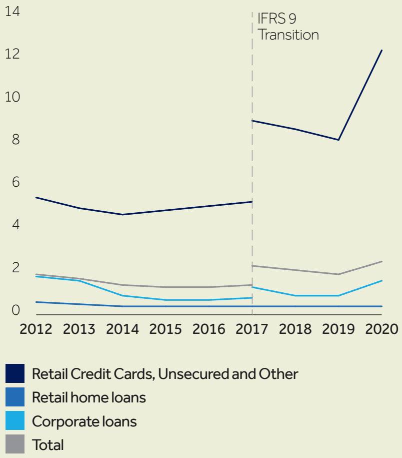
# Barclays' approach to managing risks

## Management of credit risk and the internal ratings-based approach continued

### Coverage ratios

The impairment allowance is the aggregate of the total stock of expected credit loss (ECL).

**Loans and advances total impairment coverage**
%




Total coverage ratios will vary according to the type of product. The increase in 2017 reflects the transition to the new accounting standard IFRS 9. Overall, coverage ratios would therefore be expected to remain fairly steady over a defined period of time but in principle, a number of factors may affect Barclays Group's overall coverage ratios, including:

- **The mix of products:** coverage ratios will tend to be lower when there is a high proportion of secured retail and corporate balances. This is due to the fact that the recovery outlook on these types of exposures is typically higher than Retail unsecured products, with the result that they will have lower impairment requirements;
- **The stage in the economic cycle:** coverage ratios will tend to be lower in the earlier stages of deterioration in credit conditions. At this stage, Retail delinquent balances will be predominantly in the early delinquency cycles and corporate names will have only recently shown signs of deterioration;
- **Staging:** coverage ratios will tend to be higher when there is a high proportion of balances that have met the criteria for significant increase in credit risk with associated expected credit losses (ECL) moving from a 12-month to a lifetime assessment; and
- **Write-off policies:** the speed with which defaulted assets are written off will affect coverage ratios. The more quickly assets are written off, the lower the ratios will be, since stock with 100% coverage will tend to roll out more quickly.

Details of the coverage ratios for the current period are shown in the above chart and may be found in the analysis of loans and advances and impairment section at page 171 in the Barclays PLC Annual Report 2020.

### Monitoring weaknesses in portfolios

While the basic principles for monitoring weaknesses in wholesale and retail exposures are broadly similar, they reflect the differing nature of the assets. As a matter of policy, all facilities granted to corporate or other wholesale counterparties are subject to a review on, at least, an annual basis, even when they are performing satisfactorily. Retail exposures are monitored to identify customers exhibiting signs of potential financial difficulty. Identified customers are included in the High Risk Account Management (HRAM) population. Businesses have a contact strategy for their HRAM populations and they are excluded from credit expansion activities and, where appropriate, also considered for credit reduction activities or other mitigating actions.

### Wholesale portfolios[a]

Within the Wholesale portfolios, the Basel definitions of default are used as default indicators. A default is deemed to have occurred with regard to a particular obligor if one or both of the following applies:

- The obligor is considered unlikely to pay its credit obligations to Barclays in full without recourse to actions such as the realisation of collateral,
- The obligor is 90 days or more past due on any material credit obligation to Barclays.

Examples of unlikeliness to pay include:

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

**Note**
a Includes certain Business Banking facilities which are recorded as Retail for management purposes.

# Barclays' approach to managing risks
## Management of credit risk and the internal ratings-based approach continued

**Wholesale account status**

**Performing Watchlist 1-2**

- Watchlist Committee flags client on the basis of evidence of financial difficulty.
- Business support assists the client to return to an in order position.

**Business Support Watchlist 3**

- Customer's financial difficulty requires a decision on the form of future relationship.

**Default (Recovery) Watchlist 4**

- Asset is considered irrecoverable and is written off.

**Retail account status**

**Performing (Current) Arrears Status 0**

- Customer misses contractual payment and moves to collections function.
- Customer pays total overdue payments and returns back to an in order position.

**Delinquent (Collections) Arrears Status 1-6**

- Customer reaches high arrears status and is moved to the recovery function where legal action is taken.

**Charge-off (Recovery) Arrears Status 6+**

- Asset is impaired or considered to be irrecoverable and is written off.

**Write-off: the point where it is determined that the asset is irrecoverable.**

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

- A material reduction in profits;
- A material reduction in the value of collateral held;
- A decline in net tangible assets in circumstances which are not satisfactorily explained;
- Periodic waiver requests or changes to the terms of the credit agreement over an extended period of time.

These lists are updated monthly and circulated to the relevant risk control points. Once an account has been placed on WL, the exposure is monitored and, where appropriate, exposure reductions are effected. While all counterparties, regardless of financial health, are subject to a full review of all facilities on at least an annual basis, more frequent interim reviews may be undertaken should circumstances dictate.

Specialist recovery functions deal with defaulted counterparties in higher levels of WL. Their priority is working intensively with the counterparty to help them to return to financial health or, in the cases of insolvency, obtain the orderly and timely recovery of impaired debts in order to maximise shareholder value. Where a counterparty's financial health gives grounds for concern, it is immediately placed into the appropriate category.

### Retail portfolios

Within the retail portfolios, which tend to comprise homogeneous assets, statistical techniques more readily allow potential credit weaknesses to be monitored on a portfolio basis. Retail accounts can be classified according to specified categories of arrears status (or 30-day cycle), which reflects the level of contractual payments which are overdue. An outstanding balance is deemed to be delinquent when it is one day or "one penny" down.

Once a loan has passed through a prescribed number of cycles, normally six, it will be charged-off and enter recovery status. Charge-off refers to the point in time when collections activity changes from the collection of arrears to the recovery of the full balance. In most cases, charge-off will result in the account moving to a legal recovery function or debt sale. This will typically occur after an account has been treated by a collections function. However, in certain cases, an account may be charged off directly from a performing status, such as in the case of insolvency or death.

The timings of the charge-off points are established based on the type of loan. For the majority of products, the standard period for charging off accounts is six cycles (180 days past due date of contractual obligation). Early charge-off points are prescribed for unsecured assets. For example, in cases of customer bankruptcy or insolvency, associated accounts are charged off within 60 days of notification.

# Barclays' approach to managing risks

## Management of credit risk and the internal ratings-based approach continued

### Returning assets to a performing status

#### Wholesale portfolios

In wholesale portfolios, an account may only be returned to a performing status when it ceases to have any actual or perceived financial stress and no longer meets any of the WL criteria, or once facilities have been fully repaid or cancelled. Unless a facility is fully repaid or cancelled, the decision in Corporate Banking to return an account to performing status may only be taken by the credit risk team, while within the Investment Bank, the decision can only be taken by the Barclays International Watch List Committee.

#### Retail portfolios

A retail asset, pre-point of charge-off, may only be returned to a performing status in the following circumstances:

An up-to-date (i.e. not in arrears in relation to the agreed Forbearance programme) Non-Performing Forbearance (NPF) may be reclassified as Performing Forbearance (PF) upon receipt (on-time) of all due payments (at current agreed repayment amount), over a 12-month period.

An up-to-date (i.e. not in arrears in relation to the agreed Forbearance programme) PF may be reclassified to the 'in order' book when the customer completes a minimum probation period of 24 months from the point of entering PF, even if they are no longer on a Forbearance programme. They must also meet the following criteria:

- 12 consecutive on-time payments have been made during the probation period at the agreed repayment amount (i.e. the forbearance amount while forbearance is continuing or the contractual monthly payment CMP once forbearance has concluded):
- Arrears must not have been >30 days past due during the probation period
- Account is not past due at the point of exit

If a performing forborne contract under probation is granted additional forbearance measures or becomes more than 30 days past-due, it is classified as non-performing.

For non UK residential mortgages, accounts may also be considered for rehabilitation post charge-off, where customer circumstances have changed. The customer must clear all unpaid capital and interest, and confirm their ability to meet full payments going forward.

### Recovery units

Recovery units are responsible for exposures where deterioration of the counterparty/customer credit profile is severe, to the extent that timely or full recovery of exposure is considered unlikely and default has occurred or is likely in the short term. Recovery teams set and implement strategies to recover the Group's exposure through realisation of assets and collateral, in co-operation with counterparties/customers and where this is not possible through insolvency and legal procedures.

In wholesale, for a case to be transferred to a recovery unit, it must be in default and have ceased to actively trade or be in insolvency. In retail, the timings of the charge-off points to recovery units are established based on the type of loan. For the majority of products, the standard period for charging off accounts is six missed contractual payments (180 days past due date of contractual obligation) unless a forbearance programme is agreed. Early points are prescribed for unsecured assets. For example, in case of customer bankruptcy or insolvency, associated accounts are charged off within 60 days of notification. See recovery information included in Analysis of Specific Portfolio and Asset Types section on page 195 in the Barclays PLC Annual Report 2020.

### Foreclosures in process and properties in possession

Foreclosure is the process where the Group initiates legal action against a customer, with the intention of terminating the loan agreement whereby the Group may repossess the property subject to local law and recover amounts it is owned. This process can be initiated by the Group independent of the impairment treatment and it is therefore possible that the foreclosure process may be initiated while the account is still in collections (delinquent) or in recoveries (post charge-off) where the customer has not agreed a satisfactory repayment schedule with the Group.

Properties in possession include properties held as 'loans and advances to customers' and properties held as 'other real estate owned'.

Held as 'loans and advances to customers' (UK and Italy) refers to the properties where the customer continues to retain legal title but where the Group has enforced the possession order as part of the foreclosure process to allow for the disposal of the asset, or the court has ordered the auction of the property.

### Writing off assets

Write-off refers to the point where it is determined that the asset is irrecoverable, it is no longer considered economically viable to try and recover the asset, it is deemed immaterial, or full and final settlement is reached and a shortfall remains. In the event of write-off, the customer balance is removed from the balance sheet and the impairment reserve held against the asset is released.

The timing and extent of write-offs may involve some element of subjective judgement. Nevertheless, a write-off will often be prompted by a specific event, such as the inception of insolvency proceedings or other formal recovery action, which makes it possible to establish that some or the entire advance is beyond realistic prospect of recovery. The position of impaired loans is also reviewed at least quarterly to make sure that irrecoverable advances are being written off in a prompt and orderly manner and in compliance with any local regulations.

For retail portfolios, the timings of the write-off points are established based on the type of loan. For unsecured, assets are written off based on contractual payment criteria or accelerated criteria. Assets in the recovery book will be written-off if the required qualifying repayments are not made within a rolling twelve-month period. In certain circumstances accounts will be eligible for accelerated write off (e.g. deceased, insolvency, inappropriate to pursue (medical, vulnerable, small balance) or settlement is accepted in lieu of the full balance). For secured loans, any shortfall after the receipt of the proceeds from the disposal of the collateral is written off within three months of that date if a repayment schedule has not been agreed with the borrower/estate. Such assets are only written off once all the necessary procedures have been completed and the amount of the loss has been determined.

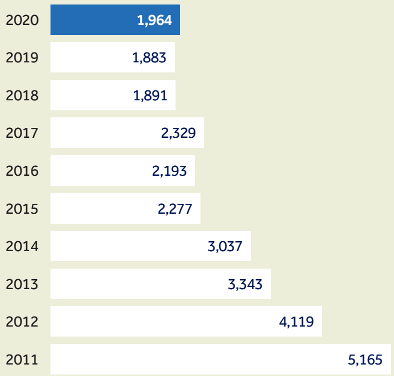
Subsequent recoveries of amounts previously written off are written back and hence decrease the amount of the reported loan impairment charge in the income statement.

In 2020, total write-offs of impaired financial assets remained stable at £2.0bn (December 2019: £1.9bn).

# Barclays' approach to managing risks

## Management of credit risk and the internal ratings-based approach continued

**Total write-off of impaired financial assets**
£m




### Assessment of Impairment Under IFRS 9

Under the IFRS 9 accounting standard, businesses are required to assess and recognise Expected Credit Losses (ECL) on financial assets from the point of origination or purchase, and to update said assessment at each reporting date, reflecting changes in the credit risk of the financial asset.

ECL represents 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, i.e. the difference between cash flows due under the contract and the cash flows that the business now expects to receive. Given ECLs take into account both the amount and the timing of payments, a credit loss may result if a contractual payment is missed or received late, even if the debt is ultimately paid in full. ECL assessments must reflect an unbiased and probability weighted assessment of a range of possible outcomes, including reasonable and supportable information about future economic conditions.

Exposures must be assessed and assigned to one of the following populations at each reporting point:

- **Stage 1: Performing risk assets**.
  In scope items classified as Stage 1 exposure for IFRS 9 purposes are those assets performing in line with expectations in place at the point of origination/acquisition. This includes new originations or purchased assets (from the point of initial origination), but excludes exposures deemed credit impaired at point of origination.

  Businesses must recognise an impairment allowance equal to 12 months expected credit losses. This allowance must be raised at point of initial reporting of an asset and the assessment updated at each subsequent reporting point.

- **Stage 2: Significantly Increase in Credit Risk (SICR) assets**.
  Assets classified as Stage 2 exposures for IFRS 9 purposes are those where credit risk has significantly increased compared with expectations at point of origination/acquisition, but which are not yet considered 'Credit Impaired'.

  In order to maintain that individual exposures or groups of assets are correctly classified as Stage 2 assets, businesses must undertake regular assessments to identify whether a significant increase in credit risk has occurred since initial recognition. This must take the form of the following:

  – **Quantitative Test**
  Where the residual annualised weighted average lifetime PD for an individual exposure at the latest reporting date shows a material deterioration compared with that at the origination/acquisition point, then the assets must be classified under Stage 2 as having significantly increased credit risk.

  The assessment of materiality, i.e. at what point the PD increase is deemed 'significant', is based upon analysis of the portfolios risk profile against a common set of defined principles and key performance metrics.

  – **Qualitative Test**
  For personal banking assets managed under Retail Portfolios, accounts meeting the portfolios 'high risk' criteria (i.e. within the last 12 months reclassified from forbearance, rehabilitated from charge-off or subject to either re-age or collections arrangement; and external behavioural metric indicate an increased probability of financial difficulty, for example excessive or increasing indebtedness and/or missed or late payments recorded at credit bureau), must be classified under Stage 2 as having significantly increased credit risk. For Wholesale portfolios and Business Banking assets managed under Retail portfolios where accounts are managed under the Watch List framework, then customers on WL 2/3, not breaching the quantitative test must be classified under Stage 2 as having SICR. Obligors on WL1 may be classified as Stage 1 for a maximum period of 6 months. In exceptional circumstances for an obligor on WL2 where it can be proven that a specific exposure is not deteriorated e.g. it is newly originated and therefore cannot have deteriorated, Stage 1 ECL may be applied.

  – **Backstop Criteria**
  For Retail portfolios, adverse changes in payment status must be considered within the assessment, and accounts 1 or more contractual payment in arrears at reporting date classified under Stage 2, except where:

  a. The missed payment is a result of a bank error or technical issue;

  b. The arrears can be analytically proven not to represent deterioration from risk performance expectations at point of origination/acquisition, e.g. where there is a very small period between cycle point and reporting date. Such exceptions must be approved by the Group Credit Risk Director (GCRD) or nominated delegate. Exposures at 30 days or more past contractual payment due date at the reporting date must be classified as Stage 2 assets without exception.

For Wholesale portfolios adverse changes in payment status must be considered within the assessment, and accounts with contractual payment 30 days or more in arrears at reporting date are included within the entry criteria for Stage 2, except where the missed payment is a result of a proven bank error or administrative issue. Where 30 days is used it must be proven that this is a backstop, not a lead driver of exposure moving to Stage 2.

Where the assessment of SICR is undertaken on a collective basis, assets must be grouped on the basis of similar risk characteristics, taking into account asset type, industry, geographical location, collateral type, past-due status and other relevant factors.

Businesses must raise an impairment allowance equivalent to the latest assessment of lifetime expected credit losses. This increased allowance must be recognised at the first reporting point following entry to Stage 2 and the assessment updated at each subsequent reporting date.

The assessment of lifetime ECLs for Stage 2 (and Stage 3) assets must consider the maximum contractual period over which the business is exposed to credit risk, including the impact of permitted extensions and pre-payments, i.e. those available at the option of the borrower to which the business must agree.

For loan commitments, the lifetime assessment period is normally the maximum contractual life, i.e. the period from the point the loan commitment is established to closure/full repayment of the exposure. However, where customer use of contractually available pre-payments and/or extension has a material impact on the expected life of the asset, then use of behavioural life may be justified.

# Barclays' approach to managing risks

## Management of credit risk and the internal ratings-based approach continued

For revolving credit facilities, the lifetime assessment period may extend beyond the contractual life to include the period over which the business is expected to be exposed to credit risk, based on historical experience i.e. an assessment of the average time to default, closure or withdrawal of the facility.

Assets may be removed from Stage 2 and re-assigned to Stage 1 once there is objective evidence that the criteria used to indicate a significant increase in credit risk are no longer met.

- **Stage 3: Credit impaired risk assets.** Assets classified as Stage 3 exposures for IFRS 9 purposes are those where credit risk has increased to a point where they are now considered 'Credit Impaired'. For Retail portfolios, this incorporates all defaulted accounts as defined under the Regulatory Definition of Default. For Wholesale portfolios cases of forbearance not captured by Stage 3 (i.e. those not meeting the regulatory definition of default - EBA classification of non-performing) must be classified as Stage 2 until such time as the relevant forbearance probation period has been completed.

  Businesses must raise an impairment allowance equivalent to the latest assessment of lifetime expected credit losses, i.e. on the same basis as for Stage 2 assets.

  For Single Name Wholesale Assets, a threshold approach is taken with Stage 3 impairment calculated individually. A discounted cash flow is completed establishing a base estimated impairment allowance, derived from the difference between asset carrying values and the recoverable amount.

  Where the base allowance is greater than £10m, a bespoke assessment is performed reflecting individual work out strategies. The assessment is clearly and specifically articulated including how general economic scenarios and downside analyses have been applied.

  Interest and fee income on Stage 3 assets is recognised based on the net amortised value, i.e. the gross carrying amount adjusted for the loss allowance in line with IFRS principles.

  For exposures that are considered credit-impaired on purchase or origination, lifetime ECLs must be taken into account within the estimated cash flows at point of initial recognition, and the asset classified as Stage 3.

  In subsequent reporting periods, businesses must recognise cumulative changes in lifetime ECLs since initial recognition as a loss allowance, i.e. the amount of change in lifetime ECLs is treated as an impairment gain or loss. Assets may only exit Stage 3 and be reclassified into Stage 1 or Stage 2 once the original default trigger event no longer applies.

To fully embed this standard into businesses, management requires frequent periodic reviews of ECL performance across the Group both in isolation and, more importantly, in comparison to the underlying performance of portfolios and product types.

Review and challenge is carried out through a hierarchy of committees confirming both the adequacy of provisions under the ECL requirements and that all policies, standards and processes have been adhered to (see below) and that appropriate controls are evidenced.

### Governance and oversight of impairment under IFRS 9

Barclays 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 SICR, are separately supported by analytical study. In particular, the quantitative thresholds used for assessing SICR are subject to a number of internal validation criteria, particularly in retail portfolios where thresholds decrease as the origination PD of each facility increases. Key policy requirements are also typically aligned to Barclays Group's credit risk management strategy and practices, for example, wholesale customers that are risk managed on an individual basis are assessed for ECL on an individual basis upon entering Stage 3; furthermore, key internal risk management indicators of high risk are used to set SICR policy, for example, retail customers identified as High Risk 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 Barclays Group's Chief Risk Officer.

  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 Barclays 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 Barclays Group's Impairment Committee, formed of members from both Finance and Risk and attended by both the Barclays Group's Finance Director and the Barclays Group's Chief Risk Officer, is responsible for overseeing impairment policy and practice across Barclays Group and will approve impairment results. Reported results and key messages are communicated to the Barclays Group's Board Audit Committee, 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.

# Barclays' approach to managing risks
Management of credit risk and the internal ratings-based approach continued

## Forbearance and other concession programmes

### Forbearance programmes
Forbearance takes place when a concession is made on the contractual terms of a facility in response to an obligor's financial difficulties. Barclays Group offers forbearance programmes to assist customers and clients in financial difficulty through agreements that may include accepting less than contractual amounts due where financial distress would otherwise prevent satisfactory repayment within the original terms and conditions of the contract. These agreements may be initiated by the customer, Barclays Group or a third party.

In line with regulatory guidance, the use of payment holidays and/or similar schemes developed in response to the COVID-19 pandemic, does not necessitate reclassification of assets as forborne.

### Forbearance programmes for Wholesale portfolios
The majority of Wholesale client relationships are individually managed, with lending decisions made with reference to specific circumstances and on bespoke terms.

Forbearance measures consist of concessions made towards a debtor that is experiencing or about to experience difficulties in meeting their financial commitments.

A concession is a sanctioned action, outside of market terms that is beneficial to the debtor. The concession arises solely due to the financial distress of the debtor and the terms are more favourable than those which would be offered to a new or existing obligor with a similar risk profile. Concessions are represented by:

- A change or alteration to the previous terms and conditions of a contract,
- A total or partial refinancing of a troubled debt contract.

The following are some examples of concessions which would be deemed forbearance (where granted to debtors in financial difficulties and outside of market terms):

- A restructuring of the contractual terms of a credit facility (such as a reduction in the interest rate).
- An extension to the maturity date.
- Change to the collateral structure (typically resulting in a net reduction in collateral).
- Favourable adjustment to covenants where repayment profile changes, or non-enforcement of material covenant breach.
- Repayment in some form other than cash (e.g. equity).
- Capitalisation of accrued interest.
- Any other concession made which is designed to alleviate actual or apparent financial stress e.g. a capital repayment holiday.

Where a concession is granted that is not a result of financial difficulty and/or is within Barclays Group's current market terms, the concession would not amount to forbearance. For example, a commercially balanced restructure within the Barclays Group's current terms which involves the granting of concessions and receiving risk mitigation/structural enhancement of benefit to Barclays Group would not be indicative of forbearance.

Forbearance is not deemed to have occurred in the following situations:

- There is a pending maturity event anticipated at the onset of lending i.e. the loan was never structured to amortise to zero
- A maturity extension or a temporary covenant waiver (e.g. short term standstill) is granted to support a period of negotiation, subject to Barclays Group being satisfied that:
  - the debtor is actively pursuing refinancing or the sale of an asset enabling full repayment at expiry of the extended term
  - no loss is anticipated
  - payments of interest and capital continues as originally scheduled
  - there is a high probability of a successful outcome within a "reasonable" time scale (6 months for bilateral facilities, 9 months for multi-lender).
- Immaterial amendments to lending terms are agreed, including changes to non-financial internal risk triggers that are only used for internal monitoring purposes.

Forbearance is considered evidence of a Significant Increase in Credit Risk and all forborne debtors are impaired as IFRS 9 Stage 2 (Lifetime Expected Credit Loss) regardless of Watch List category as a minimum for the lifetime of the forbearance. Those forbearance cases in regulatory default will attract Stage 3 impairment treatment.

Debtors granted forbearance are classified on watch list (WL) for the duration of the forbearance. Counterparties placed on WL status are subject to increased levels of credit risk oversight.

Forborne debtors are classified for reporting as either Performing or Non-Performing.

Non-Performing debtors are defined as:

- More than 90 days past due.
- Assessed as unlikely to pay credit obligations in full without realisation of collateral, regardless of the existence of any past due amount or of the number of days past due.
- Credit impaired.
- Performing forborne debtors granted additional forbearance measures or becoming more than 30 days past-due on a facility obligation.

Performing debtors are classified as debtors that are less than 30 days past due and are without risk of non-payment.

Non-performing status remains in force for a minimum 12 months from the date of classification before the debtor can be considered for performing status. Performing debtors remain forborne for a minimum 24 months before forborne status may be reviewed. The minimum time spent in forbearance for a case that is Non-Performing at the point forbearance is granted is therefore 36 months.

A control framework exists along with regular sampling so that policies for watch list and impairment are enforced as defined and all assets have suitable levels of impairment applied. Portfolios are subject to independent assessment.

Aggregate data for Wholesale forbearance cases is reviewed by the Wholesale Credit Risk Management Committee.

### Forbearance programmes for retail portfolios
Retail forbearance is available to customers experiencing financial difficulties. Forbearance solutions take a number of forms depending on individual customer circumstances. It is imperative that the solution agreed is both appropriate to that customer and sustainable, with a clear demonstration from the customer of both willingness and ability to repay. Before any permanent programme of forbearance is granted, an affordability assessment is undertaken to confirm suitability of the offer. Short-term solutions focus on temporary reductions to contractual payments and may change from capital and interest payments to interest only. For loan customers with longer-term financial difficulties, term extensions may be offered, which may include interest rate concessions. For credit card customers with longer-term financial difficulties, a switch to a fully amortising plan may be offered, which may include an interest rate concession.

When an account is placed into a programme of forbearance, the asset will be classified as such until a defined cure period has been successfully completed, incorporating a successful track record of payment in line with the revised terms, upon which it will be returned to the up-to-date book. When Barclays Group agrees a forbearance programme with a customer, impairment allowances recognise the impact on cash flows of the agreement to receive less than the original contractual payments. The Retail Impairment Policy prescribes the methodology for the impairment of forbearance assets, in line with the new IFRS 9 methodology adopted in January 2018. Forborne exposures are classified as Stage 3 (credit impaired) assets under IFRS 9, resulting in higher impairment than for fully performing assets, reflecting the additional credit risk attached to loans subject to forbearance.

# Barclays' approach to managing risks
## Management of credit risk and the internal ratings-based approach continued

When customers exit forbearance, the accounts are ring-fenced as high risk within the up-to-date book for a period of at least twelve months.

Barclays has continued to assist customers in financial difficulty through the use of forbearance programmes. However, the extent of forbearance offered by Barclays Group to customers and clients remains small in comparison to the overall size of the loan book.

The level of forbearance extended to customers in other Retail portfolios is not material and, typically, does not currently play a significant part in the way customer relationships are managed. However, additional portfolios will be added to this disclosure should the forbearance in respect of such portfolios become material.

A Retail loan is not considered to be renegotiated where the amendment is at the request of the customer, there is no evidence of actual or imminent financial difficulty and the amendment meets with all underwriting criteria. In this case it would be treated as a new loan. In the normal course of business, customers who are not in financial difficulties frequently apply for new loan terms, for example to take advantage of a lower interest rate or to secure a further advance on a mortgage product. Where these applications meet our underwriting criteria and the loan is made at market interest rates, the loan is not classified as being in forbearance. Only in circumstances where a customer has requested a term extension, interest rate reduction or further advance and there is evidence of financial difficulty is the loan classified as forbearance and included in our disclosures on forbearance on page 199 of the 2020 Annual Report.

Please see the credit risk performance section on pages 198-200 of the 2020 Annual Report for details of principal Wholesale and Retail assets currently in forbearance.

### Other programmes
#### Retail re-aging activity

Re-aging refers to the placing of an account into an up-to-date position without the requisite repayment of arrears. The re-age policy applies to revolving products that have a minimum payment requirement only. No reduction is made to the minimum due payment amounts which are calculated, as a percentage of balance, with any unpaid principal included in the calculation of the following month's minimum due payment.

The changes in timing of cash flows following re-aging do not result in any additional cost to Barclays Group. The following are the conditions required to be met before a re-age may occur:

- The account must not have been previously charged off or written off
- The borrower cannot be bankrupt, subject to an Individual Voluntary Arrangement (a UK contractual arrangement with creditors for individuals wishing to avoid bankruptcy), or deceased
- The borrower must show a renewed willingness and ability to repay the debt. This will be achieved by the borrower making at least three consecutive contractual monthly payments or the equivalent cumulative amount. Contractual monthly payment is defined as the contractual minimum due. Funds may not be advanced for any part of this the account cannot exceed cycle 3 arrears at the time of the final qualifying payment no account should be re-aged more than twice within any twelve-month period, or more than four times in a five-year period.

Re-aged assets are included in portfolios High Risk population, and are classified as Stage 2 assets (i.e. as having significantly increases credit risk) for IFRS 9 impairment purposes. This results in an appropriately higher impairment allowance being recognised on the assets.

#### Retail small arrears capitalisation

All small arrears capitalisations are now considered a form of Forbearance, based on the European Banking Authority's requirements for Supervisory Reporting on Forbearance and Non-Performing exposures.

### Refinancing risk

This is the risk that the borrower or group of correlated borrowers may be unable to repay bullet-repayment loans at expiry, and will therefore need refinancing.

From a large corporates perspective, refinancing risk will typically be associated with loans that have an element of bullet repayment incorporated into the repayment profile. Refinancing risk is taken into account on a case by case basis as part of the credit review and approval process for each individual loan. The review will consider factors such as the strength of the business model and sustainability of the cash flows; and for bridge loans, the certainty of the sources of repayment and any associated market risk.

Commercial real estate loans will frequently incorporate a bullet repayment element at maturity. Where this is the case, deals are sized and structured to enable the Group to term out the loan if the client were unable to refinance the loan at expiry. Credit review will incorporate an examination of various factors that are central to this consideration, such as tenant quality, tenancy agreement (including break clauses), property quality and interest rate sensitivity. Loans to small and medium enterprises (SMEs) will typically be either revolving credit lines to cover working capital needs or amortising exposures, with periodic refinancing to give the opportunity to review structure, pricing, etc.

### Environmental risk

Environmental risk is recognised as a mainstream credit risk issue and Barclays Group has a dedicated Environmental Risk Management team, as part of the Enterprise Risk Management function. Environmental issues are considered in credit risk assessment, and environmental risk standards are included in the Wholesale Credit Risk Control Framework.

Barclays Group's approach to environmental credit risk management addresses risk under two categories, namely Direct risk and Indirect risk, which are covered below.

**Direct risk** can arise when Barclays Group takes commercial land as collateral. In many jurisdictions, enforcement of a commercial mortgage by Barclays Group, leading to possession, potentially renders Barclays Group liable for the costs of remediating a site if deemed by the regulator to be contaminated, including for pre-existing conditions. In the UK, Barclays Group's approach requires commercial land, if being pledged as collateral, to be subject to a screening mechanism. Where required, a further assessment of the commercial history of a piece of land and its potential for environmental contamination helps reflect any potential environmental degradation in the value ascribed to that security. It also identifies potential liabilities which may be incurred by Barclays Group, if realisation of the security were to become likely.

**Indirect risk** can arise when environmental issues may impact the creditworthiness of the borrower. For instance, incremental costs may be incurred in upgrading a business' operations to meet emerging environmental regulations or tightening standards. In other circumstances, failure to meet those standards may lead to fines. Environmental impacts on businesses may also include shifts in the market demand for goods or services generated by our customers, or changing supply chain pressures. Environmental considerations affecting our clients can be varied. Barclays Group has developed a series of environmental risk briefing notes, covering ten broad industry headings ranging from Agriculture and Fisheries to Oil and Gas, from Mining and Metals to Utilities and Waste Management. These briefing notes are available to colleagues in business development and credit risk functions across the organisation, outlining the nature of environmental and social risks of which to be aware, as well as the factors which mitigate those risks.

Climate change is an increasing driver of environmental risk. More information on our approach to managing risks associated with climate change can be found on page 159 of the Barclays PLC Annual Report 2020.

# Barclays' approach to managing risks

Management of credit risk and the internal ratings-based approach continued

## Internal ratings based (IRB) approach

The IRB approach largely relies on internal models to derive the risk parameters/ components used in determining the capital requirement for a given exposure. The main risk components include measures of the probability of default (PD), loss given default (LGD) and the exposure at default (EAD). The IRB approach is divided into three alternative applications: Own-Estimates, Supervisory Estimates and Specialised Lending:

Own-Estimates IRB (OEIRB): The Group uses its own models to estimate PD, LGD and EAD to calculate given risk exposures for various asset classes and the associated Risk Weighted Assets (RWAs).

Supervisory IRB (SIRB): Barclays uses its own PD estimates, but relies on supervisory estimates for other risk components. The SIRB approach is particularly used to floor risk parameters for wholesale credit exposures where default data scarcity may impact the robustness of the model build process.

Specialised Lending IRB: For specialised lending exposures for which PD cannot be modelled reliably, the Group uses a set of risk weights defined in the relevant regulation, and takes into account a range of prescribed risk factors.

While in the past the industry has used the terms 'Advanced', 'Foundation' and 'Slotting' IRB, the current enforcing regulation (the Capital Requirements Regulation) does not use these terms.

### The IRB calculation for credit risk

For both OEIRB and SIRB approaches, the Group uses the regulatory prescribed risk-weight functions for the purposes of deriving capital requirements.

In line with regulatory requirements, Long Run Average PD and downturn LGD and CF (Conversion Factor) estimates are used for each customer/facility to determine regulatory capital for all exposures in scope.

For the purpose of pricing and existing customer management, point in time (PIT) PD, LGD and EAD are generally used as these represent the best estimates of risk given the current position in the credit cycle. Whilst Long Run Average PDs are always tested at grade/pool level, PIT PDs are also used for the calculation of capital on certain retail unsecured products, in line with regulation.

### Applications of internal ratings

The three components – PD, LGD and CF – are the building blocks used in a variety of applications that measure credit risk across the entire portfolio:

- **Credit approval:** PD models are used in the approval process in both retail and wholesale portfolios. In high-volume retail portfolios, application and behaviour scorecards are frequently used as decision-making tools. In wholesale and some retail mortgage portfolios, PD models are used to direct applications to an appropriate credit-sanctioning level
- **Credit grading:** this was originally introduced in the early 1990s to provide a common measure of risk across the Group. The Group employs a 21-point scale of default probabilities. In some applications, grades in this scale are divided further to permit more detailed analysis. These are shown in Table 44 on page 72
- **Risk-reward and pricing:** PD, LGD and CF estimates are used to assess the profitability of deals and portfolios and to facilitate risk-adjusted pricing and strategy decisions
- **Risk appetite:** estimates are used to calculate the expected loss and the potential volatility of loss in the Group's risk appetite framework. See page 154
- **Impairment calculation:** under IFRS 9, ECL outputs are produced based on PD, EAD and CF IRB feeder models, with scenario and weighting. See page 166
- **Collections and recoveries:** model outputs are used to identify segments of the portfolio where collection and recovery efforts should be prioritised
- **Economic capital (EC) calculation:** most EC calculations use similar inputs as the regulatory capital (RC) process
- **Risk management information:** Risk generate reports to inform senior management on issues such as business performance, risk appetite and EC consumption. Model outputs are used as key indicators in those reports. Risk also generates regular reports on model risk, which covers model accuracy, model use, input data integrity and regulatory compliance among other issues.

### Ratings processes and models for credit exposures

#### Wholesale credit

To construct ratings for wholesale customers, including financial institutions, corporations, specialised lending, purchased corporate receivables and equity exposures, the Group complements its internal models suite with external models and rating agencies' information. A model hierarchy is in place requiring users/credit officers to adopt a consistent approach/model to rate each counterparty based on the asset class type and the nature of the transaction.

#### Wholesale PD models

The Group employs a range of methods in the construction of these models:

- Statistical models are used for our high volume portfolios such as small or medium enterprises (SME). The models are typically built using large amounts of internal data, combined with supplemental data from external data suppliers where available. Wherever external data is sourced to validate or enhance internally held data, similar data quality standards to those applicable to the internal data management are enforced
- Structural models incorporate, in their specification, the elements of the industry-accepted Merton framework to identify the distance to default for a counterparty. This relies upon the modeller having access to specific time series data or data proxies for the portfolio. Data samples used to build and validate these models are typically constructed by appropriately combining data sets from internal default observations with comparable externally obtained data sets from commercial providers such as rating agencies and industry data gathering consortia
- Expert lender models are used for those parts of the portfolio where there is insufficient internal or external data to support the construction of a statistically robust model. These models utilise the knowledge and in-depth expertise of the senior credit officers dealing with the specific customer type being modelled. For all portfolios with a low number of default observations, the Group adopts specific regulatory rules, methodologies and floors in its estimates so that the calibration of the model meets the current regulatory criteria for conservatism.

# Barclays' approach to managing risks
## Management of credit risk and the internal ratings-based approach continued

### Wholesale LGD models
The LGD models typically rely on statistical analysis to derive the model drivers (including seniority of claim, collateral coverage, recovery periods, industry and costs) that best explain the Group's historical loss experience, often supplemented with other relevant and representative external information where available. The models are calibrated to downturn conditions for regulatory capital purposes and, where internal and external data is scarce, they are subject to SIRB floors so that the calibration of the model meets the current regulatory criteria for conservatism.

### Wholesale CF models
The wholesale CF models estimate the potential utilisation of the currently available headroom based on statistical analysis of the available internal and external data and past client behaviour. As is the case with the LGD models, the CF models are subject to downturn calibration for regulatory capital purposes and to floors where data is scarce.

### Retail credit
Retail banking and cards operations have long and extensive experience of using credit models in assessing and managing risks. As a result, models play an integral role in customer approval and management decisions. Most retail portfolios are data rich; consequently, most models are built in-house using statistical techniques and internal data. Exceptions are some expert lender models (similar to those described in the wholesale context) where data scarcity precludes the statistically robust derivation of model parameters. In these cases, appropriately conservative assumptions are typically used, and wherever possible these models are validated/benchmarked against external data.

### Retail PD models
Application and behavioural scorecards are most commonly used for retail PD modelling:

- Application scorecards are derived from historically observed performance of new clients. They are built using customer demographic and financial information, supplemented by credit bureau information where available. Through statistical techniques, the relationship between these candidate variables and the default marker is quantified to produce output scores reflecting a PD. These scores are used primarily for new customer decisioning but are, in some cases, also used to allocate a PD to new customers for the purpose of capital calculation
- Behavioural scorecards differ from application scorecards in that they rely on the historically observed performance of existing clients. The statistically derived output scores are used for existing customer management activities as well as for the purpose of capital calculation.

### Retail LGD models
Retail LGD models are built using bespoke methods chosen to best model the operational recovery process and practices. In a number of secured portfolios, LGD drivers are parameterised with market factors (e.g. house price indices, haircut of the property value) to capture market trends. For most unsecured portfolios, where recoveries are not based on collateral, statistical models of cash flows are used to estimate ultimate recoveries and LGDs. In all instances, cash flows are discounted to the point of default by using bespoke country and product level factors. For capital calculations, customised economic downturn adjustments, taking into account loss and default dependency, are made to adjust losses to stressed conditions.

### Retail CF models
CF models within retail portfolios are split into two main methodological categories. The general methodology is to derive product level credit conversion factors (CCFs) from historical balance migrations, typically for amortising product, such as mortgages, consumer loans. These are frequently further segmented at a bucket level (e.g. by delinquency). The most sophisticated CF models are based on behavioural factors, determining customer level CCFs from characteristics of the individual facility, typically for overdrafts and credit cards. For capital calculations, customised downturn adjustments, taking into account loss and default dependency, are made to adjust for stressed conditions.

### The control mechanisms for the rating system
Model risk is a risk managed under the ERMF. Consequently, Barclays Group Model Risk Policy (GMRP) and its supporting standards covering the end-to-end model life cycle are in place to support the management of risk models.

Key controls captured by the GMRP cover:

- Model governance is anchored in assigning accountabilities and responsibilities to each of the main stakeholders:
  - model owner – each model must have an owner who has overall accountability for the model
  - model developers – support the model owner and drive development according to the model owner's defined scope/ purpose
  - Independent Validation Unit (IVU) – responsible for independent review, challenge and approval of all models.
- Externally developed models are subject to the same governance standards as internal models
- Models are classified by materiality (high/low) and complexity (complex/non-complex)
- All models must be validated and approved by IVU before initial implementation/use
- Models are subject to annual review by the model owner and periodic validation and approval by IVU
- All models must be recorded in the Group Models Database (GMD), which records model owners and developers
- Model owners must evidence that model implementation is accurate and tested.

If a model is found to perform sub-optimally, it may be rejected and/or subjected to a Post Model Adjustment (PMA) before approval for continued use is granted.

The IVU reporting line is separate from that of the model developers. IVU is part of Model Risk Management (MRM), and the head of MRM reports to the Group Chief Risk Officer (GCRO). The model development teams have separate reporting lines to the Barclays UK and Barclays International Chief Risk Officers, who in turn report to the GCRO.

Under the Three Lines of Defence approach stated in the ERMF, the actions of all parties with responsibilities under the GMRP are subject to independent review by Barclays Internal Audit.

### Validation processes for credit exposures
Validation of credit models covers observed model performance but also the scope of model use, interactions between models, data use and quality, the model's theoretical basis, regulatory compliance and any remediation to model risk that are proposed or in place. The following sections provide more detail on processes for validating the performance of each model type.

### Wholesale PD models
To assess model calibration, the IVU compares the model prediction of default frequency to the realised internal default rate both over the latest year and over all observable model history. Due to the relative infrequency of default of large wholesale obligors, a long-run perspective on default risk is vital. Default rates are also compared to external benchmarks where these are relevant and available, such as default rates in rating-agency data. In practice, since financial crises have been infrequent, IVU would expect the model PD used in calculating regulatory capital to exceed the long run observed default rate.

For portfolios where few internal defaults have been observed, portfolio PD is compared to the 'most prudent PD' generated by the industry-standard Pluto-Tasche method, using conservative parameter assumptions.

To assess model discrimination performance, the IVU compares the rank-ordering of internal ratings with the pattern of defaults, if any, to construct the industry-standard Gini statistic or similar. The ordering of internal ratings is also compared to the ordering of internal and external comparator ratings where these are available.

# Barclays' approach to managing risks

## Management of credit risk and the internal ratings-based approach continued

Measures of grade stability and the degree to which PD tracks default rates over time are also routinely calculated to infer relevant aspects of the model performance.

### Wholesale LGD models

To assess model calibration, model outputs are compared to the LGD observed on facilities that entered default in 'downturn' periods, as requested by the regulator. Both internal and external data on observed LGD are examined, but preference is given to internal data, since these reflect the Group's recovery policies. Comparisons are performed by product seniority and security status and for other breakdowns of the portfolio. Model outputs are also compared to the long-run average of observed LGD. The time-lapse between facility default and the closure of recovery is varied and may be long. In the construction of observed LGD, recoveries are discounted back to the date of default at a conservative interest rate, following regulatory guidance of at least 9%. As noted above, regulatory floors are in place for the LGD used in calculating regulatory capital for exposure types where few default observations are available.

To assess model discrimination, the IVU compares the rank-ordering of model predictions to that of observed LGD and calculates the Spearman's Rank correlation coefficient and other measures of discrimination.

### Wholesale CF models

To assess model calibration, the conversion factors observed in internal data are compared to model predictions, both in downturn periods as defined by the regulator, and on a long-run average basis. Comparisons are performed separately for different product types. Validation focuses on internal data, with external data used as a benchmark, because conversion factors are related to banks' facility management practices. Particular care is used in separating cases where facility limits changed between the date of observation and default, as these can lead to measurements of conversion factors that take extreme values. As a benchmark only, total predicted exposure at default for all defaulted facilities is compared to realised exposure at default. This comparison is done because it is relatively insensitive to extreme values for observed CF on some facilities. The primary validation tests are performed on facility-weighted rather than exposure-weighted basis, however, in line with the relevant regulations.

### Retail PD models

To assess rating philosophy, i.e. whether it is a Point-in-Time system or Through-the-Cycle system, the IVU produces migration indices to investigate relevant grade migration.

To assess model calibration, the IVU compares the model prediction of default frequency to the realised internal default rate by grade/pool as required by CRR. As a minimum, IVU expects the expected default rate is at least equal or above the level of observed default rate.

To assess model discrimination performance, the IVU compares the rank-ordering of internal ratings with the pattern of defaults, if any, to construct the industry-standard Gini statistic or similar.

To assess model stability, the population distribution, the character distribution and parameter estimates are assessed individually.

A 0.03% regulatory floor is in place for the facility level PD used in calculating regulatory capital.

### Retail LGD models

LGD model components are compared to observed value respectively, this may include but not limited to probability of possession/charge off, forced sale discount, time from default to crystallisation and discount rate. Where components are similar to PD in nature, the approach stated in the PD section applies to assess the calibration, discrimination and stability of the component.

The calibration of the overall LGD is assessed through the expected against actual comparison by default flow and stock population respectively. The downturn LGD appropriateness is further assessed to test that the downturn LGD is equal to or above the long-run average of observed LGD. This exercise is performed at grade/pool level according to CRR. In the construction of observed LGD, recoveries are discounted back to the date of default at a conservative interest rate, following regulatory guidance. As noted above, regulatory floors are in place for the LGD used in calculating regulatory capital where appropriate (this includes but not limited to the non-zero LGD floor at account level, the collateral uncertainty consideration, the portfolio level LGD floor and UK property haircut floor).

The primary validation tests are performed on facility-weighted rather than exposure-weighted basis, however, in line with the relevant regulations.

### Retail CF models

The calibration of the overall CF is assessed through the expected against actual comparison by default flow and stock population respectively. The downturn CF appropriateness is further assessed to test that the downturn CF is equal to or above the long-run average of observed CF. This exercise is performed at grade/pool level according to CRR. Particular care is used in separating cases where facility limits changed between the date of observation and default, as these can lead to measurements of conversion factors that take extreme values.

Depending on the modelling approach, the relevant measure used for PD/LGD may be used accordingly to assess calibration, discrimination and stability.

CF is floored so that the exposure at the point of default cannot be less than exposure observed at point of regulatory reporting.

The primary validation tests are performed on facility-weighted rather than exposure-weighted basis, however, in line with the relevant regulations.

Table 98 for credit risk model characteristics shows modelled variables to calculate RWAs (PD, LGD, and EAD) at portfolio level, with number of models and their significance in terms of RWAs, model method or approach, numbers of years of data used, Basel asset class of the customer or client, and regulatory thresholds applied.

### Selected features of material models

The table below contains selected features of the Group's AIRB credit risk models which are used to calculate RWAs. Please note that the RWAs reported in this table are based on the models in production as of Nov'20.

- PD models listed in the table account for £107bn of total AIRB approach RWAs
- LGD models listed in the table account for £102bn of total AIRB approach RWAs.

# Barclays' approach to managing risks
## Management of credit risk and the internal ratings-based approach continued

### Table 98: IRB credit risk models' selected features

| Component modelled | Portfolio | Size of associated portfolio (RWAs) BUK (£m) | BI (£m) | Model description and methodology | Number of years loss data | Basel asset classes measured | Applicable industry-wide regulatory thresholds |
|---|---|---|---|---|---|---|---|
| PD | Publicly traded corporate | – | 20,605 | Statistical model using a Merton–based methodology. It takes quantitative factors as inputs. | > 10 Years | Corporate | PD floor of 0.03% |
| PD | Customers rated by Moody's and S&P | – | 34,378 | Rating Agency Equivalent model converts agency ratings into estimated equivalent PiT default rates using credit cycles based on Moody's data. | > 10 Years | Corporate, Financial Institutions and Sovereigns | PD floor of 0.03% for corporate and institutions |
| PD | SME customers with turnover < £20m | 8,186 | 3,553 | Statistical models that uses regression techniques to derive relationship between observed default experience and a set of behavioural variables. | > 10 Years | Corporate SME, SME | Regulatory PD floor of 0.03% |
| PD | Corporate customers with turnover >= £20m | – | 5,876 | Statistically derived models sourced from an external vendor (Moody's RiskCalc). | > 10 Years | Corporate | PD floor of 0.03% |
| PD | UK Home Finance | 20,375 | – | Statistical scorecards estimated using regression techniques, segmented along arrears status and portfolio type. | >10 Years | Secured By Real Estate (residential and buy–to–let mortgages) | Regulatory PD floor of 0.03% |
| PD | Barclaycard UK | 13,855 | – | Statistical scorecards estimated using regression techniques, segmented along arrears status and portfolio type. | 6 – 10 Years | Qualifying Revolving Retail (QRRE) | PD floor of 0.03% |
| LGD | Corporate and Financial Institutions | – | 50,058 | Model based on a statistical regression that outputs a long run average LGD by estimating the expected value of recovery. Inputs include industry, seniority, instrument, collateral and country. | > 10 Years | Corporate, Financial Institutions | LGD floor of 45% based on low default portfolio criteria |
| LGD | All business customers (excluding certain specialized sectors) | 3,876 | 13,954 | Model is based on a function estimated using actual recoveries experience. It takes account of collateral value and an allowance for non–collateral recovery. | > 10 Years | Corporate | LGD floor of 5% |
| LGD | UK Home Finance | 20,375 | – | Data driven estimates of loss and probability of possession | 6 – 10 Years | Secured By Real Estate (residential and buy–to–let mortgages) | The portfolio average downturn LGD is floored at 10% |
| LGD | Barclaycard UK | 13,855 | – | Statistical models combining segmented regression and other forecasting techniques | 6 – 10 Years | Qualifying Revolving Retail (QRRE) | – |

# Barclays' approach to managing risks

## Management of credit risk and the internal ratings-based approach continued

### Credit Risk IRB models performance back testing - estimated versus actual

The following tables compare the PDs and LGDs estimated by the Group's IRB models with the actual default and loss rates respectively. Comparisons are based on the assets in IRB approach portfolios and are used to assess performance of the models. The estimates and actual figures represent direct outputs from the models rather than outputs used in regulatory capital calculations that may be adjusted to apply more conservative assumptions.

Risk models are subject to the Group Model Risk Policy which contains detailed guidance on the minimum standards for model risk management. For example, PDs must be estimated over a sufficient period, show sufficient differentiation in predictions for different customers, show conservatism where data limitations exist, and follow prescriptive techniques. These standards are achieved via an independent validation process through appropriately independent experts. Once validated and correctly implemented, models are subject to regular monitoring to ensure they can still be used. Comparing model estimates with actual default rates for PD and loss rates for LGD form part of this monitoring. Such analysis is used to assess and enhance the performance of the models.

Further detail is provided in the management of model risk on page 205.

### PD measures

- The model estimated PiT PDs are compared with the actual default rates by PD ranges within each IRB exposure class. PD ranges, estimated PDs and actual default rates are based on the existing models default definitions. UK Cards, UK Home Finance, UK Current Account, Barclayloan and SME are the only CRD IV compliant portfolio as of the reference month (Nov'19), for the remaining portfolios compliant models are either currently under PRA approval process or will be submitted as per the EBA IRB Repair roll out plan periodically reviewed with the PRA
- The estimated PDs are forward-looking average PD by the model at the beginning of the twelve-month period, i.e. average PD of the Nov'19 non-defaulted obligors including inactive and non-borrowers. Both EAD weighted and simple average PDs have been reported
- The estimated PDs are compared with the simple average of historical annual default rates over the past 5 years, starting Nov'15
- The PiT PD is used as a predicted measure in internal monitoring and annual validation of the models. In contrast, the capital calculation uses TTC or Regulatory PDs (not shown below), calibrated to long-run default averages with additional adjustments where modelled outputs display evidence of risk understatement (including credit expert overrides, regulatory adjustments etc.). The PiT measure is subject to under or over prediction depending on the relative position of the portfolio to the credit cycle
- A mapping has been provided between external ratings and internal PD ranges based on the published reports from the two rating agencies - Moody's and S&P
- For the wholesale models, the average default probabilities in the tables have been determined from the full scope of clients graded by the IRB model suite, which may include some clients that have either zero exposure or zero limits marked at the time of calculation.

### LGD measures

- The model estimated PiT LGDs, unadjusted for regulatory floors and for downturn adjustments, are compared with the actual LGDs within each IRB exposure class
- The estimated LGDs are derived from a simple average of LGDs at beginning of the year in which the default event occurred for the set of cases resolved over the twelve-month period (i.e., between Dec'19 to Nov'20)
- The actual LGD rate is the simple average observed loss rate for the set of cases resolved over the twelve-month period, regardless of the time of default
- The LGD measures are used as a predicted measure in internal monitoring and annual validation of the models. The capital calculation uses Downturn LGDs with additional adjustments and regulatory floors where modelled outputs display evidence of risk understatement.

# Barclays' approach to managing risks

## Management of credit risk and the internal ratings-based approach continued

### Table 99: CR9 - Analysis of expected performance versus actual results

This table provides an overview of credit risk model performance, assessed by the analysis of average PDs and average LGDs. Please note these tables exclude exposures calculated under the supervisory slotting approach and the straddling obligors between BUK and BI have been classified under BUK.

The table compares the raw model output to the actual experience in our portfolios. Such analysis is used to assess and enhance the adequacy and accuracy of models. The raw outputs are subject to a number of adjustments before they are used in the calculation of capital, for example to allow for the position in the credit cycle and the impact of stress on recovery rates.

**Asset Class**

| | | External Ratings Equivalent | | | | Number of obligors | | | of which: | Average |
|---|---|---|---|---|---|---|---|---|---|---|
| Wholesale | EBA PD Range (%) | Moody's | S&P | Weighted Average PD % | Arithmetic Average PD by obligors % | As at Nov'19 | As at Nov'20 | Defaulted obligors in the year | new defaulted in the year | historical annual default % |
| **Central governments or central banks** | 0.00 to <0.15 | Aaa,Aa1,Aa2,Aa3,A1, A2,A3,Baa1 | AAA, AA+,AA,AA-,A+,A,A-,BBB+ | 0.01% | 0.03% | 39 | 31 | – | – | 0.00% |
| | 0.15 to <0.25 | Baa2 | BBB | 0.25% | 0.22% | 7 | 7 | – | – | 0.00% |
| | 0.25 to <0.50 | Baa3,Ba1 | BBB-, BB+ | 0.43% | 0.39% | 4 | – | – | – | 0.00% |
| | 0.50 to <0.75 | Ba1,Ba2 | BB | 0.00% | 0.60% | 3 | 3 | – | – | 0.00% |
| | 0.75 to <2.50 | Ba2,Ba3,B1 | BB-,B+ | 2.36% | 1.61% | 9 | 8 | – | – | 0.00% |
| | 2.50 to <10.00 | B1,B2,B3,Caa1,Caa2 | B+,B,B-,CCC+ | 2.60% | 5.18% | 9 | 12 | – | – | 0.00% |
| | 10.00 to <100.00 | Caa2,Caa3,Ca,C | CCC,CCC+,CCC-,CC+,CC,C | 0.00% | 30.00% | 3 | 7 | – | – | 0.00% |
| | 100.00 (default) | D | D | 0.00% | 0.00% | – | – | | | |
| **Financial Institutions** | 0.00 to <0.15 | Aaa,Aa1,Aa2,Aa3,A1, A2,A3,Baa1 | AAA, AA+,AA,AA-,A+,A,A-,BBB+ | 0.03% | 0.03% | 8,573 | 7,823 | – | – | 0.00% |
| | 0.15 to <0.25 | Baa2 | BBB | 0.18% | 0.19% | 574 | 743 | – | – | 0.00% |
| | 0.25 to <0.50 | Baa3,Ba1 | BBB-, BB+ | 0.42% | 0.43% | 398 | 405 | – | – | 0.00% |
| | 0.50 to <0.75 | Ba1,Ba2 | BB | 0.66% | 0.64% | 83 | 45 | – | – | 0.22% |
| | 0.75 to <2.50 | Ba2,Ba3,B1 | BB-,B+ | 1.45% | 1.35% | 201 | 276 | – | – | 0.10% |
| | 2.50 to <10.00 | B1,B2,B3,Caa1,Caa2 | B+,B,B-,CCC+ | 5.05% | 5.17% | 157 | 163 | 1 | – | 0.42% |
| | 10.00 to <100.00 | Caa2,Caa3,Ca,C | CCC,CCC+,CCC-,CC+,CC,C | 25.42% | 21.54% | 56 | 88 | – | – | 0.48% |
| | 100.00 (default) | D | D | 100.00% | 100.00% | 4 | 4 | | | |
| **Corporate** | 0.00 to <0.15 | Aaa,Aa1,Aa2,Aa3,A1, A2,A3,Baa1 | AAA, AA+,AA,AA-,A+,A,A-,BBB+ | 0.02% | 0.05% | 1,472 | 1,427 | – | – | 0.00% |
| | 0.15 to <0.25 | Baa2 | BBB | 0.19% | 0.20% | 448 | 631 | 1 | – | 0.06% |
| | 0.25 to <0.50 | Baa3,Ba1 | BBB-, BB+ | 0.34% | 0.35% | 898 | 670 | 1 | – | 0.13% |
| | 0.50 to <0.75 | Ba1,Ba2 | BB | 0.61% | 0.62% | 386 | 369 | 2 | – | 0.28% |
| | 0.75 to <2.50 | Ba2,Ba3,B1 | BB-,B+ | 1.34% | 1.36% | 802 | 685 | 6 | – | 0.49% |
| | 2.50 to <10.00 | B1,B2,B3,Caa1,Caa2 | B+,B,B-,CCC+ | 4.36% | 4.44% | 715 | 723 | 25 | – | 2.18% |
| | 10.00 to <100.00 | Caa2,Caa3,Ca,C | CCC,CCC+,CCC-,CC+,CC,C | 18.34% | 19.02% | 139 | 223 | 19 | 2 | 8.17% |
| | 100.00 (default) | D | D | 100.00% | 100.00% | 300 | 331 | | | |
| **SME** | 0.00 to <0.15 | Aaa,Aa1,Aa2,Aa3,A1, A2,A3,Baa1 | AAA, AA+,AA,AA-,A+,A,A-,BBB+ | 0.12% | 0.08% | 297,928 | 114,262 | 660 | 548 | 0.12% |
| | 0.15 to <0.25 | Baa2 | BBB | 0.20% | 0.20% | 146,845 | 178,369 | 560 | 543 | 0.27% |
| | 0.25 to <0.50 | Baa3,Ba1 | BBB-, BB+ | 0.41% | 0.35% | 204,331 | 336,250 | 811 | 743 | 0.43% |
| | 0.50 to <0.75 | Ba1,Ba2 | BB | 0.63% | 0.61% | 103,177 | 155,502 | 591 | 486 | 0.72% |
| | 0.75 to <2.50 | Ba2,Ba3,B1 | BB-,B+ | 1.47% | 1.34% | 222,862 | 257,854 | 2,909 | 1,808 | 1.54% |
| | 2.50 to <10.00 | B1,B2,B3,Caa1,Caa2 | B+,B,B-,CCC+ | 4.82% | 4.30% | 81,181 | 47,549 | 3,064 | 603 | 5.96% |
| | 10.00 to <100.00 | Caa2,Caa3,Ca,C | CCC,CCC+,CCC-,CC+,CC,C | 22.86% | 24.77% | 19,953 | 9,343 | 4,456 | 27 | 29.40% |
| | 100.00 (default) | D | D | 100.00% | 100.00% | 11,822 | 13,296 | – | – | – |

# Barclays' approach to managing risks
## Management of credit risk and the internal ratings-based approach continued

**Asset Class**

| Wholesale | EBA PD Range (%) | External Ratings Equivalent Moody's | External Ratings Equivalent S&P | Weighted Average PD % | Arithmetic Average PD by obligors % | Number of obligors As at Nov'19 | Number of obligors As at Nov'20 | Defaulted obligors in the year | of which: new defaulted in the year | Average historical annual default % |
|---|---|---|---|---|---|---|---|---|---|---|
| **Secured by Real Estate** | 0.00 to <0.15 | Aaa,Aa1,Aa2,Aa3,A1,A2,A3,Baa1 | AAA, AA+,AA,AA-,A+,A,A-,BBB+ | 0.07% | 0.08% | 753,717 | 751,068 | 695 | – | 0.08% |
| | 0.15 to <0.25 | Baa2 | BBB | 0.19% | 0.19% | 95,577 | 95,208 | 214 | – | 0.21% |
| | 0.25 to <0.50 | Baa3,Ba1 | BBB-, BB+ | 0.33% | 0.33% | 38,545 | 38,193 | 208 | – | 0.52% |
| | 0.50 to <0.75 | Ba1,Ba2 | BB | 0.60% | 0.61% | 9,668 | 10,702 | 90 | – | 0.92% |
| | 0.75 to <2.50 | Ba2,Ba3,B1 | BB-,B+ | 1.56% | 1.50% | 20,184 | 19,595 | 296 | – | 1.48% |
| | 2.50 to <10.00 | B1,B2,B3,Caa1,Caa2 | B+,B,B-,CCC+ | 4.91% | 4.72% | 13,351 | 13,476 | 798 | – | 5.44% |
| | 10.00 to <100.00 | Caa2,Caa3,Ca,C | CCC,CCC+,CCC-,CC+,CC,C | 30.46% | 30.84% | 7,207 | 7,792 | 2,443 | – | 40.54% |
| | 100.00 (default) | D | D | 100.00% | 100.00% | 14,107 | 14,309 | – | – | – |
| **Qualifying Revolving Retail** | 0.00 to <0.15 | Aaa,Aa1,Aa2,Aa3,A1,A2,A3,Baa1 | AAA, AA+,AA,AA-,A+,A,A-,BBB+ | 0.08% | 0.06% | 9,818,656 | 12,525,901 | 3,554 | 763 | 0.05% |
| | 0.15 to <0.25 | Baa2 | BBB | 0.20% | 0.20% | 2,533,830 | 2,299,977 | 3,215 | 757 | 0.18% |
| | 0.25 to <0.50 | Baa3,Ba1 | BBB-, BB+ | 0.36% | 0.36% | 3,385,224 | 2,076,860 | 7,624 | 1,276 | 0.31% |
| | 0.50 to <0.75 | Ba1,Ba2 | BB | 0.62% | 0.61% | 1,319,300 | 987,547 | 5,987 | 663 | 0.56% |
| | 0.75 to <2.50 | Ba2,Ba3,B1 | BB-,B+ | 1.43% | 1.38% | 2,638,793 | 2,151,916 | 29,805 | 1,493 | 1.35% |
| | 2.50 to <10.00 | B1,B2,B3,Caa1,Caa2 | B+,B,B-,CCC+ | 5.05% | 4.97% | 1,670,153 | 1,240,226 | 71,390 | 750 | 4.82% |
| | 10.00 to <100.00 | Caa2,Caa3,Ca,C | CCC,CCC+,CCC-,CC+,CC,C | 24.27% | 24.63% | 471,599 | 278,265 | 110,901 | 78 | 25.32% |
| | 100.00 (default) | D | D | 100.00% | 100.00% | 429,412 | 411,258 | – | – | – |
| **Other Retail** | 0.00 to <0.15 | Aaa,Aa1,Aa2,Aa3,A1,A2,A3,Baa1 | AAA, AA+,AA,AA-,A+,A,A-,BBB+ | 0.10% | 0.09% | 62,002 | 41,680 | 94 | – | 0.14% |
| | 0.15 to <0.25 | Baa2 | BBB | 0.20% | 0.20% | 50,420 | 42,754 | 152 | – | 0.20% |
| | 0.25 to <0.50 | Baa3,Ba1 | BBB-, BB+ | 0.37% | 0.37% | 99,613 | 92,991 | 432 | – | 0.35% |
| | 0.50 to <0.75 | Ba1,Ba2 | BB | 0.62% | 0.62% | 73,332 | 69,826 | 539 | – | 0.55% |
| | 0.75 to <2.50 | Ba2,Ba3,B1 | BB-,B+ | 1.44% | 1.44% | 230,667 | 208,330 | 3,901 | – | 1.37% |
| | 2.50 to <10.00 | B1,B2,B3,Caa1,Caa2 | B+,B,B-,CCC+ | 4.79% | 4.82% | 165,295 | 126,053 | 9,001 | – | 5.21% |
| | 10.00 to <100.00 | Caa2,Caa3,Ca,C | CCC,CCC+,CCC-,CC+,CC,C | 27.00% | 27.67% | 48,804 | 34,881 | 13,224 | – | 28.27% |
| | 100.00 (default) | D | D | 100.00% | 100.00% | 44,387 | 45,606 | – | – | – |

**Asset Class**

| **Wholesale** | Number of resolved cases over last one year (Dec'19 to Nov'20) # | Predicted LGD (Simple Average) % | Actual LGD (Simple Average) % |
|---|---|---|---|
| Investment Bank | 13 | 32% | 40% |
| Corporate Bank | 25 | 57% | 46% |
| SME | 5,515 | 39% | 48% |
| **Retail** | | | |
| Secured by Real Estate | 3,221 | 3% | 5% |
| Qualifying Revolving Retail | 238,922 | 70% | 68% |
| Other Retail | 20,763 | 64% | 77% |

# Barclays' approach to managing risks
Management of credit risk and the internal ratings-based approach continued

## 2020 AIRB models back testing summary

Section below provides AIRB model performance summary based on the above back testing results, along with the remediation plans.

### Wholesale

- For Investment Bank
  - No defaults observed for 'Central Governments or Central Banks' asset class. For 'Institutions' asset class, the PiT PDs are higher (conservative) compared to actual default rates across PD ranges
  - The LGD is non-conservative compared to the actual LGD on PiT basis. However, the Downturn LGD used for capital calculation is conservative.
- For Corporate Bank
  - The Corporate Banking asset class continues to maintain low default rates across IRB exposures with estimated PiT PDs being higher (conservative) compared to actual default rates for most of the PD ranges
  - The PiT LGD is conservative compared to actual LGDs
  - The new Eagle PD and LGD models will be submitted for the material wholesale portfolios as per the EBA IRB Repair roll out plan periodically reviewed with the PRA. Interim Post Model Adjustments (PMAs) are in place to mitigate any model weaknesses and compliance gaps.
- For SME
  - The back testing report is based on the current CRD IV compliant model implemented in 2017. Oct'20 data has been used as Nov'20 data was not available when the reporting process was initiated. Historical average has been calculated using 5 years of data where Oct'15, Oct'16 and Oct'17 are based on proxy BUK/BI split based on Sales Turnover and Oct'18 and Oct'19 is based on SRP (Structural Reform Program) implemented legal identifier. LGD back testing is reported on the basis of proxy BUK/BI split due to unavailability of SRP implemented identifier prior to Apr'18
  - The PiT PD model over-estimates the default rate at an overall level (1.24% expected vs. 1.21% actual)
  - The LGD model under-estimates (39.27% estimated vs. 47.64% actual) on a PiT basis due to operational issues and changes that affect underlying data. Downturn LGD adds buffer on PiT LGD reducing the non-conservatism observed
  - The models to be revised as per the EBA IRB Repair roll out plan, which is periodically reviewed with the PRA. Interim Post Model Adjustments (PMAs) are in place to address model weaknesses.

### Secured by Real Estate

- This covers the Mortgage portfolios for UK and Italy. Rank ordering is maintained across PiT PD ranges
- For UK Mortgages, the PiT PD model under-estimates at an overall level (0.38% expected vs. 0.42% actual). However, the TTC PD model continues to maintain conservatism. The portfolio maintains low PiT LGD and the PiT LGD model over-estimates (0.69% estimated vs. 0.60% actual). For accounts where actual sale cost was not available, an average sale cost is used while calculating actual LGD
- For Italy Mortgages, the PiT PD model under-estimates the default rate for Barclays portfolio (0.81% expected vs. 1.20% actual) and over-estimates for Macquarie portfolio (4.41% expected vs. 2.96% actual). The PiT LGD models under-estimate for both the portfolios
- The new set of models will be submitted for both the portfolios as per the EBA IRB Repair roll out plan, which is periodically reviewed with the PRA. Interim Post Model Adjustments (PMAs) are in place to address existing models' deficiencies for Italy.

### Qualifying Revolving Retail

- This constitutes UK Cards, Germany Cards and UK Current Account portfolios. The estimated PDs rank order well across all 3 portfolios and at an overall level
- For UK Cards, the PiT PD model is conservative (2.26% estimated vs. 2.17% actual) at an overall level. The recent reduction in default rate observed has been largely driven by introduction of Government Support Schemes/Payment Holidays. An additional layer of conservatism is applied through Regulatory PD buffers in the capital calculation. The PiT LGD model is non-conservative with an under-estimation (67.1% estimated vs. 70.35% actual). This is driven by the stoppage of forward-flow debt sale in the observation period. Given current PiT LGD model construct does not account for recoveries from bulk sale income, it means actual LGD is higher. However, Downturn LGD used for capital calculation is conservative
- For Germany Cards, the PiT PD model over-estimates (1.03% estimated vs. 0.76% actual) at an overall level. The over-estimation in the PiT LGD model (83.7% estimated vs. 71.4% actual) is primarily driven by debt sale at a better price
- For UK Current Account, the PiT PD model over-estimates at an overall level (0.60% estimated vs. 0.42% actual). The PiT LGD model over-estimates (73.48% estimated vs. 59.80% actual). 5 year averages of actual defaults are taken from 5 snapshot months of which Nov'15 is based on the older generation of models and Nov'16, Nov'17, Nov'18 & Nov'19 are based on the new CRD IV complaint models (G2)
- The new set of models will be submitted for all three portfolios as per the EBA IRB Repair roll out plan, which is periodically reviewed with the PRA. Interim Post Model Adjustments (PMAs) are in place to address existing models' deficiencies for UK and Germany Cards.

### Other Retail

- This covers UK Barclayloan portfolio. The back-testing report is based on new CRD IV compliant models, approved by the PRA and implemented in Jul'19
- The PD model under-estimates (3.53% estimated vs. 3.74% actual) on PiT basis at an overall level; rank ordering is maintained. However, the Regulatory PD remains conservative at an overall level
- The new set of models will be submitted as per the EBA IRB Repair roll out plan, which is periodically reviewed with the PRA. Interim Post Model Adjustments (PMAs) are in place to account for changes in customer behavior under current pandemic.

# Management of credit risk mitigation techniques and counterparty credit risk

Counterparty credit risk arises from derivatives and similar contracts. This section details the specific aspects of the risk framework related to this type of credit risk. As credit risk mitigation is one of the principal uses of derivative contracts by banks, this is also discussed in this section.

- **On page 179 a high level description of the types of counterparty credit exposures incurred in the course of Barclays' activity supplements the analytical tables in pages 109 to 123.**
- **Mitigation techniques specific to counterparty credit risk are also discussed.**
- **A more general discussion of credit risk mitigation (covering traditional credit risks) is also included from page 178.**

## Barclays' approach to managing risks

# Management of credit risk mitigation techniques and counterparty credit risk

## 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.

The Group has detailed policies in place to maintain that credit risk mitigation is appropriately recognised and recorded. The recognition of credit risk mitigation is subject to a number of considerations including legal certainty of enforceability and effectiveness, that the valuation and liquidity of the collateral is adequately monitored, and that the value of the collateral is not materially correlated with the credit quality of the counterparty.

All three types of credit risk mitigation may be used by different areas of the Group for exposures with a full range of counterparties. For instance, businesses may take property, cash or other physical assets as collateral for exposures to retailers, property companies or other client types.

### Netting and set-off

In most jurisdictions and within legal entities in which the Group operates, credit risk exposures can be reduced by applying netting and set-off. In exposure terms, this credit risk mitigation technique has the largest overall impact on net exposure to derivative transactions, compared with other risk mitigation techniques.

For derivative transactions, 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.

Under IFRS, netting is permitted only if both of the following criteria are satisfied:

- the entity currently has a legally enforceable right to set off the recognised amounts
- the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Under US GAAP, netting is also permitted, regardless of a currently legally enforceable right of set-off and/or the intention to settle on a net basis, where there is a counterparty master agreement that would be enforceable in the event of bankruptcy.

### 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. The value of collateral is impacted by property market conditions which drive demand and therefore value of the property. Other regulatory interventions on ability to repossess, longer period to repossession and granting of forbearance may also affect the collateral value.
- **wholesale lending:** a fixed charge over commercial property and other physical assets, in various forms.
- **other retail lending:** includes charges over motor vehicle and other physical assets; second lien charges over residential property, which are subordinate to first charges held either by the Group or another party; and finance lease receivables, for which typically the Group retains legal title to the leased asset and has the right to repossess the asset on the default of the borrower.
- **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. The Group may additionally negotiate the receipt of an independent amount further mitigating risk by collateralising potential mark to market exposure moves.
- **reverse repurchase agreements:** collateral typically comprises highly liquid securities which have been legally transferred to the Group subject to an agreement to return them for a fixed price.
- **financial guarantees and similar off-balance sheet commitments:** cash collateral may be held against these arrangements.

### Risk transfer

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

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

Risk transfer can also be used to reduce risk concentrations within portfolios lowering the impact of stress events.

Risk transfer transactions are undertaken with consideration to whether the collateral provider is correlated with the exposure, the credit worthiness of the collateral provider and legal certainty of enforceability and effectiveness. Where credit risk mitigation is deemed to transfer credit risk, this exposure is appropriately recorded against the credit risk mitigation provider.

In exposure terms, risk transfer is used most extensively as a credit risk mitigation technique for wholesale loans and derivative financial instruments.

### Off-balance sheet risk mitigation

The Group applies fundamentally the same risk management policies for off-balance sheet risks as it does for its on-balance sheet risks. In the case of commitments to lend, counterparties/customers will be subject to the same credit management policies as for loans and advances. Collateral may be sought depending on the strength of the counterparty and the nature of the transaction.

### Recognition of credit risk mitigation in capital calculations

Credit risk mitigation is used to reduce credit risk associated with an exposure, which may reduce potential losses in the event of obligor default or other specified credit events.

Credit risk mitigation that meets certain regulatory criteria may be used to improve risk parameters and reduce RWA consumption against a given obligor. Collateral that meets these regulatory conditions is referred to as eligible collateral. Eligibility criteria are specified in articles 195 to 204 of the Capital Regulations Requirement (CRR).

The Group's policies and standards set out criteria for the recognition of collateral as eligible credit risk mitigation and are designed to be fully consistent with all applicable local regulations and regulatory permissions.

Where regulatory capital is calculated under AIRB regulations, the benefit of collateral is generally taken by adjusting LGDs. For standardised portfolios, the benefit of collateral is taken using the financial collateral comprehensive method: supervisory volatility adjustments approach.

For instruments that are deemed to transfer credit risk, in AIRB portfolios the protection is generally recognised by using the PD and LGD of the protection provider.

For exposures treated under the standardised approach, the impact of eligible credit risk mitigation is primarily recognised by reducing the EAD associated with the exposure that benefits from the mitigation.

# Barclays' approach to managing risks

Management of credit risk mitigation techniques and counterparty credit risk continued

### Managing concentrations within credit risk mitigation

Credit risk mitigation taken by the Group to reduce credit risk may result in credit or market risk concentrations.

Guarantees that are treated as eligible credit risk mitigation are marked as an exposure against the guarantor and aggregated with other credit exposure to the guarantor. Limit monitoring at the counterparty level is then used for monitoring of concentrations in line with the Group policy.

Commercial real estate lending is another potential source of concentration risk arising from the use of credit risk mitigation. The portfolio is regularly reviewed to assess whether a concentration in a particular region, industry or property type exists, and portfolio limits are in place to control the level of exposure to commercial, residential, investment and development activity. See page 198 for more information on collateral, valuation and monitoring of concentrations.

## Counterparty credit risk

### Counterparty credit exposures for derivative and securities financing transactions

The Group enters into financial instruments that are traded or cleared on an exchange, including interest rate swaps, futures and options on futures. Holders of exchange traded instruments provide daily margins with cash or other securities at the exchange, to which the holders look for ultimate settlement.

The Group also enters into financial instruments that are traded over the counter, rather than on a recognised exchange. These instruments range from standardised transactions in derivative markets, to trades where the specific terms are tailored to the requirements of the Group's counterparties. In most cases, industry standard documentation is used, most commonly in the form of a master agreement, with individual transaction confirmations. The existence of a signed master agreement is intended to give the Group protection in situations where the Group's counterparty is in default.

Counterparty credit exposure arises from the risk that parties are unable to meet their payment obligations under certain financial contracts such as derivatives, securities financing transactions (SFTs) (e.g. repurchase agreements), or long settlement transactions.

A Monte Carlo simulation engine is used to estimate the Potential Future Exposure (PFE) to derivative and securities financing counterparties. The exposure simulation model simulates future market states and the MTM of the derivative transactions under those states. Simulated exposures including the effect of credit mitigants such as netting, collateral and mandatory break clauses can then be generated.

Credit limits for CCR are assessed and allocated using the PFE measure. A number of factors are taken into account when setting credit limits for individual counterparties, including but not limited to the credit quality and nature of the counterparty, the rationale for the trading activity entered into and any wrong-way risk considerations.

The expected exposures generated by this engine are also used as an input into both internal and regulatory capital calculations covering CCR.

'Wrong-way risk' in a derivative or SFT exposure arises when there is significant correlation between the underlying asset and the counterparty, which in the event of default would lead to a significant MTM loss to the counterparty. Specific wrong-way risk trades, which are self-referencing or reference to other entities within the same counterparty group, require approval by a senior credit officer. The exposure to the counterparty will reflect the additional risk generated by these transactions. (the exposure will be consistent with jump-to-default of the reference asset assuming zero recovery).

### Derivative CCR (credit value adjustments)

As the Group participates in derivative transactions it is exposed to CCR, which is the risk that a counterparty will fail to make the future payments agreed in the derivative contract. This is considered as a separate risk to the volatility of the MTM payment flows. Modelling this counterparty risk is an important part of managing credit risk on derivative transactions.

The counterparty risk arising under derivative transactions is taken into account when reporting the fair value of derivative positions. The adjustment to the value is known as credit value adjustment (CVA). It is the difference between the value of a derivative contract with a risk-free counterparty and that of a contract with the actual counterparty. This is equivalent to the cost of hedging the counterparty risk in the Credit Default Swap (CDS) market.

CVAs for derivative positions are calculated as a function of the expected exposure, which is the average of future hypothetical exposure values for a single transaction or group of transactions with the same counterparty, the credit spread for a given horizon and the LGD.

The expected exposure is calculated using Monte Carlo simulations of risk factors that may affect the valuation of the derivative transactions in order to simulate the exposure to the counterparty through time. These simulated exposures include the effect of credit mitigants such as netting, collateral and mandatory break clauses. Counterparties with appropriate credit mitigants will generate a lower expected exposure profile compared to counterparties without credit mitigants in place for the same derivative transactions.

### Netting and collateral arrangements for derivatives and SFTs

Credit risk from derivatives and securities financing transactions (SFTs) is mitigated where possible through netting agreements whereby assets and liabilities with the same counterparty can be offset. The Group policy requires all netting arrangements to be legally documented. The ISDA Master Agreement is the Group's preferred agreement for documenting OTC derivatives. It provides the contractual framework within which dealing activities across a full range of OTC products are conducted, and contractually binds both parties to apply close-out netting across all outstanding transactions covered by an agreement if either party defaults or other predetermined events occur. The majority of the Group's OTC derivative exposures are covered by ISDA master netting and ISDA CSA collateral agreements. Securities financing transactions are documented under Global Master Repurchase Agreement or Global Master Repurchase Agreement

Collateral may be obtained against derivative and SFTs, depending on the creditworthiness of the counterparty and/or nature of the transaction. Any non-cash collateral taken in respect of OTC trading exposures will be subject to a 'haircut', which is negotiated at the time of signing the collateral agreement. A haircut is the valuation percentage applicable to each type of collateral and will be largely based on liquidity and price volatility of the underlying security. The collateral obtained for derivatives is predominantly either cash, direct debt obligation government (G14+) bonds denominated in the domestic currency of the issuing country, debt issued by supranationals or letters of credit issued by an institution with a long-term unsecured debt rating of A+/A3 or better. Where the Group has ISDA master agreements, the collateral document will be the ISDA CSA. The collateral document must give the Group the power to realise any collateral placed with it in the event of the failure of the counterparty.

# Management of market risk

This section describes the governance structure specific to the management of market risks, as well as a discussion of measurement techniques.

- **Market risks are varied, and a range of techniques must be used to manage them. From page 181 we provide an overview of the market risks we incur across Barclays Group**
- **The governance structure specific to market risks is discussed on pages 181 to 182.**

**The rest of the section consists of traded and other risks:**

- **Market risk, the risk of Barclays Group being impacted by changes in the level or volatility of positions in the trading book, is covered on pages 183 to 188. Measurement techniques such as VaR, are discussed, as well as techniques applied when statistical techniques are not appropriate.**

## Barclays' approach to managing risks

# Management of market risk

### Market risk

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

## 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 and structure

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

## Roles and responsibilities

The objectives of market risk management are to:

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

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

The Barclays PLC Board Risk Committee recommends market risk appetite to the Barclays PLC 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 Market Risk Committee (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.

**Barclays PLC Board Risk Committee**

- Reviews and recommends Barclays Group's risk appetite for market risk to the Barclays PLC Board
- Reviews material events impacting market risk

↑

**Barclays Group Risk Committee**

- Monitors risk profile with respect to financial risk appetite
- Debates and agrees actions on the financial risk profile and risk strategy across Barclays Group
- Considers issues escalated by risk type heads and business risk directors

↑

**Barclays Group Market Risk Committee**

- Reviews market risk appetite proposals from the business
- Oversees the management of Barclays Group's market risk profile
- Reviews arising market or regulatory issues
- Reviews state of the implementation of the risk frameworks in the businesses

# Barclays' approach to managing risks
## Management of market risk continued

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.

### Risk management in the setting of strategy

Appetite for market risk is recommended by the risk function to BRC for agreement by the Board. Mandate and scales are set to control levels of market risk and maintain the Group remains within the BRC approved risk appetite. The Group runs an annual Group-wide stress testing exercise which aims to simulate the dynamics of exposures across the Group and cover all risk factors. The exercise is also designed to measure the impact to the Group's fundamental business plan, and is used to manage the wider Group's strategy.

See page 158 for more detail on the role of risk in the setting of strategy.

### Market risk culture

Market risk managers are independent from the businesses they cover, and their line management reports into the CRO. This embeds a risk culture with strong adherence to limits that support the Group-wide risk appetite. See page 154 for more detail on risk culture.

## Management of market risk, mitigation and hedging policies

The governance structure helps maintain all market risks that the Group is exposed to are well managed and understood. Market risk is generated primarily as a result of client facilitation in wholesale markets, involving market making activities, risk management solutions and execution of syndications. Group Treasury supports the businesses in managing their interest rate risk. Positions will contribute both to market risk limits and regulatory capital if relevant.

As part of the continuous monitoring of the risk profile, Market Risk meets with the businesses to discuss the risk profile on a regular basis. The outcome of these reviews includes further detailed assessments of event risk via stress testing, risk mitigation and risk reduction.

### Market risk measurement – management view

#### Market risk management measures

A range of complementary approaches to measure market risk are used which aim to capture the level of losses that the Group is exposed to due to unfavourable changes in asset prices. The primary tools to control the Group's exposures are:

| *Measure* | *Description* |
|---|---|
| **Management Value at Risk (VaR)** | An estimate of the potential loss arising from unfavourable market movements, if the current positions were to be held unchanged for one business day. |
| **Primary stress tests** | An estimate of the potential losses that might arise due to liquid risk factors from extreme market moves or scenarios. |
| **Secondary stress tests** | An estimate of the potential losses that might arise due to illiquid risk factors from extreme market moves of scenarios. |
| **Business scenario stresses** | Multi-asset scenario analysis of extreme, but plausible events that may simultaneously impact Market Risk exposures across all primary and secondary stresses. |

The use of Management VaR for market risk is broader than the application for use of VaR for regulatory capital, and captures standardised, advanced and certain banking books where market risks are deemed to exist. The wider scope of Management VaR is what Barclays Group deems as material market risk exposures which may have a detrimental impact on the performance of the trading business. The scope used in Regulatory VaR (see page 185) is narrower as it applies only to trading book positions as approved by the PRA.

Stress testing and scenario analysis are also an important part of the risk management framework, to capture potential risk that may arise in severe but plausible events.

#### Management VaR

- estimates the potential loss arising from unfavourable market movements, over one day for a given confidence level:
- differs from the Regulatory VaR used for capital purposes in scope, confidence level and horizon
- back testing is performed to evaluate that the model is fit for purpose.

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. Risk factors driving VaR are grouped into key risk types as summarised below:

| *Risk factor* | *Description* |
|---|---|
| **Interest rate** | Risk arises from changes in the level or shape of interest rate curves can impact the price of interest rate sensitive assets, such as bonds and derivatives instruments. For example, the price of an interest rate swap will vary due to changes in the absolute level of interest rates and/or in the shape of the yield curve |
| **Foreign exchange** | Risk arises from changes in foreign exchange rates and volatilities |
| **Equity** | Risk due to changes in equity prices, volatilities and dividend yields, for example as part of market making activities, syndication or underwriting of initial public offerings. |
| **Commodity** | Risk arises from providing clients and investors with access to a range of commodity products on both a derivative and physical basis. |
| **Traded credit** | Risk arises from changes in credit quality impacting the prices of assets, for example positions such as corporate bonds, securitised products and credit based derivative instruments, including credit default swaps. Similar to interest rate risk, the price of these assets will change as the credit quality of the asset (or its pricing index in the case of credit based derivative instruments) changes. |
| **Securitised products** | Risk arises from structured cash flow positions predominantly of an asset-backed nature, and their derivatives. The market value of these positions is influenced by the interplay of the cash-flow structure with changes in credit quality and value of assets backing the positions, as well as changes in the level and shape of interest rate curves. |

# Barclays' approach to managing risks
## Management of market risk continued

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

The output of the Management VaR model can be readily tested through back testing. This checks instances where actual losses exceed the predicted potential loss estimated by the VaR model. If the number of instances is higher than expected, where actual losses exceed the predicted potential loss estimated by the VaR model, this may indicate limitations with the VaR calculation, for example, a risk factor that would not be adequately captured by the model.

The Management VaR model in some instances may not appropriately measure some market risk exposures, especially for market moves that are not directly observable via prices. Market risk managers are required to identify risks which are not adequately captured in VaR ('risks not in VaR' or 'RNIVs', discussed below).

When reviewing VaR estimates, the following considerations are taken into account:

- the historical simulation uses the most recent two years of past data to generate possible future market moves, but the past may not be a good indicator of the future
- the one-day time horizon may not fully capture the market risk of positions that cannot be closed out or hedged within one day
- VaR is based on positions as at close of business and consequently, it is not an appropriate measure for intra-day risk arising from a position bought and sold on the same day
- VaR does not indicate the potential loss beyond the VaR confidence level.

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

See page 126 for a review of Management VaR in 2020.

### Primary stress tests
Primary stress tests are key tools used by management to measure liquid market risks from extreme market movements or scenarios in each major trading asset class.

Stress testing provides an estimate of potential significant future losses that might arise from extreme market moves or scenarios. Primary stress tests apply stress moves to key liquid risk factors for each of the major trading asset classes, namely:

- interest rates: shock to the level and structure of interest rates and inflation across currencies
- credit: impact on traded corporate credit exposures and securities structures, including across rating grades, geography, sectors and products
- foreign exchange: impact of unfavourable moves in currency prices and volatility
- equity: shocks to share prices including exposures to specific markets and sectors
- commodities: adverse commodity price changes across both physical and derivative markets.

Primary stresses apply moves to liquid assets incorporating up to 10 days holding period. Shock scenarios are determined by a combination of observed extreme historical moves and forward looking elements as appropriate.

Primary stresses are calculated for each asset class on a standalone basis. Risk managers calculate several stress scenarios and communicate the results to senior managers to highlight concentrations and the level of exposures. Primary stress loss limits are applied across the trading businesses and is a key market risk control.

### Secondary stress tests
Secondary stress tests are key tools used by management to measure illiquid, directional or concentrated market risks from extreme market movements or scenarios in each major trading asset class.

Secondary stress tests are used in measuring potential losses arising from market risks that are not captured in the primary stress tests. These may relate to financial instruments or risk exposures which are not readily or easily tradable or markets that are naturally sensitive to a rapid deterioration in market conditions.

For each asset class, secondary stresses are aggregated to a single stress loss which allows the business to manage its liquid and illiquid risk factors. Limits against secondary stress losses are also applied, which allows the Group to manage and control the level of illiquid risk factors.

Stresses are specific to the exposure held and are calibrated on both observed extreme moves and some forward-looking elements as appropriate.

### Business scenario stresses
Business scenario stresses are key tools used by management to measure aggregated losses across the entire trading book as a result of extreme forward-looking scenarios encompassing simultaneous shocks to multiple asset classes.

Business scenario stresses apply simultaneous shocks to all risk factors assessed by applying changes to foreign exchange rates, interest rates, credit spreads, commodities and equities to the entire portfolio, for example, the impact of a rapid and extreme slowdown in the global economy. The measure shows results on a multi-asset basis across all trading exposures. Business scenarios are used for risk appetite monitoring purposes and are useful in identifying concentrations of exposures and highlighting areas that may provide some diversification.

The estimated impacts on market risk exposures are calculated and reported by the market risk management function on a frequent and regular basis. The stress scenario and the calibration on the shocks are also reviewed by market risk managers periodically for its relevance considering any market environment.

Scenarios focusing on adverse global recession, deterioration in the availability of liquidity, contagion effects of a slowdown in one of the major economies, easing of global growth concerns, and a historical event scenario are examples of business scenarios. If necessary, market event-specific scenarios are also calculated, such as:

- a unilateral decision to exit the Eurozone by a member country
- the impact of a large financial institution collapse, or
- a disorderly exit of quantitative easing programmes, including unexpected rapid and continuous interest rate rises as a result.

See page 127 for a review of business scenario stresses in 2020.

## Maret risk measurement – regulatory view
### Regulatory view of traded positions
For regulatory purposes, the trading book is defined as one that consists of all positions in CRD financial instruments and commodities held either with trading intent, or in order to hedge other elements of trading, and which are either free of any restrictive covenants on their tradability, or able to be hedged. A CRD financial instrument is defined as a contract that gives rise to both a financial asset of one party and a financial liability or equity instrument of another party.

All of the below regulatory measures, including the standardised approach, generate market risk capital requirements, in line with the regulatory requirements set out in the Capital Requirements Directive ('CRD IV') and Regulation. Positions which cannot be included in the trading book are included within the banking book and generate risk capital requirements in line with this treatment.

# Barclays' approach to managing risks
## Management of market risk continued

### Inclusion of exposures in the regulatory trading book
The Group maintains a Trading Book Policy, which defines the minimum requirements a business must meet to run trading positions and the process by which positions are allocated to trading or banking books. Trading intent is a key element in deciding whether a position should be treated as a trading or banking book exposure.

Positions in the trading book are subject to market risk capital, computed using models where regulatory approval has been granted, otherwise the market risk capital requirement is calculated using standard rules as defined in the Capital Requirement Regulation (CRR), part of the CRD IV package. If any of the criteria specified in the policy are not met for a position, then that position must be allocated to the banking book.

Most of the Group's market risk regulatory models are assigned the highest model materiality rating. Consequently, the Regulatory VaR model is subject to annual re-approval by the Independent Validation Unit. The Independent Validation Unit makes an assessment of model assumptions and considers evidence of model suitability provided by the model owner. The following table summarises the models used for market risk regulatory purposes and the applicable regulatory thresholds.

### Valuation standards
CRR article 105 defines regulatory principles which need to be applied to fair value assets and liabilities, in order to determine a prudent valuation.

The Prudent Valuation Adjustment (PVA) is applied to accounting fair values where there are a range of plausible alternative valuations. It is calculated in accordance with Article 105 of the CRR, and includes (where relevant) adjustments for the following factors: unearned credit spreads, close-out costs, operational risk, market price uncertainty, early termination, investing and funding costs, future administrative costs and model risk. The PVA includes adjustment for all fair valued financial instruments and commodities, irrespective of whether they are in the trading or banking book.

Page 286 of the annual report sets out the valuation control framework for accounting valuations and the related responsibilities of the Finance-product control valuations function and the Valuation Committee. This function and committee are also responsible for the oversight of the PVA and maintaining compliance with article 105 of the CRR.

### Regulatory measures for Market risk
There are a number of regulatory measures which the Group has permission to use in calculating regulatory capital (internal models approval):

| *Measure* | *Definition* |
|---|---|
| **Regulatory Value at Risk (VaR)** | An estimate of the potential loss arising from unfavourable market movements calibrated to 99% confidence interval and 10-day holding period. |
| **Stressed Value at Risk (SVaR)** | An estimate of the potential loss arising from a twelve-month period of significant financial stress calibrated to 99% confidence interval and 10-day holding period. |
| **Incremental Risk Charge (IRC)** | An estimate of the incremental risk arising from rating migrations and defaults, beyond what is already captured in specific market risk VaR for the non-correlation trading portfolio. Uses a 99.9% confidence level and a one-year horizon. |
| **Comprehensive Risk Measure (CRM)** | An estimate of all the material market risk, including rating migration and default for the correlation trading portfolio. |

The legal entities for which the PRA has given permission to use internal models for market risk regulatory capital are: BBPlc Trading, BCSL and BBI on a (consolidated) basis, BBPlc Trading, BBI and BCSL. The legal entity for which the FRBNY has given permission to use internal models is IHC. The legal entity for which the Central Bank of Ireland (CBI) has given permission to use internal models is BBI.

### Regulatory VaR
- Estimates the potential loss arising from unfavourable market movements.
- Regulatory VaR differs from the management approach in the following respects.

| VaR Variable | Regulatory | Management |
|---|---|---|
| **Confidence interval** | 99% | 95% |
| **Scope** | As approved by the regulator (PRA, CBI or FRBNY) | Management view of market risk exposures. Includes trading books and banking books exposed to price risk |
| **Look-back period** | 2 years | 2 years |
| **Liquidity Horizon (holding period)** | 10 days | 1 day |

Regulatory VaR allows oversight of the total potential losses, at a given confidence level, of those trading books which received approval from the regulator to be covered via an internal model. Barclays Group uses a Regulatory VaR model that diversifies general and specific market risk for regulatory capital. Market risks are captured in the Regulatory VaR model using either full revaluation or an approximate revaluation approach depending on the type of product. When simulating potential movements in risk factors, returns are modelled using a combination of absolute changes, proportional changes or a blended mix of these two approaches.

Management VaR allows Barclays Group to supervise the total market risk across Barclays Group, including all trading books and some banking books. Management VaR is also utilised for the internal capital model (economic capital).

Regulatory VaR is fundamentally the same as the Management VaR (see page 182), with the key differences listed above. The model is complemented with RNIVs, as described on page 188.

# Barclays' approach to managing risks
## Management of market risk continued

### Stressed Value at Risk (SVaR)

- Estimates the potential loss arising from unfavourable market movements in a stressed environment.
- Identical to Regulatory VaR, but calibrated over a one-year stressed period.
- Regulatory capital is allocated to individual businesses. For regulatory capital calculation purposes the Group computes a market risk capital requirement based on a one-day scaled to ten-day, 99% VaR metric calibrated to a period of significant financial stress. This SVaR capital requirement is added to the market risk capital requirement arising from regulatory VaR, the Incremental Risk Charge and the All Price Risk on an undiversified basis.

The SVaR model must be identical to the VaR model used by the Group, with the exception that the SVaR model must be calibrated to a one-year period of significant financial stress ('the SVaR period'). The Group selects the SVaR period to be a one-year period that maximises Regulatory VaR for positions in scope of regulatory approval. The SVaR period is ordinarily reviewed on a monthly basis or when required by material changes in market conditions or the trading portfolio. In recognition of the exceptional market environment caused by the COVID-19 global outbreak, in May 2020, the PRA issued guidance that allowed firms to delay the review of the SVaR period until December 2020. In line with this guidance, Barclays postponed its monthly review process during the remainder of 2020 and will resume it in January 2021.

SVaR cannot be meaningfully backtested as it is not sensitive to current market conditions. Many market risk factors with complete historical data over a two-year period may not have complete data covering the SVaR period and consequently, more proxies may be required for SVaR than for VaR. The SVaR metric itself has the same strengths and weaknesses as the Group's VaR model.

### Incremental Risk Charge (IRC)

- Captures risk arising from rating migrations and defaults for traded debt instruments incremental to that already captured by Regulatory VaR and SVaR.

IRC captures the risk arising from ratings migrations or defaults in the traded credit portfolio. IRC measures this risk at a 99.9% confidence level with a one-year holding period and applies to all positions in scope for specific risk including sovereign exposure.

The Group's IRC model simulates default and ratings transition events for individual names. The behaviour of names is correlated with one another to simulate a systemic factor to model the possibility of multiple downgrades or defaults. The correlations between non-sovereign names are based on the Basel-defined correlations stipulated in the IRB approach to measuring credit risk capital, with a fixed correlation between sovereign names.

The Group's IRC model simulates the impact of a ratings transition by estimating the improvement or deterioration in credit spreads resulting from the transition and assumes that the historically observed average change in credit spreads (measured in relative terms) resulting from ratings transitions provides an accurate estimate of likely widening or tightening of credit spreads in future transitions. For each position, the model computes the impact of spread moves up or down at pre-specified relative movements, and the actual impact is obtained by interpolating or extrapolating the actual spread move from these pre-computed values.

The Group's IRC model assumes that ratings transitions, defaults and any spread increases occur on an instantaneous basis.

### Table 100: Market risk models selected features

| Component modelled | Number of significant models and size of associated portfolio (RWAs) | Model description and methodology | Applicable regulatory thresholds |
|---|---|---|---|
| Regulatory VaR | 1 model; £4.1bn | Equally-weighted historical simulation of potential daily P&L arising from market moves | Regulatory VaR is computed with ten-day holding period and 99% confidence level |
| SVaR | 1 model; £8.2bn | Same methodology as used for VaR model, but using a different time series | Regulatory SVaR is computed with one-year holding period and 99% confidence level |
| IRC | 1 model; £3.7bn | Monte Carlo simulation of P&L arising from ratings migrations and defaults | IRC is computed with one-year holding period and 99.9% confidence level |
| CRM | 1 model; £0.0bn | Same approach as IRC, but it incorporates market-driven movements in spreads and correlations for application to correlation trading portfolios. | CRM is computed with one-year holding period and 99.9% confidence level.<br>As required in CRD IV, the CRM charge is subject to a floor set with reference to standard rules charge |

# Barclays' approach to managing risks
## Management of market risk continued

### Regulatory back testing

Backtesting is the method by which Barclays Group checks and affirms that its procedures for estimating VaR are reasonable and serve its purpose of estimating the potential loss arising from unfavourable market movements. The backtesting process is a regulatory requirement and seeks to estimate the performance of the regulatory VaR model. Performance is measured by the number of exceptions to the model, i.e. actual or hypothetical P&L loss in one trading day is greater than the estimated VaR for the same trading day. Barclays Group's procedures could be underestimating VaR if exceptions occur more frequently than expected (a 99% confidence interval indicates that one exception will occur in 100 days).

Backtesting is performed at a legal entity level, sub-portfolio levels and business-aligned portfolios (shown in the table below and in the charts on the next page) on Barclays Group's regulatory VaR model. Regulatory backtesting compares Regulatory VaR at 99% confidence level (one-day holding period equivalent) to actual and hypothetical changes in portfolio value as defined in CRR Article 366. The consolidated Barclays Bank PLC, Barclays Capital Securities Ltd and Barclays Bank Ireland PLC is the highest level of consolidation for the VaR model that is used in the calculation of regulatory capital. The IHC backtesting process compares IHC 99% Regulatory VaR against Hypothetical P&L. The definition of Hypothetical P&L and the scope of Regulatory VaR for the IHC are consistent with the Federal Reserve's Market Risk Rule.

A backtesting exception is generated when a loss is greater than the daily VaR for any given day.

As defined by the PRA, a green status is consistent with a good working VaR model and is achieved for models that have four or fewer backtesting exceptions in a 250-day period. Backtesting counts the number of days when a loss exceeds the corresponding VaR estimate, measured at the 99% regulatory confidence level.

Backtesting is also performed on management VaR to validate it remains reasonable and fit for purpose.

The table below shows the VaR backtesting exceptions on legal entities aligned to Barclays Group's business as at 31 December 2020. Model performance at a legal entity level determines regulatory capital within those entities. Legal entity disclosure is also relevant from a management perspective as Barclays' VaR and model performance of VaR for a legal entity across asset class are key metrics in addition to asset class metrics across legal entity.

In the first half of 2020, banks that have regulatory permission to calculate model-based market risk RWAs, including Barclays, experienced a number of VaR backtesting exceptions driven by the high level of market volatility during the COVID-19 global outbreak. In recognition of the exceptional market environment, on 26 June, the European Union published an amendment to the CRR which permitted competent authorities to exclude backtesting exceptions that were not due to deficiencies in the VaR model from the exception count used for capital requirements. Under this approach, in October 2020 the PRA granted Barclays approval to exclude backtesting exceptions driven by the high level of market volatility (including 7 exceptions at the consolidated level) for legal entities that calculate model-based market risk RWAs.

During 2020, the Investment Bank's regulatory DVaR model at the consolidated legal entity level experienced 7 backtesting exceptions against hypothetical P&L (3 of which were exceptions against actual P&L), all of which were clustered around the period of extreme market volatility in March and April 2020. Although the firm experienced a high number of backtesting exceptions, this was not considered as indicating any concerns with the performance of the model given that it was driven by market volatility which was significantly greater than the volatility used in the model calibration. For the Investment Bank's regulatory DVaR model at the consolidated legal entity level, the total exception count as at 31 December was zero.

| | Actual P&L | | Hypo P&L | |
|---|---|---|---|---|
| Portfolios | Total Exceptions | Status | Total Exceptions | Status |
| BBPlc Trading + BCSL + BBI[a] | 0 | G | 0 | G |
| BBPlc Trading | 0 | G | 0 | G |
| BCSL | 0 | G | 1 | G |
| BBI | 5 | A | 4 | G |
| IHC[b] | N/A | N/A | 2 | G |

**Notes**

a As of 7 July 2020, Barclays Bank Ireland was included in the consolidated entity for the purposes of regulatory backtesting for market risk.

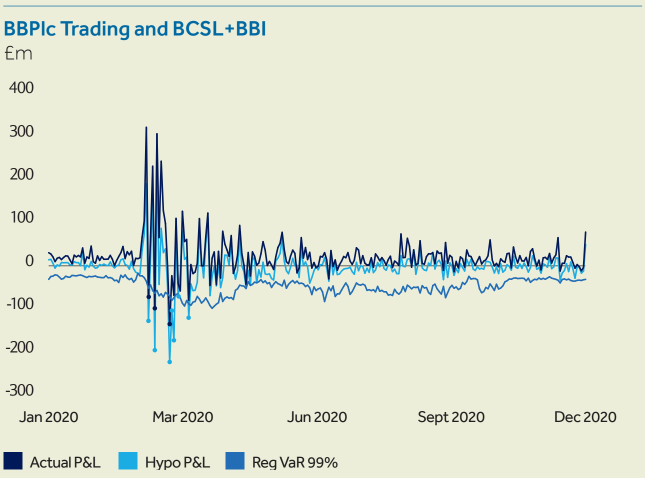
b As of 28 September 2020, the Federal Reserve approved the exclusion of backtesting exceptions from the total exception count for the IHC.

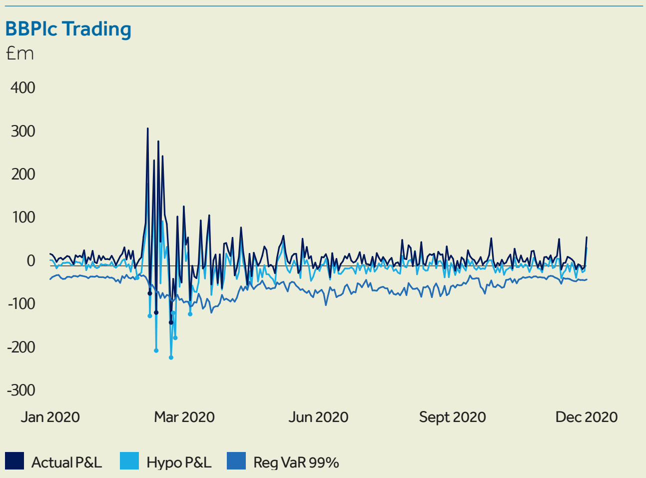
The charts below show VaR for the Group's regulatory portfolios aligned by legal entity. The dark blue and grey points on the charts indicate losses on those days on which actual and hypothetical P&L respectively exceeded the VaR amount.

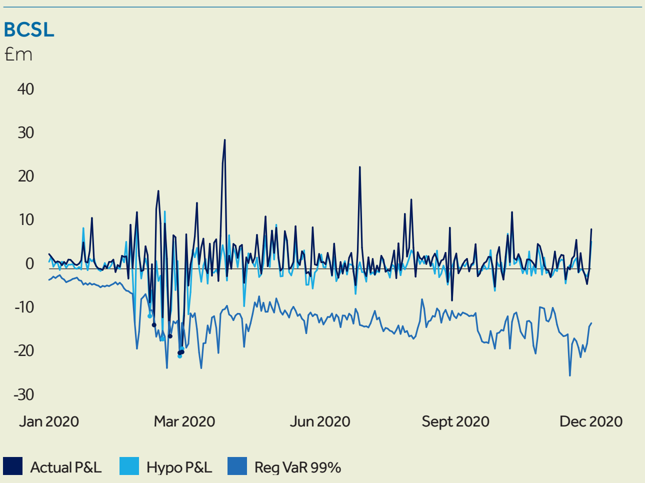
In addition to being driven by market moves in excess of the 99% confidence level, backtesting exceptions can be caused by risks that impact P&L not captured directly in the VaR itself but separately captured as non VaR-type, namely Risks Not in VaR (RNIVs).

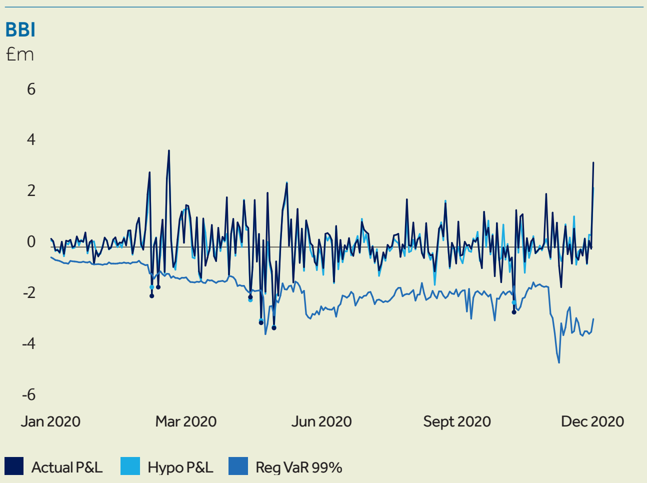
Exceptions are reported to internal management and regulators on a regular basis and investigated to ensure the model performs as expected.

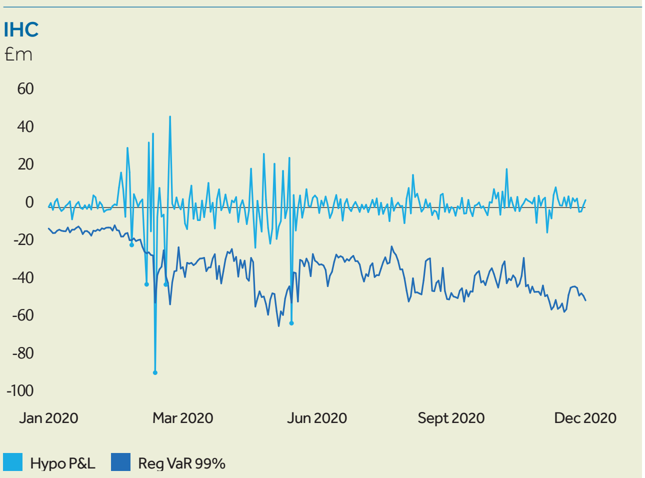
# Barclays' approach to managing risks
## Management of market risk continued



# Barclays' approach to managing risks
## Management of market risk continued

### Management of risks not fully captured in models, including Risks not in VaR (RNIVs)

Barclays Group's risk identification process captures risks that either have been observed to, or have the capacity to, produce material losses in normal and stressed market conditions. To maintain risk coverage, the range of core risks is identified following either market convention, regulatory guidance, or the specific historical experience of Barclays Group; and for new products or changes to existing products, is considered as part of the New and Amended Product Approval (NAPA) process.

In some instances, the Management and Regulatory VaR model may not appropriately measure some market risks, especially where market moves are not directly observable via prices. Barclays Group has policies to apply add-ons where risks are not captured by the model. RNIVs refer to those core risks that are not captured, or not adequately captured, in VaR and SVaR. RNIVs can include:

- risks not fully captured elsewhere and/or illiquid risk factors such as cross-risks;
- basis risks;
- higher-order risks;
- calibration parameters, for instance to model parameter uncertainty; and
- potential losses in excess of fair valuation adjustments taken in line with the Valuation Control Framework. Please see Note 17 in the Barclays PLC Annual Report 2020 'Fair value of assets and liabilities' for more details on fair value adjustments.

The treatment of RNIVs follows whether the risks are considered VaR type or non-VaR type, which depends on, and can change with, the evolving state of financial markets:

- **VaR-type RNIVs:** Typically represent risks that are not well captured in VaR, mainly because of infrastructure limitations or methodology limitations. In this instance two metrics are calculated, a VaR RNIV and a SVaR RNIV, using the same confidence level, capital horizon and observation period as VaR and SVaR respectively and are capitalised using the same multipliers as VaR and SVaR
- **Non VaR-type RNIVs:** Typically represent risks which would not be well captured by any VaR model either because it represents an event not historically observed in the VaR time series (e.g., currency peg break) or a market risk factor which is not seen to move frequently (e.g. correlation). These are typically estimated using stress scenarios. The stress methodology is calibrated equivalently to at least 99% confidence level and a capital horizon of at least 10 days over an appropriate observation period, depending on the liquidity of the risk. For the purpose of regulatory capital, the capital charge is equal to the loss arising from the stress test except when these risks are already adequately captured elsewhere e.g. via the IRC or CRM models, which are intended to capture certain risks not adequately covered by VaR

For regulatory capital these RNIVs are aggregated without any offsetting or diversification benefit.

### Market risk control

The metrics that are used to measure market risk are controlled through the implementation of appropriate limit frameworks. Limits are set at the total Barclays Group level, asset class level, for example, interest rate risk, and at business level, for example, rates trading. Stress limits and many book limits, such as foreign exchange and interest rate sensitivity limits, are also used to control risk appetite.

Barclays Group-wide limits are reported to the BRC and are termed A-level limits for total management VaR, primary stress and secondary stresses and business scenarios. These are then cascaded down by risk managers in order to meet the Barclays Group-wide risk appetite.

Each A-level limit is set after consideration is given to revenue generation opportunities and overall risk appetite approved by the Board. Compliance with limits is monitored by the independent risk functions in the trading businesses with oversight provided by Barclays Group Market Risk.

Throughout 2020, Barclays Group Market Risk continued its ongoing programme of control testing and conformance testing on the trading businesses' market risk management practices. These reviews are intended to verify the business's conformance with the Market Risk Control Framework and best practices.

### Market risk reporting

Trading businesses market risk managers produce a number of detailed and summary market risk reports daily, weekly, fortnightly and monthly for business and risk managers. Where relevant on a Barclays Group-wide basis, these are sent to Barclays Group Market Risk for review and a risk summary is presented at Barclays Group Market Risk Committee and the trading businesses' various market risk committees. The overall market risk profile is also presented to BRC on a regular basis.

# Management of securitisation exposures

Securitisations give rise to credit, market and other risks. This section discusses the types of business activities and exposures that we incur in the course of activities related to securitisations.

- **The objectives pursued in securitisation activities and the types of activities undertaken are discussed on page 190.**
- **A description of the risks incurred in the course of securitisation activities, and how we manage them, is contained on pages 191 to 192**

## Barclays' approach to managing risks

# Management of securitisation exposures

This section discloses information about the Group's securitisation activities distinguishing between the various functions performed in supporting its customers and managing its risks. It includes traditional securitisations as well as synthetic transactions effected through the use of derivatives or guarantees.

For the purposes of Pillar 3 disclosures on pages 108 to 123, a securitisation is defined as a transaction or scheme where the payments are dependent upon the performance of a single exposure or pool of exposures and where the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme. Such transactions are ordinarily undertaken to transfer risk for the Group or on behalf of a client.

Certain transactions undertaken by the Group are not disclosed in the quantitative section (pages 108 to 123) as they do not fall under the regulatory securitisation framework (the new securitisation Regulation (EU) 2017/2402 (the Securitisation Regulation) and Regulation (EU) 2017/2401 (amendments to Capital Requirements Regulation or CRR)). These include funding transactions for the purposes of generating term liquidity, and certain government guaranteed transactions.

## Objectives of securitisation activities

In the course of its business, the Group has undertaken securitisations of its own originated assets as well as the securitisation of third party assets via special purpose vehicles, sponsored conduit vehicles and shelf programmes.

The Group has securitised its own originated assets in order to manage the Group's credit risk position and to generate term funding for the Group balance sheet. The Group also participates in primary securitisations and distributes bonds to the market to facilitate term liquidity for its clients.

The Group also purchases asset backed loans and securities for the purpose of supporting client franchise, and purchases asset backed securities (ABS) for the purpose of investing its liquidity pool.

Further, the Group makes a secondary market for a range of securitised products globally, including residential mortgage backed securities (RMBS), commercial mortgage backed securities (CMBS) and ABS.

## The role and involvement of Barclays Group in securitisations in 2020

The Group adopts the following roles in the securitisation processes in which it is involved:

### Originator of assets prior to securitisation

The Group originates or purchases commercial mortgage loans for the purpose of securitisation. The securities are then sold to investors through a broker-dealer subsidiary.

The Group securitises assets otherwise originated in the ordinary course of business including corporate loans, consumer loans and commercial mortgage loans. The Group also provides derivative transactions to securitisations sponsored by itself and third parties. These transactions carry counterparty credit risk and are included in the Group trading book.

### Providing warehousing facilities collateralised by third party assets prior to securitisation or exit via whole-loan sale

The Group provides warehouse financing to third party loan originators and aggregators, including for agency eligible loans that can be securitised by the Federal National Mortgage Association ('Fannie Mae'), the Federal Home Loan Mortgage Corporation ('Freddie Mac'), or the Government National Mortgage Association ('Ginnie Mae') and for corporate loans that can be securitised via collateralised loan obligations (CLO).

### Executor of securitisation trades including bond marketing and syndication

The Group transacts primarily as a principal in RMBS, ABS, CLO and CMBS with institutional investors and other broker-dealers. Agency backed residential and commercial mortgage securitisations include Credit Risk Transfer securities (Fannie Mae-sponsored CAS and Freddie Mac-sponsored STACR bonds). ABS securitisations include consumer ABS (e.g. credit card, student loan and auto) and non-traditional ABS (e.g. timeshares, wireless towers and whole business securitisations). Non-agency commercial mortgage securitisations include CMBS and commercial real estate collateralised loan obligations (CRE CLO). The Group makes secondary market in CLOs and acts as arranger on behalf of clients to structure and place arbitrage CLOs. In certain limited instances, the Group may also hold a portion of securitisations, which are required for risk retention purposes.

### Purchaser of third party securitisations to support client franchise

The Group may purchase third party securitisations. The Group also funds on its own balance sheet securitisations similar to the ones funded via its sponsored conduits (see below).

### Sponsoring conduit vehicles

The Group acts as managing agent and administrative agent of three multi-seller asset backed commercial paper (ABCP) conduits, Sheffield Receivables Company, LLC (Sheffield) and Salisbury Receivables Company, LLC (Salisbury), and Sunderland Receivables S.A. (Sunderland) through which interests in securitisations of third party originated assets are funded via a variety of funding mechanics including the issuance of ABCP.

From a regulatory perspective, Barclays acts as a sponsor of Sheffield, Salisbury and Sunderland. In relation to such conduit activity, the Group provides all or a portion of the backstop liquidity to the commercial paper and, as appropriate, interest rate and foreign currency hedging facilities. The Group receives fees for the provision of these services.

Sheffield, Salisbury and Sunderland have a hold to collect business model and their assets are measured at amortised cost. It funds the assets through the issuance of ABCP. Note that Sheffield, Salisbury and Sunderland are consolidated for accounting but not regulatory purposes.

### Funding transactions to generate term liquidity

Secured funding forms one of the key components of the Group's diversified funding sources providing access to the secured wholesale market and complementing the diversification of funding by maturity, currency and geography. The Group issues ABS and covered bonds secured primarily by customer loans and advances.

The Group currently manages four key, on-balance sheet asset backed funding programmes to obtain term financing for mortgage loans and credit card receivables. These programmes also support retained issuances for the Group to access central bank liquidity and funding. The UK regulated covered bond and the residential mortgage master trust securitisation programmes both utilise assets originated by the Group's UK residential mortgage business. The third programme is a credit card master trust securitisation and uses receivables from the Group's UK credit card business. The fourth programme is a SEC registered securitisation programme backed by US domiciled credit card receivables.

# Barclays' approach to managing risks
Management of securitisation exposures continued

### Risk transfer transactions
The Group has entered into synthetic and cash securitisations of corporate and commercial loans (originated in the ordinary course of business) for the purposes of the transfer of credit risk to third party investors. The regulatory capital requirements of these transactions fall under the new securitisation Regulation (EU) 2017/2402 (the Securitisation Regulation) and Regulation (EU) 2017/2401 (amendments to CRR).

## Securitisation risks, monitoring and hedging policies
Capital requirements against securitisation exposures are subject to a separate framework under CRR to account for the particular characteristics of this asset class. For risk management purposes, however, a securitisation is aligned to the risk type to which it gives rise.

### Credit risks
In a securitisation structure, the payments are dependent upon the performance of a single exposure or pool of exposures. As these underlying exposures are usually credit instruments, the performance of the securitisation is exposed to credit risk.

Securitisation exposures are subject to the Group Credit Risk policies and standards and business level procedures. This includes the requirement to review in detail each transaction at a minimum on an annual basis. As collateral risk is the primary driver the analysis places a particular focus on the underlying collateral performance, key risk drivers, servicer due diligence and cash flows, and the impact of these risks on the securitisation notes. The risk is addressed through the transaction structure and by setting an appropriate modelled tolerance level. Structural features incorporate wind-down triggers set against factors including, but not limited to, defaults/charge-offs, delinquencies, excess spread, dilution, payment rates and yield, all of which help to mitigate potential credit deterioration. Qualitative aspects such as counterparty risk and ancillary issues (operational and legal risk) are also considered. Changes to the credit risk profile of securitisation exposures will also be identified through ongoing transaction performance monitoring. In addition, periodic stress tests of the portfolio as part of ongoing risk management are conducted as well as in response to Group-wide or regulatory requests.

The principal committee responsible for the monitoring of the credit risk arising from securitisations is Wholesale Credit Risk Management Committee (WCRMC).

### Market and liquidity risks
Market risk for securitised products is measured, controlled and limited through a suite of VaR, non-VAR and stress metrics in accordance with the Group's Market Risk Policies and Procedures. The key risks of securitisation structures are interest rate, credit, spread, prepayment and liquidity risk. Interest rate and spread risk are hedged with standard liquid interest rate instruments (including interest rate swaps, US Treasuries and US Treasury futures). The universe of hedging instruments for credit and prepayment risk is limited and relatively illiquid, resulting in basis risks. In providing warehouse financing, the Group is exposed to mark to market (if counterparty defaults on related margin call).

### Hedging
Securitisation and re-securitisation exposures benefit from the relative seniority of the exposure in the capital structure. Due to lack of availability in the credit default swap market for individual asset backed securities, there are no material CDS hedge counterparties relating to the securitisation and re-securitisation population.

### Operational risks
Operational risks are incurred in all of the Group's operations. In particular, all securitised (and re-securitised) assets are subject to a degree of risk associated with documentation and the collection of cash flows.

In providing warehouse financing, the Group incurs potential contingent operational risks related to representations and warranties should there be a need to foreclose on the line and it later be discovered that the underlying loans were not underwritten to agency agreed criteria. Such risks are mitigated by daily collateral margining and ready agency bids. Market risk is also mitigated by employing forward trades.

The Operational Risk Review Forum oversees the management of operational risks for the entire range of the Group's activities.

## Rating methodologies, ECAIs and RWA calculations
RWAs reported for securitised and re-securitised banking book and trading book assets at 31 December 2020 are calculated in line with CRR and UK PRA rules and guidance. The Group has approval to use, and therefore applies, the internal ratings based approach for the calculation of RWAs where appropriate, and the Standardised Approach elsewhere.

The Group employs eligible ratings issued by nominated External Credit Assessment Institutions (ECAIs) to risk weight its securitisation and re- securitisation exposure where their use is permitted. Ratings are considered eligible for use based on their conformance with the internal rating standard which is compliant with both CRR and European Credit Rating Agency regulation. The ECAIs nominated by the Group for this purpose are Standard & Poor's, Moody's, Fitch, DBRS and Kroll.

As required by CRR, the Group uses credit ratings issued by these ECAIs consistently for all exposures within the securitisation exposure class. For that reason, there is no systematic assignment of particular agencies to types of transactions within the securitisation exposure class.

For Sheffield, Salisbury and Sunderland the Internal Assessment Approach (IAA) framework mirrors the ECAI methodology, which also includes Moody's, Standard & Poor's and Fitch, who rate the Sheffield, Salisbury and Sunderland programmes. Under the IAA framework, the securitisation exposure must be internally rated, and the Group internal assessment process must meet certain requirements in order to map its own internal rating to an ECAI. Cash flow stress analysis on a securitisation structure is performed as prescribed by an ECAI methodology for the relevant ratings level, and is at least as conservative as the published methodology. Stress factors may include, among other factors, asset yields, principal payment rates, losses, delinquency rates and interest rates.

# Barclays' approach to managing risks
## Management of securitisation exposures continued

In determining an internal rating, collateral risks are the primary driver and are addressed through the transaction structure and modelled statistical confidence. The analysis reflects the Group's view on the transaction, including dilution risk, concentration and tenor limits, as well as qualitative aspects such as counterparty risk and important ancillary issues (operational and legal risks). The adequacy and integrity of the servicer's systems and processes for underwriting, collections policies and procedures are also reviewed. The Group conducts a full due diligence review of the servicer for each transaction. Each transaction is reviewed on, at least, an annual basis with a focus on the performance of underlying assets. The results of any due diligence review and the financial strength of the seller/servicer, are also factored into the analysis. Ratings of the transaction are reaffirmed with the most up to date ECAI methodologies. Any transaction which deviates from the current methodology is amended accordingly.

### Summary of the accounting policies for securitisation activities

Certain Group-sponsored entities have issued debt securities or have entered into funding arrangements with lenders in order to finance specific assets. An entity is consolidated by the Group when the Group has control over the entity. The Group controls an entity if it has all of the three elements of control which are i) power over the entity; and ii) exposure, or rights, to variable returns from its involvement with the entity; iii) the ability to use its power over the entity to affect the amount of the Group returns. The consolidation treatment must be initially assessed at inception and is reassessed if facts and circumstances indicate that there are changes to one or more of the three elements of control.

The accounting measurement of assets initially recognised for the purpose of securitisation will depend on whether the securitisation entity is consolidated by the Group and whether the assets transferred to the securitisation entity meet the accounting derecognition test, meaning whether the transfer will be accounted for as a sale.

- Where assets on initial recognition are expected to be securitised by a transfer to an unconsolidated Group entity, the accounting will depend on whether the transfer is expected to meets the accounting derecognition test. Assets will remain on the Group balance sheet, and consideration received will be treated as financings, unless the following criteria apply:
  - substantially all the risks and rewards associated with the assets have been transferred, in which case, they are derecognised in full; or
  - if a significant portion, but not all, of the risks and rewards have been transferred, the assets are derecognised in full if the transferee has the ability to sell the financial asset, otherwise the assets continue to be recognised only to the extent of the Group's continuing involvement.
- Where assets are expected to be derecognised in full as a result of pending securitisation, those assets will typically be measured at fair value through the income statement.
- Where a securitisation entity is consolidated by the Group or the assets fail to meet the derecognition test, such that the Group balance sheet includes the assets held for securitisation prior to and post transfer to the securitisation entity, the assets will typically be part of a 'Hold to Collect' business model, and if the contractual cash flows characteristics are solely payments of principal and interest (SPPI), the assets will be measured at amortised cost.

Any financial support or contractual arrangements provided to unconsolidated entities, over securitised assets, would be recognised as a liability on balance sheet if it met the relevant IFRS criteria, or gave rise to a provision under IAS 37, and have to be disclosed (see Note 35 in the Barclays PLC Annual Report 2020). Note, however, that the Group has a Significant Risk Transfer policy that does not allow for any support to be provided to any transactions that fall under the securitisation framework.

Assets may be transferred to a third party through a legal sale or an arrangement that meets the 'pass-through' criteria where the substance of the arrangement is principally that the Group is acting solely as a cash collection agent on behalf of the eventual recipients.

Where the transfer applies to a fully proportionate share of all or specifically identified cash flows, the relevant accounting treatment is applied to that proportion of the asset.

When the above criteria support the case that the securitisation should not be accounted for as financing, the transaction will result in sale treatment or partial continued recognition of the assets to the extent of the Group's continuing involvement in those assets. Gains are recognised to the extent that proceeds that can be measured using observable market data exceed the assets derecognised.

Any retained interests, which will consist of loans and/or securities depending on the nature of the transaction, are valued in accordance with the Group's Accounting Policies, as set out in the Barclays PLC Annual Report 2020. To the extent that these interests are measured at fair value, they will be included within the fair value disclosures in the financial statements in the Annual Report. As outlined in these disclosures, key valuation assumptions for retained interests of this nature will include spreads to discount rates, default and recovery rates and prepayment rates that may be observable or unobservable.

In a synthetic securitisation transaction, the underlying assets are not sold into the relevant special purpose entity (SPE). Instead, their performance is transferred into the vehicle through a synthetic instrument such as a CDS, a credit linked note or a financial guarantee. The accounting policies outlined above will apply to synthetic securitisations.

# Management of treasury and capital risk

This section provides an overview of the management of liquidity risk, capital risk and interest rate risk in the banking book.

- **Liquidity risk, with a focus on how it is managed so that highly quality liquid assets are adequate at all times including under stress, is discussed on pages 195 to 197.**
- **Capital risk, including how the risk of insufficient capital and leverage ratios and pension risk are managed, is discussed on pages 197 to 199.**
- **The management of Interest rate risk in the banking book is discussed on pages 199 to 200.**

## Barclays' approach to managing risks

# Management of treasury and capital risk

### Treasury and capital risk management

This comprises:

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

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

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

## Overview

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.

## Organisation and structure

**Barclays PLC Board Risk Committee**

- Reviews and recommends Barclays Group's risk appetite for treasury and capital risk to the Barclays PLC Board for approval
- Reviews material issues impacting treasury and capital risk
- Approves the ICAAP and ILAAP, via delegated authority of the Board

**Barclays Group Treasury Committee**

- Monitors and manages capital and liquidity risk in line with objectives and risk appetite of the Group
- Guides development of the Group recovery and resolution planning for capital, funding and liquidity
- Reviews non-traded market risk positions against risk appetite and limits

**Barclays Group Risk Committee**

- Reviews and recommends treasury and capital risk appetite to the Barclays PLC Board Risk Committee
- Escalates material issues impacting treasury and capital risk to the Barclays PLC Board Risk Committee
- Reviews and recommends the ICAAP and ILAAP to the Barclays PLC Board Risk Committee for approval

**Barclays Bank Group/Barclays Bank UK Group Asset and Liability Committees (ALCOs)**

- Manages the balance sheet of the Barclays Bank Group and the Barclays Bank UK Group
- Monitors performance in managing of capital and liquidity risk within agreed first line of defence targets and limits
- Reviews non-traded market risk positions of key legal entities against agreed limits
- Oversees the risks managed by the Treasury function of key legal entities through their funding, investment and hedging activities

**Barclays Group Treasury and Capital Risk Committee**

- Manages treasury and capital risk appetite
- Monitors the treasury and capital risk profile
- Monitors the treasury and capital risk control environment
- Recommends risk appetite to the Barclays Group Risk Committee and Barclays PLC Board Risk Committee
- Escalates material issues impacting treasury and capital risk to the Barclays Group Risk Committee and Barclays PLC Board Risk Committee

# Barclays' approach to managing risks
## Management of treasury and capital risk continued

## Liquidity risk management

### 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.

The Group maintains a range of management actions for use in a liquidity stress. These are documented in the Group Recovery Plan. Since the precise nature of any stress event cannot be known in advance, the actions are designed to be flexible to the nature and severity of the stress event and provide a menu of options that can be drawn upon as required. The Group Recovery Plan also contains more severe recovery options to generate additional liquidity in order to facilitate recovery during a severe stress. Any stress event would be regularly monitored and reviewed using key management information by Treasury, Risk and business representatives.

| Ongoing business management | Early signs/ mild stress | Severe stress | Recovery |
|---|---|---|---|
| ▪ Stress testing and planning<br>▪ Liquidity limits<br>▪ Early warning indicators | ▪ Monitoring and review<br>▪ Management actions requiring minimal business rationalisation | ▪ Monitoring and review<br>▪ Management actions with limited impact on franchise | ▪ Activate appropriate recovery options to restore the capital and/ or liquidity position of the Group |

# Barclays' approach to managing risks
## Management of treasury and capital risk continued

### Risk Appetite and planning
Barclays has established a Group LRA stress test to quantify the level of liquidity risk the Group is exposed to in pursuit of its business objectives and ensuring compliance with its regulatory obligations.

The key expression of the liquidity risk is through stress tests. It is measured with reference to the liquidity pool compared to anticipated net stressed outflows for each of five stress scenarios. Barclays has defined both internal short term and long term LRA stress testing metrics.

The Group LRA stress test is approved by the Board. The LRA is reviewed on a continuous basis and is subject to formal review at least annually as part of the ILAAP.

Statement of Liquidity Risk Appetite: For 2020, the Board has approved that the Group will maintain an amount of available liquidity resources to meet modelled and prescribed regulatory liquidity stress outflows over a period of time (minimum buffer duration):

- 30 days in a Barclays specific stress
- 90 days in a market wide stress
- 30 days in a combined stress
- Long term LRA 80% LCR (Pillar 2)
- LCR 30 days minimum ratio 100% (Pillar 1 basis) and 100% (Pillar 2 basis)

The Group LRA stress outflows are used to determine the minimum size of the Group Liquidity Pool. The Liquidity Pool represents those resources immediately available to meet outflows in a liquidity stress. In addition to holding a liquidity pool against stressed outflows, the Group reviews available management actions that could be used to raise additional liquidity. Management actions are assessed to determine their suitability, effectiveness and time to delivery.

### Liquidity limits
Barclays manages limits on a variety of on and off-balance sheet exposures, a sample of which is shown in the table below. These limits serve to control the overall extent and composition of liquidity risk taken by managing exposure to each risk driver.

| Examples of liquidity limits | | | |
|---|---|---|---|
| Liquidity Risk Appetite | Liquidity Coverage Ratio | Currency Risk Limits | Concentration Limits |
| Minimum Cash Limits | Gross Repo Limits | Debt Buyback Limits | Secured Mismatch Limits |

### Early warning indicators
Barclays Treasury monitor a range of market indicators for early signs of liquidity risk. Both market indicators and Barclays specific indicators are tracked, a sample of which is shown in the table below. These are designed to immediately identify the emergence of increased liquidity risk in order to maximise the time available to execute appropriate mitigating management actions. Early Warning Indicators (EWIs) are used as part of the assessment of whether to invoke the Group Recovery Plan, which provides a framework for how a liquidity stress would be managed.

| Examples of early warning indicators | | |
|---|---|---|
| Change in composition of deposits | Deterioration in stress test surplus | Rising funding costs |
| Widening CDS spreads | Change in maturity profile | Stress in financial markets |

# Barclays' approach to managing risks
Management of treasury and capital risk continued

### Recovery & resolution planning
Barclays maintains a Group Recovery Plan (GRP) designed to provide a framework to effectively manage a severe financial stress. The GRP is proportionate to the nature, scale and complexity of the business and is tested to ensure it is operationally robust. The GRP details the escalation and invocation process for the plan, including integration with i) BAU monitoring of capital and liquidity EWIs to detect signs of approaching financial stress, ii) existing processes within Barclays Treasury and Risk to respond to mild/moderate stress and iii) the governance process for formally invoking the GRP. The Plan would be formally invoked by the Group Board and would be overseen and executed by the Barclays Crisis Leadership Team (BCLT), a flexible committee of senior management used to respond to all types of stress events. In invoking and executing the plan, the BCLT (in consultation with the Group Board) would assess the likely impact of the stress event on the Group and its subsidiaries and determine the appropriate response given the nature and severity of the stress. The GRP includes a range of recovery options to respond to financial stresses of varying severity and includes detailed information on financial and non-financial impacts of exercising the recovery options.

### Liquidity risk governance
The Treasury function operates within the bounds of the liquidity risk control framework. The control framework describes liquidity risk management processes, associated policies, controls and how the Group have implemented controls. This framework is used to manage liquidity risk within the Liquidity Risk Appetite. The framework is reviewed annually and supported by the internal architecture used to record and measure group wide liquidity metrics.

The Board sets the Liquidity Risk Appetite based on the internal liquidity risk stress test (LRA) and external regulatory requirements, namely the Liquidity Coverage Ratio (LCR). The Liquidity Risk Appetite quantifies the level of risk the Group is exposed to in pursuit of its business objectives and ensuring compliance with its regulatory obligations. The approved Liquidity Risk Appetite is implemented in line with the Enterprise Risk Management Framework.

## Capital risk management
### Overview

Capital risk is managed through ongoing monitoring and management of the capital position, regular stress testing and a robust capital governance framework. 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.

## Capital risk management strategy

Barclays Group's capital management strategy is driven by the strategic aims of Barclays Group and the risk appetite set by the Board. Barclays Group's objectives are achieved through well embedded capital management practices.

### Capital planning and allocation
Barclays Group assesses its capital requirements on multiple bases, with Barclays Group's capital plan set in consideration of Barclays Group's risk profile and appetite, strategic and performance objectives, regulatory requirements, international financial reporting standards (including IFRS 9), and market and internal factors, including the results of stress testing. The capital plan is managed on a top-down and bottom-up basis through both short-term and medium-term financial planning cycles, and is developed with the objective that Barclays Group maintains an adequate level of capital in line with internal and regulatory requirements. The planning process captures the impact of IFRS 9 to the capital plan, both including and excluding the impacts of transitional regulatory adjustments.

The PRA determines the regulatory capital requirements for the consolidated Barclays Group. Under these regulatory frameworks, capital requirements are set in consideration of the level of risk that Barclays Group is exposed to and the factors described above, and are measured through both risk-based Risk Weighted Assets (RWAs) and leverage-based metrics. An internal assessment of Barclays Group's capital adequacy is undertaken through the Internal Capital Adequacy Assessment Process (ICAAP) and is used to inform the capital requirements of Barclays Group.

Barclays Group expects to meet the minimum requirements for capital and leverage at all times and also holds an internal buffer sized according to Barclays Group's assessment of capital risk.

Through the capital planning process, capital allocations are approved by Barclays Group Executive committee, taking into consideration the risk appetite and strategic aims of Barclays Group. Regulated legal entities are, at a minimum, capitalised to meet their current and forecast regulatory and business requirements.

# Barclays' approach to managing risks

Management of treasury and capital risk continued

### Monitoring and reporting

Capital is managed and monitored to maintain that Barclays' capital plans remain appropriate and that risks to the plans are considered. Limits are set by Risk to control the level of capital risk within Barclays Group. Treasury is responsible for complying with these limits as the first line of defence for the management of capital risk. Limits are monitored through appropriately governed forums in the first and second line of defence.

To support compliance with risk limits, Treasury monitor capital risks against firm-specific and macroeconomic early warning indicators and report on these to the Treasury Committee and entity ALCOs. This enables a consistent and objective approach to monitoring the capital outlook against the capital plan, and supports the early identification when outlooks deteriorate.

Capital management information is readily available to support Senior Management's strategic and day-to-day business decision making.

### Stress testing and risk mitigation

Internal group-wide stress testing is undertaken to quantify and understand the impact of sensitivities on the capital plan and capital ratios arising from stressed macroeconomic conditions. Recent economic, market and peer institution stresses are used to inform the assumptions developed for internal stress tests and to assess the effectiveness of mitigation strategies.

Barclays Group also undertakes stress tests prescribed by the BoE and EBA, and legal entities undertake stress tests prescribed by their local regulators. These stress tests inform decisions on the size and quality of the internal capital buffer required and the results are incorporated into Barclays Group capital plan to maintain adequacy of capital under normal and severe, but plausible stressed conditions.

Actions are identified as part of the stress tests that can be taken to mitigate the risks that may arise in the event of material adverse changes in the current economic and business outlook. As an additional layer of protection, Barclays Group Recovery Plan defines the actions and implementation strategies available to Barclays Group to increase or preserve capital resources in the situation that a stress occurs that is more severe than anticipated.

### Capitalisation of legal entities

Barclays as a group comprises legal entities across multiple jurisdictions. Barclays Group and regulated legal entities are subject to prudential requirements from the PRA and/or local regulators. Sufficient capital needs to be available to meet these requirements both at a consolidated Group and individual legal entity level.

Where aggregate requirements for individual entities in Barclays Group are higher than the consolidated requirement, Barclays Group may use debt or capital other than CET1 to meet these incremental requirements (so called 'double leverage'). There are regulatory and rating agency expectations that constrain the amount of double leverage that can be used. This might increase the overall level of capital Barclays Group is required to hold.

The capitalisation of legal entities is reviewed annually as part of the capital planning process and monitored on an ongoing basis.

### Transferability of capital

Surplus capital held in Group entities is required to be repatriated to the immediate parent in the form of dividends and/or capital repatriation, subject to local regulatory requirements, exchange controls and tax implications. This approach provides optimal flexibility on the re-deployment of capital across legal entities. Capital is managed at Barclays Group as a whole as well as for its operating subsidiaries to allow fungibility and redeployment of capital while meeting relevant internal and regulatory targets at entity levels.

### Foreign exchange risk

Barclays Group has capital resources and risk weighted assets denominated in foreign currencies. Changes in foreign exchange rates result in changes in the Sterling equivalent value of foreign currency denominated capital resources and RWAs. As a result, Barclays Group's CET1 ratio is sensitive to foreign currency movements.

Barclays Group seeks to minimise the volatility of the CET1 ratio caused by foreign exchange rate movements by maintain that the CET1 capital movements broadly match the revaluation of Barclays Group's foreign currency RWA exposures. This is achieved by seeking to align the ratio of CET1 sensitive to foreign exchange rate movements to foreign currency RWAs with Barclays Group CET1 ratio.

### 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.

### Management of pension risk

Many of the Group's defined benefit (DB) pension funds are established as trusts in order to keep the fund's assets separate from the sponsor (Barclays). As such the Trustees are responsible for:

- The investment strategy including asset allocation and performance.
- Assessing the level of technical provisions required.
- Ensuring any minimum funding objectives are met.
- Complying with local legislation.

The legal structure of Barclays' DB pension funds and the role of the Trustees mean that pension risk can't be directly controlled by the Group and therefore is not part of the Group's risk appetite assessment used to manage other key risks.

# Barclays' approach to managing risks
## Management of treasury and capital risk continued

### Pension Forums
The Pension Executive Board (PEB) has accountability for the effective operation of pensions across the Group. It is the most senior executive body for pensions in Barclays.

The Pension Management Group (PMG) is accountable for the oversight and management of the Group's responsibilities relating to its pension arrangements. The PMG is accountable to the PEB.

The PEB and PMG are not created or mandated under the ERMF. However, these forums provide Risk the opportunity to discuss and comment on pension risk in a wider context with other relevant stakeholders from HR, Legal, Treasury and Finance.

### Key pension risk controls and governance include:
- Annual review, challenge and proposal of the IAS19 market-driven assumptions used for the calculation of pension liabilities used in Barclays' disclosures.
- Representation and input at key pension forums.
- Input into the Group's ICAAP for pension risk.
- Input into the Group's strategic planning and stress test exercises.
- Provide independent oversight of the pension risk profiles from the Group's perspective.

Coordinating responses to regulatory initiatives, developments and proposals on pensions, which may include inputs from material overseas schemes.

## 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.

## Management of IRRBB
Barclays executes hedging strategies to minimise IRRBB and maintain it within the agreed risk appetite, whilst actively managing the trade-off between return and associated risks in liquid asset portfolio. Therefore, the primary control for IRRBB is calculating the risk metrics described in the table below and monitoring risk exposure vs. defined limits. Limits are set at an aggregate business level and then cascaded down.

These measures of risk are typically dependent on an assumption of expected customer behaviour, to the extent that actual behaviour may vary from expectation this variation is measured using a supplementary set of behavioural stress measures.

### Summary of measures for non-traded market risk

| *Measure* | *Definition* |
|---|---|
| **Earnings at risk (EaR)** | A measure of the potential change in Net Interest Income (NII) due to an adverse interest rate movement over a predefined time horizon. |
| **Economic value of equity (EVE)** | A measure of the potential change in the present value of expected future cash flows due to an adverse interest rate movement, based on the existing balance sheet expected run-off profile. |
| **Value at risk (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 the predefined holding period. |
| **Stress Loss** | A measure of the potential loss from an adverse shock to market variables |

# Barclays' approach to managing risks
## Management of treasury and capital risk continued

### Annual Earnings at Risk (AEaR)
AEaR measures the sensitivity of net interest income over a one-year period. It is calculated as the difference between the estimated income using the expected rate forecast and the lowest estimated income following a parallel increase or decrease in interest rates.

The main model assumptions are:

- The balance sheet is kept at the current level, i.e. no growth is assumed, and run-off balances are reinvested to maintain a constant balance sheet
- Contractual positions are adjusted for an assumed behavioural profile, to align with the expected product life-cycle.

AEaR sensitivity is calculated on a monthly basis for the entire banking book, including the investments in liquid asset portfolio. The metric provides a measure of how interest rate risk may impact the Group's earnings, providing a simple comparison between risk and returns. As AEaR provides a view on the next year's earnings impacts of interest rate risk, Barclays also monitors economic value metrics to complement the view as this captures the IRRBB impact of risk exposures beyond one year.

See pages 42 and 43 for a review of AEaR in 2020.

### Economic Value of Equity (EVE)
EVE calculates the change in the present value of the Group's expected future cash-flows from a parallel upward or downward interest rate shock. Note that the EVE calculation measures sensitivity in terms of present value, while AEaR measures income sensitivity, and as such are complimentary.

The EVE measure is calculated on a monthly basis and is applied to the full life of transactions and hedges allowing the risk over the whole life of positions to be considered. It does not capture the impact of business growth or management actions, and is based on the expected balance sheet run-off profile.

### Value at Risk (VaR)
VaR is an estimate of the potential loss arising from unfavourable market movements if the current position were to be held unchanged for a set period. For internal market risk management purposes, a historical simulation methodology is used with a two-year equally weighted historical period, at a 95% confidence level.

Daily VaR is used to measure residual interest and foreign exchange risks within certain banking book portfolios.

Quarterly scaled VaR is used to measure risk in the liquid asset portfolio. The calculation uses a two-year historical period, a 95% confidence level and is scaled from daily to quarterly using a constant factor.

VaR is calculated on a daily basis and exposure is reported versus defined limits.

### Stress Loss
Securities in the buffer are subject to several market risk stresses designed to estimate potential losses in various scenarios. This includes, but is not limited to, an annual internal stress test, regulatory stress tests as well as various ad hoc exploratory exercises.

# Management of operational risk

The sources of operational risks, and how those risks are managed, are detailed in this section.

- **The types of risks that are classified as operational risks are described on pages 202 and 203.**
- **Governance, management and measurement techniques are covered on pages 203 and 204.**

## Barclays' approach to managing risks
# Management of operational risk

### Operational risk

The risk of loss to the firm 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
- 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.
- 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 strong system of internal controls that enables business to be transacted and risk taken without exposing the Group to unacceptable potential losses or reputational damages.

## Organisation and structure

### Operational risk categories

Operational risks are grouped into risk categories to support effective risk management, measurement and reporting. These are defined as follows:

- **Data Management & Information Risk:** The risk that Barclays Data and Records are not defined, captured, stored or managed in accordance with their value, and legal and regulatory requirements
- **Financial Reporting Risk:** The risk of a material misstatement or omission within the Group's external financial reporting, regulatory reporting or internal financial management reporting.

**Organisation and structure**

**Barclays PLC Board Risk Committee**
- Approves operational risk framework
- Oversees operational risk capital
- Recommends and monitors operational risk appetite and the residual risk position, supported by feedback from the Barclays PLC Board Audit Committee/Chief Controls Officer

**Barclays PLC Board Audit Committee**
- Oversees the operating effectiveness of the control environment
- Oversees remediation of control issues
- Gives feedback to the Barclays PLC Board Risk Committee where concerns exist over the impact on residual risk through either the design or operating effectiveness of the control environment

**Barclays Group Risk Committee**
- Reviews and recommends risk appetite and risk limit across operational risk to the Barclays PLC Board
- Monitors the Barclays Group risk profile and the utilisation of risk appetite
- Reviews appetite, limit usage and risk management within tolerance agreed by Barclays PLC Board
- Reviews deep dives of specific risks as requested
- Reviews the impact of any material acquisitions and disposals on the risk profile
- Reviews remediation plans and actions taken, and agrees any further action required
- Escalates to Barclays PLC Board level

**Barclays Group Controls Committee**
- Oversees the effectiveness of the control environment
- Reviews and recommends the control framework
- Oversees control remediation activities
- Oversees the execution of the Operational Risk Management Framework consistently across Barclays Group
- Oversees risk and internal control matters including significant issues
- Escalates to Barclays PLC Board level

**Operational Risk Committees**
- Manage and oversee risk at the Group level
- Escalate to Barclays Group level

**Business Risk Committees**
- Manage and oversee risk at the business/function level
- Escalate to Barclays Group level

**Business Control Committees**
- Manage and oversee the control environment at the business/function level
- Escalate to Barclays Group level

# Barclays' approach to managing risks
## Management of operational risk continued

- **Fraud Risk:** The risk of financial loss when an internal or external party acts dishonestly with the intent to obtain an undue benefit, cause a loss to, or to expose either the Group or its customers and clients to a risk of loss.
- **Information Security Risk:** The risk that Barclays information is not protected against potential unauthorised access, use, modification, disruption or destruction.
- **Operational Resilience Planning Risk:** The risk that is introduced as a consequence of inadequate or ineffective (i) Front to Back Process Planning, (ii) Business Recovery Planning, or (iii) Crisis Management Planning, thereby impacting service provision to customer, clients and / or financial infrastructure.
- **Payments Process Risk:** The risk of payments being processed inaccurately, with delays, without appropriate authentication and authorisation. It also covers the risk associated with ineffective management associated with Payment/Card Scheme membership
- **People Risk:** The set of risks associated with employing and managing people, including compliance with regulations, appropriate resourcing for requirements, recruitment and development risks
- **Premises Risk:** The risk of business detriment or harm to people due to premises and infrastructure issues.
- **Physical Security Risk:** The risk of business detriment, financial loss or harm to people as a result of any physical security incident impacting the Group or a Group employee - relating to harm to people, unauthorised access, intentional damage to premises or theft or intentional damage to moveable assets.
- **Strategic Investment Change Management Risk:** the risk of failing to deliver and implement the agreed initiatives, priorities and outcomes required to deliver the Group strategy, within agreed timelines. Strategic Investment Change Management Risk exists whenever there is 'change' underway.
- **Supplier Risk:** The risk that is introduced to the firm or entity as a consequence of obtaining services or goods from another legal entity or entities whether External or Internal as a result of inappropriate and/or inadequate selection, management, or exit management
- **Tax Risk:** The risk of unexpected tax cost in relation to any tax for which Barclays is liable, or of reputational damage on tax matters with key stakeholders such as tax authorities, regulators, shareholders or the public. Tax cost includes tax, interest or penalties levied by a taxing authority.
- **Technology Ris**k: The risk to Barclays that comes about through its dependency on Technological solutions.
- **Transaction Operations Risk:** The risk of an unintentional error in the execution of a customer transaction resulting in delayed or inaccurate processing.

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

These risks may result in financial and/or non-financial impacts including legal/regulatory breaches or reputational damage.

### Risk Themes

The Group 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. Including:

- **Cyber:** The potential loss or detriment to Barclays caused by individuals or groups (threat actors) with the capabilities and intention to cause harm or to profit from attacks committed via network information systems against us, our suppliers, or customers/clients.
- **Data:** Aligned to the data strategy of the Group and encompassing data risks to the Group from multiple risk categories, including data management, data architecture, data security & protection, data resilience, data retention and data privacy.
- **Resilience:** The risk of the organisation's ability to anticipate, prevent, adapt, respond to, recover and learn from internal or external disruption, continuing to provide important business services to customers and clients, and minimise any impact on the wider financial system

### Roles and responsibilities

The prime responsibility for the management of operational risk and the compliance with control requirements rests with the legal entities, business and functional units where the risk arises. The operational risk profile and control environment is reviewed by business management through specific meetings which cover these items. Operational risk issues escalated from these meetings are considered through the second line of defence review meetings. Depending on their nature, the outputs of these meetings are presented to the Operational Risk Profile Forum, the Operational Risk Committee, the Barclays PLC Board Risk Committee or the Barclays PLC Board Audit Committee.

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 OR function alerts management when risk levels exceed acceptable tolerance in order to drive timely decision making and actions by the first line of defence. Specific reports are prepared by Operational Risk on a regular basis for the Barclays Group Risk Committee, and the Barclays PLC Board Risk Committee.

Specific reports are prepared by Operational Risk on a regular basis for the Barclays Group Risk Committee, and the Barclays PLC Board Risk Committee.

# Barclays' approach to managing risks
Management of operational risk continued

## Operational Risk Framework

The Operational Risk Framework comprises a number of elements which allow Barclays Group to manage and measure its operational risk profile and to calculate the amount of operational risk capital that Barclays Group needs to hold to absorb potential losses. The minimum, mandatory requirements for each of these elements are set out in the Operational Risk Framework and supporting policies. This framework is implemented across Barclays Group with all legal entities, businesses and functions required to implement and operate an Operational Risk Framework that meets, as a minimum, the requirements detailed in the operational risk policies.

The Operational Risk Framework is a key component of the ERMF and has been designed to improve risk management and meet a number of external governance requirements including the Basel Capital Accord, the Capital Requirements Directive and Turnbull guidance as an evaluation framework for the purposes of Section 404(a) of the Sarbanes-Oxley Act. It also supports the Sarbanes-Oxley requirements.

The Operational Risk Framework includes the following elements:

### Risk and Control Self-Assessments
Risk and control self-assessments (RCSAs) are the way in which Barclays Group identifies and assesses the risks which are inherent in the material processes operated by Barclays Group. Managers in the business use the RCSA approach to evaluate the controls in place to mitigate those risks and assess the residual risk exposure to Barclays Group. The businesses / functions are then able to make decisions on what action, if any, is required to reduce the level of residual risk to Barclays Group. These risk assessments are monitored on a regular basis to maintain that each business understands the risks it faces.

### Risk Events
An operational risk event is any circumstance where, through the lack or failure of a control, Barclays Group has actually, or could have, made a loss. The definition includes situations in which Barclays Group could have made a loss, but in fact made a gain, as well as incidents resulting in reputational damage or regulatory impact only.

A standard threshold is used across Barclays Group for reporting risk events and part of the analysis includes the identification of improvements to processes or controls, to reduce the recurrence and/or magnitude of risk events. For significant events, both financial and non-financial, this analysis includes the completion of a formal lessons learned report.

Barclays Group also maintains a record of external risk events which are publicly available and is a member of the Operational Risk data eXchange (ORX), a not-for-profit association of international banks formed to share anonymous loss data information. This external loss information is used to support and inform risk identification, assessment and measurement.

### Operational Risk Appetite
The Board approves an Operational Risk Appetite Statement on an annual basis, establishing the level of operational risk that is acceptable in pursuit of Barclays Group's strategic objectives.

Operational risks are assessed and monitored against the Board approved Operational Risk Appetite, with Risk Reduction Plans established for any risks that are above the acceptable level.

The Operational Risk Profile is monitored through Risk Committees at legal entity, Barclays Group and Board level in the context of Operational Risk Appetite.

### Key Indicators
Key indicators (KIs) are metrics which allow the Operational Risk Profile to be measured and monitored against Management's Risk Appetite. KIs include defined thresholds and performance is reported regularly to Management to drive action when risk exceeds acceptable limits.

### Risk Scenarios
Risk scenarios are a summary of the extreme potential risk exposures for Barclays Group covering the complete range of risks. The scenarios include an assessment of the key drivers for the exposure, occurrence and impact of the scenario and a review of the corresponding control environment. The risk scenario assessments are a key input to the calculation and benchmarking of economic capital requirements (see following section on operational risk measurement). The assessment considers analysis of internal and external loss experience, Key Risk Indicators, Risk and Control Self-Assessments and other relevant information. The businesses and functions analyse potential extreme scenarios, considering the:

- circumstances and contributing factors that could lead to an extreme event;
- potential financial impacts;
- controls that seek to limit the likelihood of such an event occurring; and
- the mitigating actions that would be taken if the event were to occur (for example crisis management procedures, business continuity or disaster recovery plans).

Management then determine whether the potential risk exposure is acceptable or whether changes in risk management control or business strategy are required.

The risk scenarios are regularly re-assessed, taking into account trends in risk factors.

### Reporting
The ongoing monitoring and reporting of operational risk is a key component of the Operational Risk Framework. Reports and management information are used by the Operational Risk function and by legal entity and business management to understand, monitor, manage and control operational risks and losses.

The operational risk profile is reviewed by senior management at legal entity Risk Committee meetings as well as the Operational Risk Profile Forum, Operational Risk Committee and BRC, BAC and the Board.

### Operational Risk Measurement
Barclays Group assesses its Operational Risk Capital requirements using the Standardised Approach (TSA). Barclays Group also maintains a voluntary floor for the Regulatory Capital. The floor is based on the Capital calculated by Barclays Group under the previous AMA regime.

### Insurance
As part of its risk management approach, Barclays Group also uses insurance to mitigate the impact of some operational risks.

# Management of model risk

The types of model risk, and how they are managed, are detailed in this section.

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

## Barclays' approach to managing risks

# Management of model risk

### Model risk

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 can result in inappropriate business decisions being made, financial loss, regulatory risk, reputational risk and/or inadequate capital reporting. Models may also be misused, for instance applied to products that they were not intended for, or not adjusted, where fundamental changes to their environment would justify re-evaluating their core assumptions. Errors and misuse are the primary sources of model risk.

Robust model risk management is crucial to assessing and managing model risk within a defined risk appetite. Strong model risk culture, appropriate technology environment, and adequate focus on understanding and resolving model limitations are crucial components.

## Organisation and structure

The Group allocates substantial resources to identify and record models and their usage, document and monitor the performance of models, validate models and adequately address model limitations. The Group manages model risk as an enterprise level risk similar to other principal risks.

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. Model risk reporting flows to senior management as depicted below.

**Barclays PLC Board Risk Committee**
- Reviews and recommends Barclays Group's risk appetite for model risk to the Barclays PLC Board
- Reviews the effectiveness of the processes and policies by which Barclays Group identifies and manages model risk
- Assesses performance relative to model risk appetite

↑

**Barclays Group Risk Committee**
- Reviews risk appetite across model risk
- Monitors the Barclays Group risk profile for model risk, including emerging risks, against expected trends, and the utilisation of risk appetite

↑

**Business Risk Committees**
- Review critical updates on model risk e.g. updates on Barclays Group-wide remediation plans
- Review targeted updates on progress towards meeting regulatory deliverables
- Review identified policy breaches

# Barclays' approach to managing risks
Management of model risk continued

## Roles and responsibilities

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. The heads of the relevant model ownership areas (typically, the business Chief Risk Officers, business Chief Executive Officers, Group Finance Director, Treasurer, etc.) annually attest to the completeness and accuracy of the model inventory. MGC undertakes regular conformance reviews on the model inventory.
- Enforcing that every model has a model owner who is accountable for the model. The model owner must sign off models prior to submission to IVU for validation. The model owner works with the relevant technical teams (model developers, implementation, monitoring, data services, regulatory) to maintain that the model presented to IVU is and remains fit for purpose.
- Overseeing that every model is subject to validation and approval by IVU, prior to being implemented and on a continual basis. While all models are reviewed and re-approved for continued use each year, the validation frequency and the level of review and challenge applied by IVU is tailored to the materiality and complexity of each model. Validation includes a review of the model assumptions, conceptual soundness, data, design, performance testing, compliance with external requirements if applicable, as well as any limitations, proposed remediation and overlays with supporting rationale. Material model changes are subject to prioritised validation and approval.
- Defining model risk appetite in terms of risk tolerance, and qualitative metrics which are used to track and report model risk.
- Maintaining specific standards that cover model risk management activities relating to stress testing challenger models, model overlays, vendor models, and model complexity and materiality.

# Management of conduct risk

This section provides an overview of the management of conduct risk

- **Conduct risk is the 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.**

## Barclays' approach to managing risks
# Management of conduct risk

### Conduct risk

**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. This includes taking reasonable steps to assure that (i) the Group's culture and strategy are appropriately aligned to these goals; (ii) its products and services are reasonably designed and delivered to meet the needs of customers and clients; (iii) the fair and orderly operation of the markets in which the Group does business is promoted; and (iv) the Group does not commit or facilitate money laundering, terrorist financing, bribery and corruption or breaches of economic sanctions.

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 and structure

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 Group Risk Committee is the most senior executive body responsible for reviewing and monitoring the effectiveness of the Group's management of conduct risk.

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

**Barclays PLC and Barclays Bank PLC Board Risk Committee**

- Reviews the effectiveness of the processes and polices by which Barclays Group and Barclays Bank Group identifies and manages conduct risk including the consideration and approval of the Barclays Group Conduct Risk Management Framework and ant amendments thereto, and annually reviewing the effectiveness;
- Reviews periodic Conduct Risk reports which, with respect to Barclays Bank Group only, will include agreeing Conduct Risk metrics and compliance with Barclays Group Conduct Risk Policies; and
- Maintains oversight of the Barclays Group Compliance Function.

**Barclays Bank UK PLC Board Risk Committees**

- Reviews the effectiveness of the processes by which Barclays Bank UK Group identifies and manage conduct risk, including annually reviewing the effectiveness of the Barclays Group Conduct Risk Management Framework as it applies to Barclays Bank UK Group;
- Reviews periodic Conduct Risk reports which will include adopting Conduct Risk metrics as set by the Barclays PLC Board Risk Committee, agreeing any specific Barclays Bank UK Group business and function metrics and performance against the same and compliance with Barclays Group Conduct Risk Policies; and
- Maintains oversight of the Barclays Group Compliance Function.

**Barclays Group Controls Committees**

- Provides oversight of the effectiveness of the Control Environment in relation to Conduct Risk, including remediation of control failures relating to Conduct issues and risk events

**Barclays Group Risk Committee**

- Oversees the Conduct Risk Profile and implementation of the Group Conduct Risk Management Framework for Barclays Group and Barclays Bank Group

**Barclays UK Risk Committee**

- Oversees the Conduct Risk Profile and implementation of the Group Conduct Risk Management Framework for Barclays Bank UK Group

# Management of reputation risk

This section provides an overview of the management of reputation risk

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

## Barclays' approach to managing risks

# Management of reputation risk

### Reputation risk

**The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the firm'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 and structure

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

## Roles and responsibilities

The Group Chief Compliance Officer is accountable for developing a Reputation Risk Management Framework, and the Head of 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. Reputation risk is by nature pervasive and can be difficult to quantify, requiring more subjective judgement than many other risks. The Reputation Risk Management Framework 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 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 the Group ExCo and Barclays PLC Board Committee.

**Barclays PLC Board**

- Reviews the effectiveness of the processes and policies by which Barclays Group identifies and manages reputation risk
- Considers and evaluates regular reports on Barclays Group's reputation risk issues and exposures
- Considers whether significant business decisions will compromise Barclays Group's ethical policies or core business beliefs and values

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**Barclays Group Risk Committee**

- Reviews the monitoring processes utilised by Compliance and Corporate Relations to ensure they are proportionate given the level of risk identified in the businesses
- Reports reputation issues in accordance with Barclays Group's Reputation Risk Management Framework for all material issues which may have the potential to incur reputation risk for Barclays Group

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**Business Risk Committees/Forums**

- Review and escalate reputation risks in accordance with Barclays Group's Reputation Risk Management Framework

# Management of legal risk

This section provides an overview of the management of legal risk

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

## Barclays' approach to managing risks

# Management of legal risk

### Legal risk

**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.

**Barclays PLC Board Risk Committee**

- Approves risk tolerances
- Reviews risk profile and material risk issues
- Commissions, receives and considers reports on key risk issues

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**Barclays Group Risk and Control Committees**

- Monitor risk profile with respect to non-financial risk tolerances
- Debates and agrees actions on the non-financial risk profile and risk strategy across Barclays Group

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**Legal Executive Committee**

- Oversees, monitors and challenges legal risk across the Barclays Group

# Appendices

## Appendices

# Appendix A – PD, LGD, RWA and Exposures by country

The following tables show AIRB data for countries in which Barclays is active where the AIRB RWA amount is more than 1% of the Group total for any asset class. The countries are shown in descending order of aggregated total RWAs for all asset classes.

### Table 101: PD, LGD, RWA and exposure values by country for AIRB – all asset classes

| Country | PD % | LGD % | RWA £m | Exposure £m |
|---|---|---|---|---|
| United Kingdom | 3.65% | 27.1% | 78,158 | 267,225 |
| United States | 1.15% | 40.3% | 26,061 | 104,311 |
| Germany | 1.44% | 54.6% | 3,203 | 9,961 |
| Italy | 10.25% | 25.7% | 2,925 | 6,787 |
| Canada | 1.00% | 44.4% | 2,900 | 7,028 |
| Japan | 0.05% | 45.8% | 2,638 | 21,056 |
| France | 0.16% | 40.6% | 2,526 | 11,539 |
| Ireland | 1.57% | 46.3% | 1,646 | 4,456 |
| Luxembourg | 3.64% | 44.5% | 1,627 | 4,475 |
| Netherlands | 0.40% | 43.4% | 1,609 | 5,274 |
| Switzerland | 0.06% | 45.1% | 1,288 | 32,072 |
| Spain | 1.89% | 46.3% | 1,045 | 1,811 |
| Cayman Islands | 7.90% | 46.6% | 905 | 1,333 |
| India | 0.61% | 49.2% | 753 | 881 |
| Mexico | 0.86% | 56.7% | 690 | 715 |
| Australia | 0.14% | 46.3% | 665 | 2,468 |
| Saudi Arabia | 0.06% | 93.3% | 405 | 2,142 |
| China | 0.12% | 49.5% | 301 | 1,318 |
| South Africa | 0.66% | 46.5% | 287 | 362 |
| Singapore | 0.03% | 45.1% | 272 | 6,223 |
| Turkey | 5.19% | 57.2% | 193 | 91 |
| Brazil | 2.28% | 48.8% | 190 | 151 |
| Venezuela, Bolivarian Republic Of | 0.06% | 45.0% | 112 | 422 |

### Table 101a: PD, LGD, RWA and exposure values by country for AIRB – central governments and central banks

| Country | PD % | LGD % | RWA £m | Exposure £m |
|---|---|---|---|---|
| United Kingdom | 0.01% | 45.0% | 2 | 59 |
| United States | 0.00% | 45.0% | 1,509 | 46,182 |
| Germany | – | – | – | – |
| Italy | – | – | – | – |
| Canada | 0.02% | 45.0% | 439 | 1,957 |
| Japan | 0.04% | 45.0% | 1,630 | 16,560 |
| France | 0.01% | 45.0% | 1 | 16 |
| Ireland | – | – | – | – |
| Luxembourg | – | – | – | – |
| Netherlands | 0.01% | 45.0% | 0 | 2 |
| Switzerland | 0.01% | 45.0% | 845 | 29,515 |
| Spain | – | – | – | – |
| Cayman Islands | – | – | – | – |
| India | 0.31% | 45.0% | 441 | 642 |
| Mexico | 0.25% | 45.0% | 17 | 58 |
| Australia | 0.01% | 45.0% | 128 | 797 |
| Saudi Arabia | 0.06% | 96.4% | 368 | 1,987 |
| China | 0.04% | 53.0% | 36 | 368 |
| South Africa | – | – | – | – |
| Singapore | 0.01% | 45.0% | 122 | 4,681 |
| Turkey | – | – | – | – |
| Brazil | 2.31% | 45.0% | 106 | 104 |
| Venezuela, Bolivarian Republic Of | – | – | – | – |

### Table 101b: PD, LGD, RWA and exposure values by country for AIRB – institutions

| Country | PD % | LGD % | RWA £m | Exposure £m |
|---|---|---|---|---|
| United Kingdom | 0.76% | 39.2% | 2,486 | 9,028 |
| United States | 0.32% | 42.0% | 1,892 | 7,968 |
| Germany | 0.10% | 35.9% | 758 | 3,254 |
| Italy | 0.82% | 46.4% | 155 | 167 |
| Canada | 0.04% | 45.8% | 383 | 2,246 |
| Japan | 0.10% | 52.5% | 578 | 1,997 |
| France | 0.06% | 37.8% | 1,157 | 7,560 |
| Ireland | 0.14% | 50.4% | 95 | 398 |
| Luxembourg | 0.06% | 46.0% | 39 | 430 |
| Netherlands | 0.04% | 43.9% | 227 | 1,444 |
| Switzerland | 0.03% | 45.5% | 121 | 1,441 |
| Spain | 0.06% | 46.4% | 268 | 802 |
| Cayman Islands | – | – | – | – |
| India | 1.33% | 48.7% | 75 | 85 |
| Mexico | 0.39% | 57.0% | 175 | 265 |
| Australia | 0.04% | 45.7% | 92 | 365 |
| Saudi Arabia | 0.08% | 54.8% | 34 | 146 |
| China | 0.16% | 48.1% | 265 | 947 |
| South Africa | 0.63% | 47.7% | 163 | 203 |
| Singapore | 0.19% | 47.9% | 34 | 172 |
| Turkey | 4.99% | 50.6% | 142 | 75 |
| Brazil | 2.31% | 56.8% | 81 | 44 |
| Venezuela, Bolivarian Republic Of | 0.06% | 45.0% | 112 | 422 |

# Appendices

## Appendix A – PD, LGD, RWA and Exposures by country continued

### Table 101c: PD, LGD, RWA and exposure values by country for AIRB – corporates

| Country | PD % | LGD % | RWA £m | Exposure £m | Country | PD % | LGD % | RWA £m | Exposure £m |
|---|---|---|---|---|---|---|---|---|---|
| United Kingdom | 5.22% | 33.4% | 33,233 | 60,339 | Cayman Islands | 7.90% | 46.6% | 905 | 1,333 |
| United States | 2.34% | 35.6% | 22,659 | 50,158 | India | 1.47% | 66.5% | 237 | 154 |
| Germany | 0.53% | 44.6% | 1,001 | 2,764 | Mexico | 1.27% | 58.3% | 498 | 392 |
| Italy | 1.87% | 45.8% | 443 | 540 | Australia | 0.24% | 47.4% | 446 | 1,305 |
| Canada | 2.43% | 43.0% | 2,078 | 2,825 | Saudi Arabia | 0.10% | 45.1% | 3 | 9 |
| Japan | 0.08% | 46.0% | 430 | 2,499 | China | 0.05% | 58.0% | 1 | 3 |
| France | 0.36% | 46.0% | 1,368 | 3,961 | South Africa | 0.70% | 45.0% | 124 | 158 |
| Ireland | 1.71% | 45.9% | 1,551 | 4,058 | Singapore | 0.10% | 45.2% | 116 | 1,369 |
| Luxembourg | 4.02% | 44.4% | 1,588 | 4,044 | Turkey | 6.31% | 90.3% | 51 | 15 |
| Netherlands | 0.54% | 43.2% | 1,382 | 3,827 | Brazil | 0.51% | 70.8% | 3 | 2 |
| Switzerland | 1.59% | 46.5% | 320 | 1,108 | Venezuela, Bolivarian Republic Of | – | – | – | – |
| Spain | 3.35% | 46.2% | 777 | 1,008 | | | | | |

### Table 101d: PD, LGD, RWA and exposure values by country for AIRB – SME retail

| Country | PD % | LGD % | RWA £m | Exposure £m | Country | PD % | LGD % | RWA £m | Exposure £m |
|---|---|---|---|---|---|---|---|---|---|
| United Kingdom | 11.67% | 35.4% | 3,366 | 7,644 | Cayman Islands | – | – | – | – |
| United States | – | – | – | – | India | – | – | – | – |
| Germany | – | – | – | – | Mexico | – | – | – | – |
| Italy | – | – | – | – | Australia | – | – | – | – |
| Canada | – | – | – | – | Saudi Arabia | – | – | – | – |
| Japan | – | – | – | – | China | – | – | – | – |
| France | – | – | – | – | South Africa | – | – | – | – |
| Ireland | – | – | – | – | Singapore | – | – | – | – |
| Luxembourg | – | – | – | – | Turkey | – | – | – | – |
| Netherlands | – | – | – | – | Brazil | – | – | – | – |
| Switzerland | – | – | – | – | Venezuela, Bolivarian Republic Of | – | – | – | – |
| Spain | – | – | – | – | | | | | |

### Table 101e: PD, LGD, RWA and exposure values by country for AIRB – secured retail

| Country | PD % | LGD % | RWA £m | Exposure £m | Country | PD % | LGD % | RWA £m | Exposure £m |
|---|---|---|---|---|---|---|---|---|---|
| United Kingdom | 2.38% | 11.5% | 20,774 | 153,846 | Cayman Islands | – | – | – | – |
| United States | 16.46% | 28.1% | 1 | 4 | India | – | – | – | – |
| Germany | 0.88% | 25.2% | 0 | 2 | Mexico | – | – | – | – |
| Italy | 11.25% | 23.4% | 2,328 | 6,081 | Australia | – | – | – | – |
| Canada | – | – | – | – | Saudi Arabia | – | – | – | – |
| Japan | – | – | – | – | China | – | – | – | – |
| France | – | – | – | – | South Africa | – | – | – | – |
| Ireland | – | – | – | – | Singapore | – | – | – | – |
| Luxembourg | – | – | – | – | Turkey | – | – | – | – |
| Netherlands | – | – | – | – | Brazil | – | – | – | – |
| Switzerland | 10.65% | 21.7% | 2 | 8 | Venezuela, Bolivarian Republic Of | – | – | – | – |
| Spain | – | – | – | – | | | | | |

# Appendices
## Appendix A – PD, LGD, RWA and Exposures by country continued

### Table 101f: PD, LGD, RWA and Exposure values by country for AIRB – revolving retail

| Country | PD % | LGD % | RWA £m | Exposure £m | Country | PD % | LGD % | RWA £m | Exposure £m |
|---|---|---|---|---|---|---|---|---|---|
| United Kingdom | 4.77% | 78.0% | 14,250 | 31,750 | Cayman Islands | – | – | – | – |
| United States | – | – | – | – | India | – | – | – | – |
| Germany | 3.19% | 77.12% | 1,444 | 3,941 | Mexico | – | – | – | – |
| Italy | – | – | – | – | Australia | – | – | – | – |
| Canada | – | – | – | – | Saudi Arabia | – | – | – | – |
| Japan | – | – | – | – | China | – | – | – | – |
| France | – | – | – | – | South Africa | – | – | – | – |
| Ireland | – | – | – | – | Singapore | – | – | – | – |
| Luxembourg | – | – | – | – | Turkey | – | – | – | – |
| Netherlands | – | – | – | – | Brazil | – | – | – | – |
| Switzerland | – | – | – | – | Venezuela, Bolivarian Republic Of | – | – | – | – |
| Spain | – | – | – | – | | | | | |

### Table 101g: PD, LGD, RWA and exposure values by country for AIRB – other retail exposures

| Country | PD % | LGD % | RWA £m | Exposure £m | Country | PD % | LGD % | RWA £m | Exposure £m |
|---|---|---|---|---|---|---|---|---|---|
| United Kingdom | 10.50% | 76.1% | 4,048 | 4,561 | Cayman Islands | – | – | – | – |
| United States | – | – | – | – | India | – | – | – | – |
| Germany | – | – | – | – | Mexico | – | – | – | – |
| Italy | – | – | – | – | Australia | – | – | – | – |
| Canada | – | – | – | – | Saudi Arabia | – | – | – | – |
| Japan | – | – | – | – | China | – | – | – | – |
| France | – | – | – | – | South Africa | – | – | – | – |
| Ireland | – | – | – | – | Singapore | – | – | – | – |
| Luxembourg | – | – | – | – | Turkey | – | – | – | – |
| Netherlands | – | – | – | – | Brazil | – | – | – | – |
| Switzerland | – | – | – | – | Venezuela, Bolivarian Republic Of | – | – | – | – |
| Spain | – | – | – | – | | | | | |

## Appendices

# Appendix B – Analysis of impairment

## IFRS Impairment

The following tables are presented using the IFRS consolidation rather than the regulatory consolidation basis. See pages 164-166 for background on impairment, and page 14 explaining the scope of regulatory consolidation.

### Table 102: Analysis of impaired and past due exposures and allowance for impairment by exposure type

This table shows total gross loans and advances analysed by balances past due and not past due. It also shows gross exposure assessed for impairment in accordance with IFRS 9 and the resulting allowance for impairment.

| Barclays Group | Not past due £m | Past due £m | Total | Gross exposure assessed for impairment £m | Allowance for Impairment £m |
|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | |
| Traded loans | 7,743 | 605 | 8,348 | – | – |
| Financial assets designated at fair value through the income statement | 30,851 | 28 | 30,879 | – | – |
| Financial assets designated at fair value through other comprehensive income | 191 | – | 191 | 191 | – |
| Cash collateral and settlement balances | 100,810 | 564 | 101,374 | 101,374 | 6 |
| **Gross loans and advances at amortised cost:** | | | | | |
| Home Loans | 155,077 | 5,108 | 160,185 | 160,185 | 538 |
| Credit cards, unsecured and other retail lending | 42,921 | 3,592 | 46,513 | 46,513 | 5,700 |
| Corporate loans | 135,404 | 8,865 | 144,269 | 144,269 | 2,097 |
| **Total Gross loans and advances at amortised cost** | 333,402 | 17,565 | 350,967 | 350,967 | 8,335 |
| **Total**[a] | 472,997 | 18,762 | 491,759 | 452,532 | 8,341 |

**Note**

a Other financial assets subject to impairment not included in the Loans and Advances table above include financial assets at fair value through other comprehensive income and other assets. These have a total gross exposure of £78.7bn and impairment allowance of £159m.

### Table 103: Geographic analysis of impaired and past due exposures and allowance for impairment

This table shows total gross loans and advances analysed by balances past due and not past due, and gross exposures assessed for impairment in accordance with IFRS 9 and the resulting impairment allowance, split by geographic location of the counterparty.

| Barclays Group | Not past due £m | Past due £m | Total £m | Gross exposure assessed for impairment £m | Allowance for Impairment £m |
|---|---|---|---|---|---|
| **As at 31 December 2020** | | | | | |
| UK | 301,192 | 11,175 | 312,367 | 300,519 | 4,099 |
| Europe | 58,126 | 2,306 | 60,432 | 55,796 | 1,025 |
| Americas | 89,147 | 4,792 | 93,939 | 71,424 | 2,915 |
| Africa and Middle East | 4,140 | 346 | 4,486 | 4,457 | 234 |
| Asia | 20,392 | 143 | 20,535 | 20,336 | 68 |
| **Total** | 472,997 | 18,762 | 491,759 | 452,532 | 8,341 |

## Appendices

# Appendix C – Countercyclical Capital Buffer

### Table 104: Countercyclical capital buffer

The below table shows the geographical distribution of credit exposures relevant to the calculation of the countercyclical buffer in line with CRR Article 440.

Note that exposures in the below table are prepared in accordance with CRD, Article 140. Hence exclude exposures to central governments/banks, regional governments, local authorities, public sector entities, multilateral development banks, international organisations and institutions and as such the exposure values differ to those found in the Analysis of credit risk section.

| Barclays Group | General Credit Exposures | | Trading book exposures | | Securitisation exposures | Own Funds requirements | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Breakdown by Country** | Exposure Value for SA £m | Exposure Value for AIRB £m | Sum of long and short positions for trading book exposures for SA £m | Value of trading book exposures for internal models £m | Exposure Value for Non-Trading book £m | Of which: General credit exposures £m | Of which: Trading book exposures £m | Of which: Securitisation exposures £m | Total £m | Own Funds Requirements weights % | Counter cyclical capital buffer rate % |
| Hong Kong (HK) | 517 | 162 | 9 | 223 | – | 57 | 2 | – | 59 | 0.36% | 1.00% |
| Norway (NO) | 769 | 590 | 16 | 34 | – | 59 | 2 | – | 61 | 0.37% | 1.00% |
| Slovakia (SK) | – | – | – | 1 | – | – | – | – | – | | 1.00% |
| Bulgaria (BG) | – | – | – | – | – | – | – | – | – | | 0.50% |
| Czech Republic (CZ) | 12 | 57 | – | 1 | – | 4 | – | – | 4 | 0.03% | 0.50% |
| Luxembourg (LU) | 1,191 | 2,235 | 102 | 79 | 307 | 160 | 26 | 7 | 194 | 1.19% | 0.25% |
| **Total (countries with existing CCyB rate)** | **2,489** | **3,044** | **127** | **338** | **307** | **280** | **30** | **7** | **318** | **1.95%** | |
| United Kingdom (GB) | 23,767 | 259,295 | 699 | 18 | 15,230 | 7,437 | 72 | 206 | 7,715 | 47.30% | n/a |
| United States (US) | 27,698 | 52,686 | 11,244 | 1,593 | 28,729 | 3,815 | 582 | 633 | 5,030 | 30.84% | n/a |
| Germany (DE) | 2,446 | 7,073 | 286 | 185 | – | 376 | 41 | – | 417 | 2.56% | n/a |
| Italy (IT) | 556 | 6,657 | 65 | 220 | 1 | 265 | 19 | – | 284 | 1.74% | n/a |
| France (FR) | 2,349 | 4,055 | 351 | 440 | 449 | 203 | 45 | 6 | 254 | 0.00% | n/a |
| Canada (CA) | 690 | 2,987 | 91 | 92 | 114 | 192 | 13 | 3 | 208 | 0.00% | n/a |
| India (IN) | 1,828 | 164 | 26 | 71 | 25 | 165 | 10 | – | 175 | 0.00% | n/a |
| Ireland (IE) | 617 | 3,111 | 48 | 28 | 371 | 147 | 9 | 11 | 167 | 1.02% | n/a |
| Netherlands (NL) | 709 | 3,566 | 111 | 89 | 145 | 144 | 16 | 3 | 163 | 1.00% | n/a |
| **Total (countries with own funds requirements weights 1% or above)** | **60,660** | **339,594** | **12,921** | **2,736** | **45,064** | **12,744** | **807** | **862** | **14,413** | **88.37%** | |
| **Total (rest of the world less than 1% requirement)** | **11,318** | **15,582** | **1,023** | **1,504** | **2,196** | **1,274** | **163** | **143** | **1,580** | **9.68%** | **n/a** |
| **Total** | **74,467** | **358,220** | **14,071** | **4,578** | **47,567** | **14,298** | **1,000** | **1,012** | **16,311** | **100.00%** | |

| Amount of institution-specific countercyclical capital buffer | |
|---|---|
| Total risk exposure amount | £306,203m |
| Institution specific countercyclical buffer rate | 0.01% |
| Institution specific countercyclical buffer requirement | £31m |

# Appendices
## Appendix C – Countercyclical Capital Buffer continued

### Table 104a: Countercyclical capital buffer for significant subsidiary

| Barclays Bank PLC | General Credit Exposures | | Trading book exposures | | Securitisation exposures | Own Funds requirements | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Breakdown by Country | Exposure Value for SA £m | Exposure Value for AIRB £m | Sum of long and short positions for trading book exposures for SA £m | Value of trading book exposures for internal models £m | Exposure Value for Non-Trading book £m | Of which: General credit exposures £m | Of which: Trading book exposures £m | Of which: Securitisation exposures £m | Total £m | Own Funds Requirements weights % | Counter cyclical capital buffer rate % |
| Hong Kong (HK) | 552 | 161 | 5 | 223 | – | 59 | 2 | – | 61 | 0.65% | 1.00% |
| Norway (NO) | 1 | 194 | 12 | 19 | – | 3 | 1 | – | 4 | 0.05% | 1.00% |
| Slovakia (SK) | – | – | – | 1 | – | – | – | – | – | | 1.00% |
| Bulgaria (BG) | – | – | – | – | – | – | – | – | – | | 0.50% |
| Czech Republic (CZ) | 9 | 51 | – | 1 | – | 4 | – | – | 4 | 0.04% | 0.50% |
| Luxembourg (LU) | 921 | 1,463 | 66 | 78 | 307 | 143 | 23 | 7 | 173 | 1.87% | 0.25% |
| **Total (countries with existing CCyB rate)** | **1,483** | **1,869** | **83** | **322** | **307** | **209** | **26** | **7** | **242** | **2.61%** | |
| United States (US) | 11,185 | 49,074 | 6,345 | 1,593 | 29,315 | 2,729 | 246 | 684 | 3,659 | 39.50% | n/a |
| United Kingdom (GB) | 81,088 | 43,971 | 562 | 24 | 11,261 | 3,230 | 59 | 146 | 3,435 | 37.08% | n/a |
| Canada (CA) | 119 | 2,772 | 75 | 92 | 114 | 177 | 12 | 3 | 192 | 2.07% | n/a |
| France (FR) | 1,220 | 1,809 | 264 | 214 | 449 | 83 | 40 | 6 | 128 | 1.38% | n/a |
| India (IN) | 1,230 | 164 | 1 | 71 | 25 | 117 | 8 | – | 125 | 1.35% | n/a |
| Germany (DE) | 290 | 1,476 | 156 | 216 | – | 89 | 32 | – | 121 | 1.31% | n/a |
| Netherlands (NL) | 435 | 2,103 | 54 | 100 | 145 | 93 | 12 | 3 | 108 | 1.17% | n/a |
| Ireland (IE) | 425 | 1,755 | 12 | 34 | 371 | 84 | 5 | 11 | 100 | 1.08% | n/a |
| **Total (countries with own funds requirements weights 1% or above)** | **95,992** | **103,124** | **7,469** | **2,344** | **41,680** | **6,602** | **414** | **853** | **7,868** | **84.94%** | |
| **Total (rest of the world less than 1% requirement)** | **7,659** | **12,885** | **497** | **1,785** | **2,198** | **870** | **140** | **143** | **1,153** | **12.40%** | **n/a** |
| **Total** | **105,134** | **117,878** | **8,049** | **4,451** | **44,185** | **7,681** | **580** | **1,003** | **9,263** | **100%** | |

| Amount of institution-specific countercyclical capital buffer | |
|---|---|
| Total risk exposure amount | £178,156m |
| Institution specific countercyclical buffer rate | 0.01% |
| Institution specific countercyclical buffer requirement | £18m |

## Appendices

# Appendix D – Disclosure on asset encumbrance

Asset encumbrance arises from collateral pledged against secured funding and other collateralised obligations. The Group funds a portion of trading portfolio assets and other securities via repurchase agreements and other similar borrowing, and pledges a portion of loans and advances as collateral in securitisation, covered bond and other similar secured structures. The Group monitors the mix of secured and unsecured funding sources and seeks to efficiently utilise available collateral to raise secured funding and meet other collateral requirements.

Encumbered assets have been defined consistently with the Group's reporting requirements under Article 100 of the CRR. Securities and commodities assets are considered encumbered when they have been pledged or used to secure, collateralise or credit enhance a transaction which impacts their transferability and free use. This includes external repurchase or other similar agreements with market counterparties.

Excluding assets positioned at central banks, as at 31 December 2020, £205.1bn (December 2019: £175.7bn) of the Group's assets were encumbered, primarily due to firm financing of trading portfolio assets, posting of cash collateral, funding secured against loans and advances and other assets at fair value.

Assets may also be encumbered under secured funding arrangements with central banks. In advance of such encumbrance, assets are often positioned with central banks to facilitate efficient future draw down. £99.2bn (December 2019: £79.7bn) of on-balance sheet assets were positioned at the central banks, consisting of encumbered assets and collateral available for use in secured financing transactions.

£441.1bn (December 2019: £382.0bn) of on and off balance sheet assets not positioned at the central bank were identified as readily available for use in secured financing transactions. They include cash and securities held in the Group liquidity pool as well as unencumbered assets which provide a source of contingent liquidity. A portion of the assets in this category that are not part of the liquidity pool, may be monetised to generate liquidity through use as collateral for secured funding or through outright sale. Loans and advances to customers are only classified as readily available if they are already in a form, such that, they can be used to raise funding without further management actions. This includes excess collateral already in secured funding vehicles.

£184.3bn (December 2019: £202.3bn) of assets not positioned at the central bank were identified as available as collateral. These assets are not subject to any restrictions on their ability to secure funding, to be offered as collateral, or to be sold to reduce potential future funding requirements, but are not immediately available in the normal course of business in their current form. They primarily consist of loans and advances which would be suitable for use in secured funding structures but are conservatively classified as not readily available because they are not in a transferable form.

Not available as collateral consists of assets that cannot be pledged or used as security for funding due to restrictions that prevent their pledge or use as security for funding in the normal course of business.

Derivatives and reverse repos are shown separately as these on-balance sheet assets cannot be pledged. However, these assets can give rise to the receipt of non-cash assets which are held off-balance sheet, and can be used to raise secured funding or meet additional funding requirements.

In addition, £685.3bn (December 2019: £558.7bn) of the total £793.6bn (2019: £656.6bn) securities accepted as collateral, and held off-balance sheet, were on-pledged, the significant majority of which related to matched-book activity where reverse repurchase agreements are matched by repurchase agreements entered into to facilitate client activity. The remainder relates primarily to reverse repurchase agreements used to settle trading portfolio liabilities as well as collateral posted against derivatives margin requirements.

# Appendices

## Appendix D – Disclosure on asset encumbrance continued

### Asset encumbrance

| Barclays Group<br>On-balance sheet<br>As at 31 December 2020 | | Assets encumbered as a result of transactions with counterparties other than central banks | | | | Other assets (comprising assets encumbered at central banks and unencumbered assets) | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Assets positioned at the central banks[a] | Assets not positioned at central banks | | | | |
| | Assets £bn | As a result of covered bonds £bn | As a result of securitis-ations £bn | Other £bn | Total £bn | £bn | Readily available assets £bn | Available as collateral £bn | Not available as collateral £bn | Derivatives and Reverse repos £bn | Total £bn |
| Cash and balances at central banks | 191.0 | – | – | – | – | – | 191.0 | – | – | – | 191.0 |
| Cash collateral | 79.5 | – | – | 72.1 | 72.1 | – | 7.4 | – | – | – | 7.4 |
| Settlement balances | 21.9 | – | – | – | – | – | – | – | 21.9 | – | 21.9 |
| Loans and advances at amortised cost | 337.9 | 8.4 | 1.3 | 14.6 | 24.3 | 99.2 | 36.3 | 177.4 | 0.7 | – | 313.6 |
| Reverse repurchase agreements and other similar secured lending | 9.0 | – | – | – | – | – | – | – | – | 9.0 | 9.0 |
| Trading portfolio assets | 132.8 | – | – | 80.9 | 80.9 | – | 51.9 | – | – | – | 51.9 |
| Financial assets at fair value through the income statement | 174.3 | – | – | 5.6 | 5.6 | – | 2.7 | 6.7 | – | 159.3 | 168.7 |
| Derivative financial instruments | 302.3 | – | – | – | – | – | – | – | – | 302.3 | 302.3 |
| Financial assets at fair value through other comprehensive income | 78.8 | – | – | 22.2 | 22.2 | – | 56.4 | 0.2 | – | – | 56.6 |
| Other assets | 20.9 | – | – | – | – | – | | | 20.9 | – | 20.9 |
| **Total on-balance sheet** | **1,348.4** | **8.4** | **1.3** | **195.4** | **205.1** | **99.2** | **345.7** | **184.3** | **43.5** | **470.6** | **1,143.3** |

### Off-balance sheet

| | Collateral received £bn | Collateral received of which on-pledged £bn | Readily available assets £bn | Available as collateral £bn | Not available as collateral £bn |
|---|---|---|---|---|---|
| Fair value of securities accepted as collateral | 793.6 | 685.3 | 95.4 | | 12.9 |
| **Total unencumbered collateral** | | | **441.1** | **184.3** | **56.4** |

**Note**

a Includes both encumbered and unencumbered assets. Assets within this category that have been encumbered are disclosed as assets pledged in Note 38 on page 363 of the Barclays PLC Annual Report 2020

# Appendices
## Appendix D – Disclosure on asset encumbrance continued

The reported values represent the median of the values reported to the regulator via supervisory returns over the period 1 January 2020 to 31 December 2020. The Annual Report disclosure is reported as at year end. There is a difference due to the differences in consolidation between the Annual Report (IFRS consolidation) and the Pillar 3 (regulatory consolidation).

**Template A - Assets**

| Barclays Group | | Carrying amount of encumbered assets 010 £bn | Fair value of encumbered assets 040 £bn | Carrying amount of non-encumbered assets 060 £bn | Fair value of non-encumbered assets 090 £bn |
|---|---|---|---|---|---|
| 010 | **Assets of the institution** | **210.3** | **–** | **1,192.8** | **–** |
| 030 | Equity instruments | **27** | **27** | **28.4** | **28.4** |
| 040 | Debt securities | **59.4** | **59.4** | **107** | **107** |
| 120 | Other assets | **122.8** | **–** | **1,055.3** | **–** |

**Template B - Collateral received**

| Barclays Group | | Fair value of encumbered collateral received or own debt securities issued 010 £bn | Fair value of collateral received or own debt securities issued available for encumbrance 040 £bn |
|---|---|---|---|
| 130 | **Collateral received by the institution** | **631.5** | **120.1** |
| 150 | Equity instruments | **99.8** | **22.6** |
| 160 | Debt securities | **531.7** | **97.5** |
| 230 | Other collateral received | **–** | **–** |
| 240 | **Own debt securities issued other than own covered bonds or ABSs** | **–** | **1.4** |

**Template C - Encumbered assets/collateral received and associated liabilities**

| Barclays Group | | Matching liabilities, contingent liabilities or securities lent 010 £bn | Assets, collateral received and own debt securities issued other than covered bonds and ABSs encumbered 030 £bn |
|---|---|---|---|
| 010 | **Carrying amount of selected financial liabilities** | **286.1** | **583.7** |

The Group's median asset encumbrance for 2020 was £210.3bn (December 2019: £193.5bn), which primarily related to firm financing of trading portfolio assets and other securities, cash collateral and secured funding against loans and advances to customers. Encumbered assets have been identified in a manner consistent with the Barclays Group's reporting requirements under CRR. Securities and commodity assets are considered encumbered when they have been pledged or used to secure, collateralise or credit enhance a transaction which impacts their transferability and free use.

## Appendices

# Appendix E – Disclosures on remuneration – Barclays Group

The following disclosures are made in accordance with Article 450 of the Capital Requirements Regulation, the Basel Committee on Banking Supervision ('BCBS') Pillar 3 disclosure requirements standard (December 2018) and the EBA Guidelines on sound remuneration policies.

The Remuneration Report in the Barclays PLC 2020 Annual Report provides an overview of the Executive Directors' 2020 performance and pay outcomes, as well as a summary of remuneration policies for all employees (including material risk takers ('MRTs')), Executive Directors and Non-Executive Directors.

### Remuneration Governance

The Barclays PLC Board Remuneration Committee (the 'Committee') sets the over-arching principles and parameters of the remuneration policy across the Barclays Group and exercises oversight over remuneration issues. The composition of the Committee, details of the number of meetings held during the year, and the role of relevant stakeholders and external consultants in relation to remuneration are all included in the Remuneration Report.

### Performance and remuneration

Barclays' remuneration philosophy (set out in the Remuneration Report) links remuneration to achieving sustained high performance and creating long-term value. Our remuneration philosophy applies to all employees (including those individuals identified as MRTs) of Barclays PLC globally and aims to reinforce our belief that effective performance management is critical to enabling the delivery of our business strategy in line with our Values. Employees who adhere to Barclays' Values and contribute to Barclays' success are rewarded accordingly.

This is achieved by basing performance assessment on clear standards of delivery and behaviour, which starts with employees aligning their objectives ('what' they will deliver) to business and team goals in order to support the delivery of the business strategy and good client/customer outcomes. Behavioural expectations ('how' people will achieve their objectives) are set in the context of our Values.

Performance is assessed against both financial and non-financial criteria. Other factors are also taken into consideration within the overall performance assessment, including core job responsibilities, behaviours towards risk and control, colleague and stakeholder feedback as well as input from the Risk and Compliance functions, where appropriate.

Through our approach to performance, the equal importance of both 'what' an individual has delivered as well as 'how' the individual has achieved this is emphasised, encouraging balanced consideration of each dimension. Both of these elements are assessed and rated independently of each other. There is no requirement to have an overall rating. This allows for more robust and reflective conversations between managers and team members on the individual components of performance.

### Risk adjustment

Another key feature of our remuneration philosophy is the alignment of remuneration with our risk appetite and with the conduct expectations of Barclays, our regulators and other stakeholders. The Committee takes risk and conduct events very seriously and ensures that there are appropriate adjustments to individual remuneration and, where necessary, the incentive pool.

The Remuneration Review Panel (the 'Panel'), which reports to the Committee, supports the Committee in this process. The Panel is chaired by the Group HR Director and includes the Group Heads of Risk, Compliance, Legal and Internal Audit as well as the CEO of Barclays Bank UK PLC and the Co-Presidents of Barclays Bank PLC. It applies our policies and processes for assessing compensation adjustments for risk and conduct events.

We have robust processes for considering risk and conduct as part of individual performance management processes with outcomes reflected in individual remuneration decisions. Line managers have primary accountability for ensuring that risk and conduct issues are considered when assessing performance and making remuneration decisions. In addition, there is a secondary review by the control functions for individuals involved in significant failures of risk management, conduct issues, regulatory actions or other major incidents which impact either the Group or business to ensure these issues are also considered. When considering individual responsibility, a variety of factors are taken into account such as whether an individual was directly responsible or whether the individual, by virtue of seniority, could be deemed indirectly responsible, including staff who drive the Group's culture and set its strategy.

Actions which may be taken where risk management and conduct falls below required standards include:

| | |
|---|---|
| **Adjustment** | Current year annual bonuses may be adjusted downwards where individuals are found to be involved (either directly or indirectly) in a risk or misconduct event. |
| **Malus** | Deferred unvested bonuses from prior years are subject to malus provisions which enable the Committee to reduce the vesting level of deferred bonuses (including to nil) at its discretion. Events which may lead the Committee to do this include, but are not limited to, employee misconduct or a material failure of risk management. |
| **Clawback** | Clawback applies to any variable remuneration awarded to a MRT on or after 1 January 2015 in respect of years for which they are a MRT. Barclays may apply clawback if, at any time during the seven-year period from the date on which variable remuneration is awarded to a MRT:<br>(i) there is reasonable evidence of employee misbehaviour or material error, and/or<br>(ii) the firm or the business unit suffers a material failure of risk management,<br>in each case taking account of the individual's proximity to and responsibility for that incident.<br>Clawback may be extended to 10 years for PRA Senior Managers where there are outstanding internal or regulatory investigations at the end of the seven-year clawback period. |

# Appendices
## Appendix E – Disclosures on remuneration – Barclays Group continued

In addition to reductions to individuals' bonuses, the Committee considers and makes collective adjustments to the incentive pool for specific risk and conduct events. The Committee also adjusts the incentive pool to take account of an assessment of a wide range of future risks including conduct, non-financial factors that can support the delivery of a strong risk management, control and conduct culture, and other factors including reputation, and impact on customers, markets and other stakeholders. The Committee is supported in its consideration of this adjustment by the Barclays PLC Board Risk Committee.

### Remuneration structure

Employees receive salary, pension and other benefits and are eligible to be considered for an annual bonus. Some MRTs also receive Role Based Pay ('RBP'). Remuneration of all MRTs is subject to the 2:1 maximum ratio of variable to fixed remuneration. Executive Directors participate in the Barclays' Long Term Incentive Plan and receive part of their Fixed Pay in Barclays PLC shares (they do not receive RBP).

The remuneration of employees engaged in control functions is determined independently from the business they support and within the parameters of the incentive pool allocated to them by the Committee. Remuneration for control function employees is less weighted towards variable remuneration compared to front-office employees, with the value of variable remuneration typically limited to one times fixed remuneration.

### Fixed remuneration

**Salary**

Salaries reflect individuals' skills and experience and are reviewed annually.

They are increased where justified by role change, increased responsibility or a change in the appropriate market rate. Salaries may also be increased in line with local statutory requirements and union and works council commitments.

**Role Based Pay**

Some MRTs receive a class of fixed pay called RBP to recognise the seniority, scale and complexity of their role.

RBP may be adjusted where justified by a role or responsibility change or a change in the appropriate market rate.

**Pension and benefits**

The provision of a competitive package of benefits is important to attracting and retaining the talented staff needed to deliver Barclays' strategy. Employees have access to a range of country-specific company-funded benefits, including pension schemes, healthcare, life assurance and Barclays' share plans, as well as other voluntary employee-funded benefits. The cost of providing these benefits is defined and controlled.

### Variable remuneration

**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.

The ability to recognise performance through variable remuneration enables the Group to control its cost base flexibly and to react to events and market circumstances. Bonuses remain a key feature of remuneration practice in the highly competitive and mobile market for talent in the financial services sector. The Committee is careful to control the proportion of variable to fixed remuneration paid to individuals and also to ensure an appropriate amount is deferred to future years.

The typical deferral structures are:

For MRTs:

| Incentive award | Amount deferred |
|---|---|
| < £500,000 | 40% of total award |
| £500,000 to £1,000,000 | 60% of total award |
| > £1,000,000 | 60% up to £1,000,000<br>100% above £1,000,000 |

For de minimis MRTs/non-MRTs

| Incentive award | Amount deferred |
|---|---|
| Up to £65,000 | 0% |
| > £65,000 | Graduated level of deferral |

Deferred bonuses are generally delivered in equal portions as deferred cash and deferred shares (save for Executive Directors for whom they are delivered 100% as deferred shares) subject to the rules of the deferred cash and share plans (as amended from time to time) and continued service. Deferred bonuses are subject to either a 3, 5 or 7-year deferral period in line with regulatory requirements.

Where dividend equivalents cannot be delivered on deferred bonus shares, the number of deferred bonus shares awarded will be calculated using a share price discounted to reflect the absence of dividend equivalents during the vesting period.

**Share plans**

Alignment of MRTs with shareholders is achieved through deferral of incentive pay. The Committee also encourages additional shareholding through the all-employee share plans.

# Appendices
## Appendix E – Disclosures on remuneration – Barclays Group continued

### Total Remuneration

**Total Remuneration for the financial year**

| | All Employees |
|---|---|
| Number of individuals | **89,141** |
| Fixed remuneration (£m) | **5,320** |
| Variable remuneration (£m) | **1,580** |
| Total remuneration (£m) | **6,900** |

### MRTs
MRTs are members of the Barclays PLC Board, the Barclays Bank UK PLC Board, the Barclays Bank PLC Board, the Barclays Bank Ireland PLC Board and Barclays' Group employees whose professional activities could have a material impact on the Group's risk profile. A total of 1,746 individuals were MRTs in 2020 (2019: 1,704). 'Senior management', as referred to in the tables below, means members of the Barclays PLC Board (Executive Directors and Non-Executive Directors) and members of the Barclays Group Executive Committee in accordance with Article 3(9) of CRDIV.

Under the Executive Director shareholding requirements Barclays' shares worth a minimum of 233% of Fixed Pay for the CEO and 224% of Fixed Pay for the Group Finance Director (GFD) are required to be held within five years from the date of their appointment, as well as for two years post-termination commencing from last day in office. The shareholding requirement for other Group Executive Committee members is 200% of salary and needs to be met within five years from the date of their appointment. Shares that count towards the requirement are beneficially owned shares including any vested share awards subject to holding periods (including vested LTIPs). 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 there are no remaining untested performance conditions. The Chairman and Non-Executive Directors have a requirement to use a portion of their annual fees (£100,000 for the Chairman, £30,000 Non-Executive Directors) to purchase shares.

Barclays' major business areas are Barclays UK (which encompasses Personal Banking, Barclaycard Consumer UK and Business Banking in the UK) and Barclays International (which encompasses Corporate and Investment Bank and Consumer, Cards and Payments). 'Barclays Other' includes internal control functions and corporate functions.

The following tables set out remuneration disclosures for individuals identified as MRTs for Barclays PLC. Remuneration information for individuals who are only identified as MRTs at Barclays Bank PLC, Barclays Bank UK PLC and Barclays Bank Ireland PLC are included, where relevant, in those entities' disclosures.

**Remuneration for the financial year**

| | | Other MRTs | | |
|---|---|---|---|---|
| | **Senior management**[a] | Barclays International | Barclays UK | Barclays Other |
| **Fixed remuneration**[b] | | | | |
| Number of individuals | **27** | 1,053 | 46 | 620 |
| Total fixed remuneration (£m) | **36** | 530 | 16 | 190 |
| Fixed cash remuneration (£m)[c] | **25** | 526 | 16 | 190 |
| Fixed remuneration in shares (£m) | **11** | 4 | – | – |
| of which subject to holding period (£m) | **11** | 4 | – | – |
| **Variable remuneration**[b] | | | | |
| Number of individuals | **15** | 942 | 38 | 554 |
| Total variable remuneration (£m) | **28** | 599 | 8 | 97 |
| Total cash bonus (£m) | **11** | 301 | 5 | 56 |
| of which deferred (£m) | **8** | 181 | 2 | 21 |
| Total share bonus (£m) | **11** | 298 | 3 | 41 |
| of which deferred or subject to holding period (£m) | **11** | 298 | 3 | 41 |
| Long-term incentive award(£m)[d] | **6** | – | – | – |
| **Total remuneration (£m)** | **64** | 1,129 | 24 | 287 |

**Notes**
a As senior management is comprised of members of the Barclays PLC Board and members of the Barclays Group Executive Committee, it is not appropriate to separate by business area.
b Fixed remuneration takes the form of cash and/or shares and pensions and benefits in line with policy. Variable remuneration takes the form of cash and/or shares and there are no other forms of variable remuneration.
c Fixed cash remuneration includes an estimate for pensions and benefits during the year. Fixed cash remuneration is not subject to holding periods.
d Face value at grant. Outcome contingent on future performance.

# Appendices
## Appendix E – Disclosures on remuneration – Barclays Group continued

### Deferred remuneration – Senior management

| All figures in £m | Total | Cash | Shares |
|---|---|---|---|
| **Balance as at 1 January 2020** | **92** | 24 | 68 |
| Awarded in year | **40** | 8 | 32 |
| Adjusted through | | | |
| ex post explicit adjustments[a] | **(3)** | – | (3) |
| ex post implicit adjustments[b] | **–** | – | – |
| Forfeited | **–** | – | – |
| Paid in year | **(20)** | (5) | (15) |
| **Balance as at 31 December 2020[c]** | **109** | 27 | 82 |
| of which vested | **17** | – | 17 |
| of which unvested | **92** | 27 | 65 |

### Deferred Remuneration – Other MRTs

| | Barclays International | | |
|---|---|---|---|
| All figures in £m | Total | Cash | Shares |
| **Balance as at 1 January 2020** | **747** | 308 | 439 |
| Awarded in year | **406** | 147 | 259 |
| Adjusted through | | | |
| ex post explicit adjustments[a] | **–** | – | – |
| ex post implicit adjustments[b] | **(34)** | – | (34) |
| Forfeited | **(21)** | (8) | (13) |
| Paid in year | **(292)** | (132) | (160) |
| **Balance as at 31 December 2020[c]** | **806** | 315 | 491 |
| of which vested | **110** | – | 110 |
| of which unvested | **696** | 315 | 381 |

### Deferred Remuneration – Other MRTs

| | Barclays UK | | |
|---|---|---|---|
| All figures in £m | Total | Cash | Shares |
| **Balance as at 1 January 2020** | **12** | 5 | 7 |
| Awarded in year | **11** | 3 | 8 |
| Adjusted through | | | |
| ex post explicit adjustments[a] | **–** | – | – |
| ex post implicit adjustments[b] | **–** | – | – |
| Forfeited | **–** | – | – |
| Paid in year | **(6)** | (2) | (4) |
| **Balance as at 31 December 2020[c]** | **17** | 6 | 11 |
| of which vested | **2** | – | 2 |
| of which unvested | **15** | 6 | 9 |

### Deferred Remuneration – Other MRTs

| | Barclays Other | | |
|---|---|---|---|
| All figures in £m | Total | Cash | Shares |
| **Balance as at 1 January 2020** | **105** | 41 | 64 |
| Awarded in year | **72** | 23 | 49 |
| Adjusted through | | | |
| ex post explicit adjustments[a] | **–** | – | – |
| ex post implicit adjustments[b] | **(2)** | – | (2) |
| Forfeited | **(4)** | (2) | (2) |
| Paid in year | **(45)** | (15) | (30) |
| **Balance as at 31 December 2020[c]** | **126** | 47 | 79 |
| of which vested | **18** | – | 18 |
| of which unvested | **108** | 47 | 61 |

**Notes**
a Total reduction due to direct adjustments such as malus and clawback or non-achievement of LTIP performance conditions.
b Total change in remuneration due to movements in share price or exchange rate during the year.
c All outstanding awards are exposed to ex post explicit and/or implicit adjustment.

# Appendices
## Appendix E – Disclosures on remuneration – Barclays Group continued

### Joining and Severance Payments

| | Senior management | Other MRTs Barclays International | Other MRTs Barclays UK | Other MRTs Barclays Other |
|---|---|---|---|---|
| **Sign-on awards** | | | | |
| Number of beneficiaries | – | – | – | – |
| Made during the year (£m) | – | – | – | – |
| **Buy-out awards** | | | | |
| Number of beneficiaries | – | 27 | 1 | 11 |
| Made during the year (£m) | – | 16.3 | 1.3 | 5.3 |
| **Severance awards[a]** | | | | |
| Number of beneficiaries | – | 28 | 5 | 10 |
| Made during the year (£m) | – | 3.6 | 0.7 | 1.2 |
| of which paid during the year (£m) | – | 3.6 | 0.7 | 1.2 |
| of which deferred (£m) | – | – | – | – |
| Highest individual award (£m) | – | 0.3 | 0.2 | 0.3 |

**Note**
a Any severance awards that fall outside of paragraph 154 (a) – (c) of the EBA Guidelines are counted for the purposes of the 2:1 pay ratio for the year in which they are paid.

### Number of MRTs by band[a]

| Remuneration band | 2020 Number of MRTs |
|---|---|
| €1,000,001 to €1,500,000 | **278** |
| €1,500,001 to €2,000,000 | **131** |
| €2,000,001 to €2,500,000 | **51** |
| €2,500,001 to €3,000,000 | **35** |
| €3,000,001 to €3,500,000 | **24** |
| €3,500,001 to €4,000,000 | **8** |
| €4,000,001 to €4,500,000 | **9** |
| €4,500,001 to €5,000,000 | **5** |
| €5,000,001 to €6,000,000 | **8** |
| €6,000,001 to €7,000,000 | **4** |
| €7,000,001 to €8,000,000 | **3** |
| €8,000,001 to €9,000,000 | **1** |

**Note**
a The table is prepared in Euros in accordance with Article 450 of the Capital Requirements Regulation. Data has been converted into euros using the rates published by the European Commission for financial programming and budget for December of the reported year.

# Appendices
## Appendix E – Disclosures on remuneration – Barclays Group continued

### Barclays Bank PLC remuneration
The following disclosures are made in accordance with Article 450 of the Capital Requirements Regulation, the Basel Committee on Banking Supervision ('BCBS') Pillar 3 disclosure requirements standard (December 2018) and the EBA Guidelines on sound remuneration policies.

### Remuneration Governance
The mandate of the Barclays Bank PLC ('BBPLC') Board Remuneration Committee and details of the number of meetings held during the year are all included in the 2020 BBPLC Annual Report. No external consultants provide services to BBPLC Remuneration Committee.

The BBPLC Remuneration Committee has adopted the over-arching principles and parameters of the remuneration policy set by the Barclays PLC Remuneration Committee, as disclosed in the Barclays PLC Pillar 3 disclosure set out earlier in this report.

Save as set out below, information relating to qualitative disclosures is contained in the Barclays PLC Pillar 3 disclosure.

### Total Remuneration

**Total Remuneration for the financial year**

| | All Employees |
|---|---|
| Number of individuals | **21,819** |
| Fixed remuneration (£m) | **2,669** |
| Variable remuneration (£m) | **1,244** |
| Total remuneration (£m) | **3,913** |

### 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 fixed to variable components of total remuneration of their MRTs that exceeds 1:1, provided the ratio does not exceed 1:2.

MRTs are the members of the Barclays Bank PLC Board and Barclays Bank PLC employees whose professional activities could have a material impact on Barclays Bank PLC's risk profile. A total of 1,290 individuals were MRTs in 2020 (2019: 1,270). 'Senior management', as referred to in the tables below, means members of the Barclays Bank PLC Board (Executive Directors and Non-Executive Directors) and members of the Barclays Bank PLC Executive Committee in accordance with Article 3(9) of CRDIV.

Barclays Bank PLC's major business areas are Corporate and Investment Bank ('CIB') and Consumer, Cards and Payments ('CCP'). 'BBPLC Other' includes internal control functions and corporate functions.

The following set of tables set out the remuneration disclosures for individuals identified as MRTs for Barclays Bank PLC.

**Remuneration for the financial year**

| | Senior management[a] | Other MRTs | | |
|---|---|---|---|---|
| | | CIB | CCP | BBPLC Other |
| **Fixed remuneration[b]** | | | | |
| Number of individuals | **31** | 923 | 35 | 301 |
| Total fixed remuneration (£m) | **39** | 477 | 15 | 96 |
| Fixed cash remuneration (£m)[c] | **30** | 473 | 15 | 96 |
| Fixed remuneration in shares (£m) | **9** | 4 | – | – |
| of which subject to holding period (£m) | **9** | 4 | – | – |
| **Variable remuneration[b]** | | | | |
| Number of individuals | **23** | 825 | 29 | 270 |
| Total variable remuneration (£m) | **32** | 553 | 11 | 52 |
| Total cash bonus (£m) | **13** | 278 | 6 | 30 |
| of which deferred (£m) | **9** | 169 | 3 | 12 |
| Total share bonus (£m) | **13** | 275 | 5 | 22 |
| of which deferred or subject to holding period (£m) | **13** | 275 | 5 | 22 |
| Long-term incentive award (£m)[d] | **6** | – | – | – |
| **Total remuneration (£m)** | **71** | 1,030 | 26 | 148 |

**Notes**
a As senior management are comprised of members of the Barclays Bank PLC Board and members of the Barclays Bank PLC Executive Committee, it is not appropriate to separate by business area.
b Fixed remuneration takes the form of cash and/or shares and pensions and benefits in line with policy. Variable remuneration takes the form of cash and/or shares and there are no other forms of variable remuneration.
c Fixed cash remuneration includes an estimate for pensions and benefits during the year. Fixed cash remuneration is not subject to holding periods.
d Face value at grant. Outcome contingent on future performance.

# Appendices
## Appendix E – Disclosures on remuneration – Barclays Group continued

**Deferred remuneration – Senior management**

| All figures in £m | Total | Cash | Shares |
|---|---|---|---|
| **Balance as at 1 January 2020** | **86** | 22 | 64 |
| Awarded in year | **40** | 9 | 31 |
| Adjusted through | **–** | – | – |
| ex post explicit adjustments[a] | **(3)** | – | (3) |
| ex post implicit adjustments[b] | **–** | – | – |
| Forfeited | **–** | – | – |
| Paid in year | **(17)** | (5) | (12) |
| **Balance as at 31 December 2020[c]** | **106** | 26 | 80 |
| of which vested | **14** | – | 14 |
| of which unvested | **92** | 26 | 66 |

**Deferred Remuneration – Other MRTs**

| | | CIB | |
|---|---|---|---|
| All figures in £m | Total | Cash | Shares |
| **Balance as at 1 January 2020** | **709** | 292 | 417 |
| Awarded in year | **384** | 139 | 245 |
| Adjusted through | **–** | – | – |
| ex post explicit adjustments[a] | **–** | – | – |
| ex post implicit adjustments[b] | **(34)** | – | (34) |
| Forfeited | **(21)** | (8) | (13) |
| Paid in year | **(276)** | (125) | (151) |
| **Balance as at 31 December 2020[c]** | **762** | 298 | 464 |
| of which vested | **105** | – | 105 |
| of which unvested | **657** | 298 | 359 |

**Deferred Remuneration – Other MRTs**

| | | CCP | |
|---|---|---|---|
| All figures in £m | Total | Cash | Shares |
| **Balance as at 1 January 2020** | **20** | 8 | 12 |
| Awarded in year | **12** | 4 | 8 |
| Adjusted through | **–** | – | – |
| ex post explicit adjustments[a] | **–** | – | – |
| ex post implicit adjustments[b] | **–** | – | – |
| Forfeited | **–** | – | – |
| Paid in year | **(8)** | (3) | (5) |
| **Balance as at 31 December 2020[c]** | **24** | 9 | 15 |
| of which vested | **3** | – | 3 |
| of which unvested | **21** | 9 | 12 |

**Deferred Remuneration – Other MRTs**

| | | BBPLC Other | |
|---|---|---|---|
| All figures in £m | Total | Cash | Shares |
| **Balance as at 1 January 2020** | **64** | 26 | 38 |
| Awarded in year | **39** | 13 | 26 |
| Adjusted through | **–** | – | – |
| ex post explicit adjustments[a] | **–** | – | – |
| ex post implicit adjustments[b] | **(2)** | – | (2) |
| Forfeited | **(3)** | (1) | (2) |
| Paid in year | **(25)** | (10) | (15) |
| **Balance as at 31 December 2020[c]** | **73** | 28 | 45 |
| of which vested | **10** | – | 10 |
| of which unvested | **63** | 28 | 35 |

**Notes**
a Total reduction due to direct adjustments such as malus and clawback or non-achievement of LTIP performance conditions.
b Total change in remuneration due to movements in share price or exchange rate during the year.
c All outstanding awards are exposed to ex post explicit and/or implicit adjustment.

# Appendices
## Appendix E – Disclosures on remuneration – Barclays Group continued

### Joining and Severance Payments

| | Senior management | Other MRTs CIB | Other MRTs CCP | Other MRTs BBPLC Other |
|---|---|---|---|---|
| **Sign-on awards** | | | | |
| Number of beneficiaries | – | – | – | – |
| Made during the year (£m) | – | – | – | – |
| **Buy-out awards** | | | | |
| Number of beneficiaries | – | 23 | 2 | 5 |
| Made during the year (£m) | – | 15.5 | 0.5 | 1.5 |
| **Severance awards**[a] | | | | |
| Number of beneficiaries | – | 25 | 3 | 5 |
| Made during the year (£m) | – | 3.2 | 0.4 | 0.5 |
| of which paid during the year (£m) | – | 3.2 | 0.4 | 0.5 |
| of which deferred (£m) | – | – | – | – |
| Highest individual award (£m) | – | 0.3 | 0.3 | 0.2 |

**Note**
a Any severance awards that fall outside of paragraph 154 (a) – (c) of the EBA Guidelines are counted for the purposes of the 2:1 pay ratio for the year in which they are paid.

### Number of MRTs by band[a]

| Remuneration band | 2020 Number of MRTs |
|---|---|
| €1,000,001 to €1,500,000 | **240** |
| €1,500,001 to €2,000,000 | **119** |
| €2,000,001 to €2,500,000 | **46** |
| €2,500,001 to €3,000,000 | **32** |
| €3,000,001 to €3,500,000 | **24** |
| €3,500,001 to €4,000,000 | **8** |
| €4,000,001 to €4,500,000 | **8** |
| €4,500,001 to €5,000,000 | **4** |
| €5,000,001 to €6,000,000 | **8** |
| €6,000,001 to €7,000,000 | **4** |
| €7,000,001 to €8,000,000 | **3** |
| €8,000,001 to €9,000,000 | **1** |

**Note**
a The table is prepared in Euros in accordance with Article 450 of the Capital Requirements Regulation. Data has been converted into euros using the rates published by the European Commission for financial programming and budget for December of the reported year.

## Appendices

# Appendix F - Compliance to Pillar 3 requirements

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| CRR ref. | High-level summary | Compliance reference |
|---|---|---|
| *Scope of disclosure requirements* | | |
| 431 (1) | Requirement to publish Pillar 3 disclosures | Barclays publishes Pillar 3 disclosures |
| 431 (2) | Firms with permission to use specific operational risk methodologies must disclose operational risk information | The Operational Risk section on pages 145 - 148 contains a description of the operational risk framework, and required Pillar 3 disclosures |
| 431 (3) | Institution must have a policy covering frequency of disclosures. Their verification, comprehensiveness and overall appropriateness | Barclays has a dedicated Pillar 3 policy |
| 431 (4) | Explanation of ratings decision upon request | Barclays provides explanations of rating decisions to SMEs whose loan applications were declined in writing, and suggests alternative sources of finance. Barclays participates in a formal appeals process, one of the successful initiatives implemented as part of Business Finance Taskforce, with a government-appointed overseer. In the case of larger corporates, written explanations are not usually requested as direct discussions with relationship managers take place |
| *Non-material, proprietary or confidential information* | | |
| 432 (1) | Institutions may omit information that is not material if certain conditions are respected | Compliance with this provision is covered by Barclays' policy |
| 432 (2) | Institutions may omit information that is proprietary or confidential if certain conditions are respected | Compliance with this provision is covered by Barclays' policy |
| 432 (3) | Where 432 (1) and (2) apply this must be stated in the disclosures, and more general information must be disclosed | This table specifies where disclosures are omitted |
| 432 (4) | Use of 432 (1) or (2) is without prejudice to scope of liability for failure to disclose material information | |
| *Frequency of disclosure* | | |
| 433 | Disclosures must be published once a year at a minimum, and more frequently if necessary | Compliance with this provision is covered by Barclays' policy. See under "Basis of preparation" on page 5 |
| *Means of disclosures* | | |
| 434 (1) | To include of disclosures in one appropriate medium, or provide clear cross-references | Most disclosures are contained within this document. Signposting directs the reader to other publications where appropriate. Note that remuneration disclosures are contained in a dedicated publication |
| 434 (2) | Disclosures made under other requirements (e.g. accounting) can be used to satisfy Pillar 3 if appropriate | Any cross-references to accounting or other disclosures are clearly signposted in this document. In particular, see page 246 for "Location of Risk Disclosures" |
| *Risk management objectives and policies* | | |
| 435 (1) (a) | Disclose information on strategies and processes; organisational structure, reporting systems and risk mitigation/hedging | Risk management strategy: page 149<br>Credit Risk: page 159<br>Counterparty Credit Risk: page 177<br>Market Risk: page 180<br>Operational Risk: page 201<br>Other Principal Risks:<br>Treasury and Capital Risk - Capital: page 197<br>Treasury and Capital Risk - Liquidity: page 195<br>Model Risk: page 205<br>Conduct Risk: page 208<br>Reputation Risk: page 210<br>Legal Risk: page 212 |
| 435 (1) (b) | | |
| 435 (1) (c) | | |
| 435 (1) (d) | | |

# Appendices
## Appendix F - Compliance to Pillar 3 requirements continued

| CRR ref. | High-level summary | Compliance reference |
|---|---|---|
| 435 (1) (e) | Inclusion of a declaration approved by the Board on adequacy of risk management arrangements | See page 153. This statement covers all Principal Risks |
| 435 (1) (f) | Inclusion of a concise risk statement approved by the Board | See page 155. This statement covers all Principal Risks |
| 435 (2) | Information on governance arrangements, including information on Board composition and recruitment, and risk committees | See page 153 for a description of the risk committees. Pages 64-70 of the Annual Report contains information on Board composition, experience and recruitment |
| 435 (2) (a) | Number of directorships held by directors | Please see pages 60-70 of the 2020 Annual Report |
| 435 (2) (b) | Recruitment policy of Board members, their experience and and expertise | Please see pages 60-70 of the 2020 Annual Report |
| 435 (2) (c) | Policy on diversity of Board membership and results against targets | Please see pages 60-70 of the 2020 Annual Report |
| 435 (2) (d) | Disclosure of whether a dedicated risk committee is in place, and number of meetings in the year | Please see pages 87-94 of the 2020 Annual Report |
| 435 (2) (e) | Description of information flow on risk to Board | Figure on page 152 in the risk management strategy section illustrates the reporting structure to Board committees |
| *Scope of application* | | |
| 436 (a) | Name of institution | See under "Scope of consolidation" on page 9 |
| 436 (b) | Difference in basis of consolidation for accounting and prudential purposes, naming entities that are: | Page 14 / Table 5: LI3 Outline of the differences in the scopes of consolidation |
| 436 (b) (i) | Fully consolidated | |
| 436 (b) (ii) | Proportionally consolidated | |
| 436 (b) (iii) | Deducted from own funds | |
| 436 (b) (iv) | Neither consolidated nor deducted | |
| 436 (c) | Impediments to transfer of funds between parent and subsidiaries | See page 195 |
| 436 (d) | Capital shortfalls in any subsidiaries outside of scope of consolidation | Entities outside the scope of consolidation are appropriately capitalised |
| 436 (e) | Making use of articles on derogations from a) prudential requirements or b) liquidity requirements for individual subsidiaries/entities | Barclays makes use of these provisions according to its waiver from PRA |
| *Own funds* | | |
| 437 (1) | Requirements regarding capital resources table | Page 17 / Table 7: Composition of regulatory capital |
| 437 (1) (a) | | Standalone document: Summary of terms and conditions of own funds and eligible liabilities |
| 437 (1) (b) | | |
| 437 (1) (c) | | |
| 437 (1) (d) (i) | | |
| 437 (1) (d) (ii) | | |
| 437 (1) (d) (iii) | | |
| 437 (1) (e) | | |
| 437 (1) (f) | | |
| 437 (2) | EBA to publish implementation standards for points above | Barclays follows the implementation standards |

# Appendices
## Appendix F - Compliance to Pillar 3 requirements continued

| CRR ref. | High-level summary | Compliance reference |
|---|---|---|
| *Capital requirements* | | |
| 438 (a) | Summary of institution's approach to assessing adequacy of capital levels | Discussions of capital calculations are contained in each risk type management section (credit, market and operational). General discussion on capital planning is on pages 206-210 of the 2020 Annual Report |
| 438 (b) | Result of ICAAP on demand from authorities | Barclays has not received this request from its regulator |
| 438 (c) | Capital requirement amounts for credit risk for each standardised approach exposure class | Page 49 / Table 32: Detailed view of RWAs and Capital requirements for credit risk<br>Various other tables contain capital requirements throughout the report |
| 438 (d)<br>438 (d) (i)<br>438 (d) (ii)<br>438 (d) (iii)<br>438 (d) (iv) | Capital requirements amounts for credit risk for each Internal Ratings Based Approach exposure class | Page 49 / Table 32: Detailed view of RWAs and Capital requirements for credit risk<br>Barclays shows a nil return for equity investments in 2020 |
| 438 (e) | Capital requirements amounts for market risk or settlement risk, or large exposures where they exceed limits | Capital requirements for market risk are disclosed in Page 129/Table 86: Market risk own funds requirements |
| 438 (f) | Capital requirement amounts for operational risk, separately for the basic indicator approach, the standardised approach, and the advanced measurement approaches as applicable | Page 146 / Table 97: Risk weighted assets for operational risk |
| 438 (endnote) | Requirement to disclose specialised lending exposures and equity exposures in the banking book falling under the simple risk weight approach | Specialised lending exposures: Page 77 / Table 49 : Corporate exposures subject to the slotting approach |
| *Exposure to counterparty credit risk (CCR)* | | |
| 439 (a) | Description of process to assign internal capital and credit limits to CCR exposures | Pages 177 - 179; must link to general credit risk section as we do not address assigning limits |
| 439 (b) | Discussion of process to secure collateral and establishing reserves | Pages 177 - 179 |
| 439 (c) | Discussion of management of wrong-way exposures | Pages 177 - 179 |
| 439 (d) | Disclosure of collateral to be provided (outflows) in the event of a ratings downgrade | See the liquidity risk management section on pages 195 - 200 |
| 439 (e) | Derivation of net derivative credit exposure | Page 119 / Table 76: Counterparty credit exposure by approach |
| 439 (f) | Exposure values for mark-to-market, original exposure, standardised and internal model methods | Page 111 / Table 70: Impact of netting and collateral held on exposure value |
| 439 (g) | Notional value of credit derivative hedges and current credit exposure by type of exposure | Page 121 / Table 79: Notional value of credit derivative contracts held for hedging purposes |
| 439 (h) | Notional amounts of credit derivative transactions for own credit, intermediation, bought and sold, by product type | Page 120 / Table 78: Notional exposure associated with credit derivative contracts |
| 439 (i) | Estimate of alpha, if applicable | The alpha used by Barclays is 1.4 |
| *Capital buffers* | | |
| 440 (1) (a) | Geographical distribution of relevant credit exposures | Barclays ' countercyclical buffer is currently set at 0% for UK exposures. In other jurisdictions where CCyB is being applied , Barclays does not have material relevant exposures. See page 219 / Table 101 for geographic distribution of relevant exposures |
| 440 (1) (b) | Amount of the institution specific countercyclical capital buffer | |
| 440 (2) | EBA will issue technical implementation standards related to 440 (1) | Barclays will comply with the standards once applicable |

# Appendices
## Appendix F - Compliance to Pillar 3 requirements continued

| CRR ref. | High-level summary | Compliance reference |
|---|---|---|
| Indicators of global systemic importance | | |
| 441 (1) | Disclosure of the indicators of global systemic importance | Discussed on page 8 |
| 441 (2) | EBA will issue technical implementation standards related to 441 (1) | Barclays will comply with the standards once applicable |
| *Credit risk adjustments* | | |
| 442 (a) | Disclosure of bank's definitions of past due and impaired | Pages 162 - 167 provide a complete description of credit quality measures |
| 442 (b) | Approaches for calculating credit risk adjustments | Pages 159 - 176 |
| 442 (c) | Disclosure of pre-CRM EAD by exposure class | See points 442 (d), (e), (f) below which break down this total |
| 442 (d) | Disclosures of pre-CRM EAD by geography and exposure class | Pages 51 / Table 33: Geographic analysis of credit exposure |
| 442 (e) | Disclosures of pre-CRM EAD by industry and exposure class | Pages 55 / Table 34: Industry analysis of credit exposure |
| 442 (f) | Disclosures of pre-CRM EAD by residual maturity and exposure class | Pages 59 / Table 35 Residual maturity analysis credit exposures |
| 442 (g)<br>442 (g) (i)<br>442 (g) (ii)<br>442 (g) (iii) | Breakdown of impaired, past due, specific and general credit adjustments, and impairment charges for the period, by exposure class or counterparty type | Page 218 / Table 102: Analysis of impaired and past due exposures and allowance for impairment by exposure type |
| 442 (h) | Impaired, past due exposures, by geographical area, and amounts of specific and general impairment for each geography | Page 218 / Table 103: Geographic analysis of impaired and past due exposures and allowance for impairment |
| 442 (i)<br>442 (i) (i)<br>442 (i) (ii)<br>442 (i) (iii)<br>442 (i) (iv)<br>442 (i) (v) | Reconciliation of changes in specific and general credit risk adjustments | Page 102 / Table 62: Analysis of movement on impairment and amounts taken directly to profit and loss<br>Page 103 / Table 63: Regulatory adjustments to statutory impairment |
| 442 endnote | Specific credit risk adjustments recorded to income statement are disclosed separately | Page 102 / Table 62: Analysis of movement on impairment and amounts taken directly to profit and loss |
| *Unencumbered assets* | | |
| 443 | Disclosures on unencumbered assets | See pages 221-223: Disclosures on asset encumbrance. |
| *Use of ECAIs* | | |
| 444 (a) | Names of the ECAIs used in the calculation of standardised approach RWAs, and reasons for any changes | Page 67 |
| 444 (b) | Exposure classes associated with each ECAI | Page 67 |
| 444 (c) | Explanation of the process for translating external ratings into credit quality steps | Page 67 |
| 444 (d) | Mapping of external rating to credit quality steps | Page 67 / Table 40: Relationship of long-term external credit ratings to credit quality steps under the standardised approach<br>Page 67 / Table 41: Credit quality steps and risk weights under the standardised approach |
| 444 (e) | Exposure value pre- and post-credit risk mitigation, by credit quality step | Pages 68 / Table 42: Credit quality step analysis of pre-CRM exposure and capital deductions under the standardised approach<br>Page 70 / Table 43: Credit quality step analysis of post-CRM exposure and capital deductions under the standardised approach |

# Appendices
## Appendix F - Compliance to Pillar 3 requirements continued

| CRR ref. | High-level summary | Compliance reference |
|---|---|---|
| *Exposure to market risk* | | |
| 445 | Disclosure of position risk, large exposures exceeding limits, FX, settlement and commodities risk | Page 129 / Table 86: Market risk own funds requirements |
| *Operational risk* | | |
| 446 | Disclosure of the scope of approaches used to calculate operational risk, discussion of advanced methodology and external factors considered | Page 146 / Table 97 |
| *Exposure in equities not included in the trading book* | | |
| 447 (a) | Differentiation of exposures based on objectives | Page 107 / Table 68: Fair value of gains and losses on equity investments |
| 447 (b) | Recorded and fair value, and actual prices of exchange traded equity where it differs from fair value | |
| 447 (c) | Types, nature and amounts of the relevant classes of equity exposures | |
| 447 (d) | Realised cumulative gains and losses on sales over the period | |
| 447 (e) | Total unrealised gains/losses, latent revaluation gains/losses, and amounts included within Tier 1 capital | |
| *Exposure to interest rate risk on positions not included in the trading book* | | |
| 448 (a) | Nature of risk and key assumptions in measurement models | Model assumptions on page 205. |
| 448 (b) | Variation in earnings or economic value, or other measures used by the bank from upward and downward shocks to interest rates, by currency | Page 42/ Table 26: Net interest income sensitivity (AEaR) by business unit<br>Page 43 / Table 27: Net interest income sensitivity (AEaR) by currency |
| *Exposure to securitisation positions* | | |
| 449 | Exposure to securitisations positions. | Pages 189 - 192 |
| 449 (a) | Objectives in relation to securitisation activity | |
| 449 (b) | Nature of other risks in securitised assets, including liquidity | |
| 449 (c) | Risks in re-securitisation activity stemming from seniority of underlying securitisations and ultimate underlying assets | |
| 449 (d) | The roles played by institutions in the securitisation process | |
| 449 (e) | Indication of the extent of involvement in these roles | |
| 449 (f) | Processes in place to monitor changes in credit and market risks of securitisation exposures, and how the processes differ for re-securitisation exposures | |
| 449 (g) | Description of the institution's policies with respect to hedging and unfunded protection, and identification of material hedge counterparties | |
| 449 (h) | Approaches to calculation of RWA for securitisations mapped to types of exposures | Page 191 "Rating methodologies, ECAIs and RWA calculations" |
| 449 (i) | Types of SSPEs used to securitise third-party exposures, and list of SSPEs | Page 190 "Sponsoring conduit vehicles" |

# Appendices
## Appendix F - Compliance to Pillar 3 requirements continued

| CRR ref. | High-level summary | Compliance reference |
|---|---|---|
| 449 (j) | Summary of accounting policies for securitisations: | Page 192 "Summary of the accounting policies for securitisation activities" |
| 449 (j) (i) | Treatment of sales or financings | |
| 449 (j) (ii) | Recognition of gains on sales | |
| 449 (j) (iii) | Approach to valuing securitisation positions | |
| 449 (j) (iv) | Treatment of synthetic securitisations | |
| 449 (j) (v) | Valuation of assets awaiting securitisations | |
| 449 (j) (vi) | Recognition of arrangements that could require the bank to provide support to securitised assets | |
| 449 (k) | Names of ECAIs used for securitisations | Page 191 |
| 449 (l) | Full description of Internal Assessment Approach | |
| 449 (m) | Explanation of changes in quantitative disclosures | Satisfied throughout; we comment on every quantitative table in the securitisation section |
| 449 (n) | Banking and trading book securitisation exposures | |
| 449 (n) (i) | Amount of outstanding exposures securitised | Page 137 / Table 92: Outstanding amount of exposures securitised – Asset value and impairment charges |
| 449 (n) (ii) | On balance sheet securitisation retained or purchased, and off-balance sheet exposures | Page 139 / Table 93: Securitisation exposures – by exposure class |
| 449 (n) (iii) | Amount of assets awaiting securitisation | Page 135 / Table 90: Assets awaiting securitisation |
| 449 (n) (iv) | Early amortisation treatment; aggregate drawn exposures, capital requirements | There is no aplicable data to be published in respect of this table. See page 133 |
| 449 (n) (v) | Deducted or 1250% risk weighted securitisation positions | Page 141 |
| 449 (n) (vi) | Amount of exposures securitised and recognised gains or losses on sales | Page 135 / Table 90: Securitisation activity during the year |
| 449 (o) | Banking and trading book securitisations by risk band: | |
| 449 (o) (i) | Retained and purchased exposure and associated capital requirements, broken down by risk-weight bands | Page 141 / Table 94: Securitisation exposures – by capital approach |
| 449 (o) (ii) | Retained and purchased re-securitisation exposures before and after hedging and insurance; exposure to financial guarantors broken down by guarantor credit worthiness | There is no aplicable data to be published in respect of this table. See page 133 |
| 449 (p) | Impaired assets and recognised losses related to banking book securitisations, by exposure type | Page 137 / Table 92: Outstanding amount of exposures securitised – Asset value and impairment charges |
| 449 (q) | Exposure and capital requirements for trading book securitisations, separately into traditional | |
| 449 (r) | Whether the institution has provided financial support to securitisation vehicles | There is no applicable data to publish in respect of this table - no support was provided in 2020 |
| *Remuneration disclosures* | | |
| 450 | Remuneration | Appendix E contains the remuneration awards made to Barclays' Material Risk Takers. See the Directors' remuneration report (DRR) of the 2020 Annual Report for other remuneration disclosures |

# Appendices
## Appendix F - Compliance to Pillar 3 requirements continued

| CRR ref. | High-level summary | Compliance reference |
|---|---|---|
| *Leverage* | | |
| 451 (1) (a) | Leverage ratio, and breakdown of total exposure measure, including reconciliation to financial statements, and derecognised fiduciary items | Page 31 / Table 17: Leverage ratio common disclosure |
| 451 (1) (b) | | |
| 451 (1) (c) | | |
| 451 (1) (d) | Description of the risk management approach to mitigate excessive leverage, and factors that impacted the leverage ratio during the year | See page 197, management of capital risk |
| 451 (1) (e) | | |
| 451 (2) | EBA to publish implementation standards for points above | Barclays follows the implementation standards |
| *Use of the IRB approach to credit risk* | | |
| 452 (a) | Permission for use of the IRB approach from authority | Page 10 / Table 1 |
| 452 (b) | Explanation of: | |
| 452 (b) (i) | Internal rating scales, mapped to external ratings | Page 72 / Table 44: Internal default grade probabilities and mapping to external ratings |
| 452 (b) (ii) | Use of internal ratings for purposes other than capital requirement calculations | Page 169 "Applications of internal ratings" |
| 452 (b) (iii) | Management and recognition of credit risk mitigation | Pages 177 - 179 |
| 452 (b) (iv) | Controls around ratings systems | Pages 205 - 207 . "Management of model risk within Barclays – the control mechanisms for the rating system" |
| 452 (c) | Description of ratings processes for each IRB asset class, provided separately | Pages 169 - 171 . Separate descriptions apply to retail and wholesale classes collectively; hence this is not repeated for each separate class<br>Page 172/ Table 98: IRB credit risk models selected features |
| 452 (c) (i) | | |
| 452 (c) (ii) | | |
| 452 (c) (iii) | | |
| 452 (c) (iv) | | |
| 452 (c) (v) | | |
| 452 (d) | Exposure values by advanced IRB exposure class, separately for advanced IRB and foundation IRB | This is shown throughout the report |
| 452 (e) | For wholesale exposure classes, disclosed separately by obligor grade: | |
| 452 (e) (i) | Total exposure, separating loans and undrawn exposures where applicable | Page 73 / Table 45: IRB wholesale obligor grade disclosure for central governments & central banks |
| 452 (e) (ii) | Exposure-weighted average risk weight | Page 74 / Table 46: IRB wholesale obligor grade disclosure for institutions |
| 452 (e) (iii) | Undrawn commitments and average exposure values by asset class | Page 75 / Table 47: IRB wholesale obligor grade disclosure for corporates |
| 452 (f) | For retail exposure classes, same disclosures as under 452 (e), by risk grade or EL grade | Page 76 / Table 48: IRB retail obligor grade disclosure for SME<br>Page 80 / Table 51: IRB retail obligor grade disclosure for secured retail<br>Page 81 / Table 52: IRB retail obligor grade disclosure for revolving retail<br>Page 82 / Table 53: IRB retail obligor grade disclosure for other retail exposures |
| 452 (g) | Actual specific risk adjustments for the period and explanation of changes | Page 106 / Table 67: Analysis of expected loss versus actual losses for AIRB exposures |
| 452 (h) | Commentary on drivers of losses in preceding period | |

# Appendices
## Appendix F - Compliance to Pillar 3 requirements continued

| CRR ref. | High-level summary | Compliance reference |
|---|---|---|
| 452 (i) | Disclosure of predicted against actual losses for sufficient period, and historical analysis to help assess the performance of the rating system over a sufficient period | Page 106 / Table 67: Analysis of expected loss versus actual losses for IRB exposures<br>Page 174 / Table 99: Analysis of expected performance versus actual results |
| 452 (j) | For all IRB exposure classes: | |
| 452 (j) (i)<br>452 (j) (ii) | Where applicable, PD and LGD by each country where the bank operates | Appendix A, Page 215 / Table 101: PD, LGD, RWA and Exposure by country |
| *Use of credit risk mitigation techniques* | | |
| 453 (a) | Use of on- and off-balance sheet netting | Page 178 |
| 453 (b) | How collateral valuation is managed | Pages 178 - 179 |
| 453 (c) | Description of types of collateral used by Barclays | Page 178 |
| 453 (d) | Types of guarantor and credit derivative counterparty, and their creditworthiness | Page 179 |
| 453 (e) | Disclosure of market or credit risk concentrations within risk mitigation exposures | Pages 178 - 179 |
| 453 (f) | For exposures under either the standardised or advanced IRB approach, disclose the exposure value covered by eligible collateral | Page 63 / Table 36: Exposures covered by guarantees and credit derivatives |
| 453 (g) | Exposures covered by guarantees or credit derivatives | |
| *Use of the Advanced Measurement Approaches to operational risk* | | |
| 454 | Description of the use of insurance or other risk transfer mechanisms to mitigate operational risk | Pages 178 - 179 |
| *Use of internal market risk models* | | |
| 455 (a) (i) | Disclosure of the characteristics of the market risk models | Page 185 / Table 100: Market risk models selected features |
| 455 (a) (ii) | Disclosure of the methodology and description of all-price risk measure and incremental risk charge | Pages 184 - 185 |
| 455 (a) (iii) | Descriptions of stress tests applied to the portfolios | Page 183 |
| 455 (a) (iv) | Methodology for back-testing and validating the models | Pages 186 |
| 455 (b) | Scope of permission for use of the models. | Page 11 / Table 2: The scope of the standardised and IRB approaches |
| 455 (c) | Policies and processes to determine which exposures are to be included in the trading book, and to comply with prudential valuation requirements | Page 183 - 184 |
| 455 (d)<br>455 (d) (i)<br>455 (d) (ii)<br>455 (d) (iii) | High/Low/Mean values over the year of VaR, sVaR, all-price risk measure and incremental risk charge | Page 126 / Table 83: The daily average, maximum and minimum values of management VaR<br>Page 127 / Table 84: Analysis of regulatory VaR, SVaR, IRC and All Price Risk Measure |
| 455 (e) | The elements of the own fund calculation | Page 129 / Table 86: market risk own funds requirements |
| 455 (f) | Weighted average liquidity horizons of portfolios covered by models | Disclosed in model discussions on page 185 |
| 455 (g) | Comparison of end-of-day VaR measures compared with one-day changes in portfolio's value | Page 186 |

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## Appendix F - Compliance to Pillar 3 requirements continued

| CRR ref. | High-level summary | Compliance reference |
|---|---|---|
| *Disclosure of own funds and eligible liabilities* | | |
| 437a (a)<br>437a (b)<br>437a (c)<br>437a (d) | Composition of own funds and eligible liabilibities ranking in the creditor hieracy main features | Page 35 / Tables 20: TLAC composition for G-SIBs<br>Standalone document: Summary of terms and conditions of own funds and eligible liabilities<br>Pages 36 / Table 21: TLAC 3 - Resolution entity - Creditor ranking at legal entity level<br>Pages 37 / Table 22-23: TLAC 2 - Material subgroup entity - Creditor ranking at legal entity level |
| *Disclosure of key metrics* | | |
| 447 (h) | Disclosure of key metrics for own funds and eligible liabilities | Page 34 / Table 19: KM2 - Key metrics - TLAC requirements (at resolution group level) |

# Appendices

# Appendix G - EBA and BCBS reference

## EBA Pillar 3 compliance reference

| Table no | Page | High-level summary | Compliance reference |
|---|---|---|---|
| Table 3 | 12 | Present an outline of the difference in the basis of consolidation for accounting and prudential purposes | Template EU LI1<br>Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories In accordance with Article 436(b) in the CRR |
| Table 4 | 13 | Main sources of differences between regulatory exposure amounts and carrying values in financial statements | Template EU LI2<br>Present the main sources of differences between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes In accordance with Article 436(c) in the CRR |
| Table 5 | 14 | Outline of the differences in the scopes of consolidation (entity by entity) | Template EU LI3<br>Provide information on the consolidation method applied for each entity within the accounting and the regulatory scopes of consolidation in accordance to Article 436 (b) |
| Table 6 | 16 | Provide an overview of prudential regulatory metrics | Template KM1<br>Present an overview of prudential regulatory metrics as per the BCBS Pillar 3 disclosure requirements –consolidated and enhanced framework |
| Table 7 | 17 | Shows the components of regulatory capital | Template CC1<br>Provides details of the composition of regulatory capital and includes information on the linkages with the reconciliation disclosures in Template CC2 and additional rows for the Committee's TLAC holdings standard |
| Table 8 | 20 | Reconciliation between the scope of a bank's accounting consolidation and the scope of its regulatory consolidation | Template CC2<br>Provides a reconciliation between the scope of a bank's accounting consolidation and the scope of its regulatory consolidation and includes the linkage with composition of regulatory capital in Template CC1 |
| Table 9 | 23 | Key ratios with and without transitional arrangements for IFRS 9 | Template EU IFRS 9/Article468-FL<br>Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs |
| Table 11 | 26 | Overview of risk weighted assets by risk type and capital requirements | Template EU OV1<br>RWAs and minimum capital requirements under Part Three, Title I, Chapter 1 of the CRR. In accordance with Article 438(c) to (f) in the CRR |
| Table 13 | 28 | Flow statement explaining variations in the credit risk-weighted assets (RWA) under an IRB approach and the corresponding capital requirements | Template EU CR8<br>Present a flow statement explaining variations in the credit RWAs of exposures for which the risk-weighted amount is determined in accordance with Part Three, Title II, Chapter 3 of the CRR and the corresponding capital requirement as specified in Article 92(3)(a). |
| Table 14 | 28 | Flow statement explaining variations in the counterparty credit risk-weighted assets (RWA) under the IMM approach and the corresponding capital requirements | Template EU CCR7<br>Present a flow statement explaining changes in the CCR RWAs determined under the IMM for CCR (derivatives and SFTs) in accordance with Part Three, Title II, Chapter 6 of the CRR. |
| Table 15 | 28 | Flow statement explaining variations in the market risk-weighted assets (RWA) under the IMA approach and the corresponding capital requirements | Template EU MR2-B<br>Present a flow statement explaining variations in the market RWAs (as specified in Article 92(4)(b)) determined under an Part Three, Title IV, Chapter 5 of the CRR (IMA). |
| Table 16 | 30 | Summary reconciliation of accounting assets and leverage ratio exposures | Template LRSum<br>Reconcilation of the total leverage exposure and comprises of total IFRS assets used for statutory purposes, regulatory consolidation and other leverage adjustments (as per Commission implementing regulation-EU 2016/200) |

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## Appendix G - EBA and BCBS reference continued

| Table no | Page | High-level summary | Compliance reference |
|---|---|---|---|
| Table 17 | 31 | Leverage ratio common disclosure | Template LRCom<br><br>Leverage ratio calculation and includes additional breakdowns for the leverage exposure measure (as per Commission implementing regulation-EU 2016/200) |
| Table 18 | 33 | Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) | Template LRSpl<br><br>Breakdown of the on-balance sheet exposures excluding derivatives, SFTs and exempted exposures, by asset class as per row 1 on LRCom (as per Commission implementing regulation-EU 2016/200) |
| Table 19 | 34 | Provide an overview of key metrics for own funds and eligible liabilities | Template KM2: Key metrics<br><br>Present an overview of key metrics for own funds and eligible liabilities as per the BCBS Pillar 3 disclosure requirements – consolidated and enhanced framework |
| Table 20 | 35 | Provides details of the TLAC positions of G-SIB resolution groups | Template TLAC 1<br><br>Provides the composition of G-SIB's own funds and eligible liabilities and ratios as per the BCBS Pillar 3 disclosure requirements –consolidated and enhanced framework |
| Table 21 | 36 | Provides details of nominal values of capital and liabilities and the position in the creditor hierarchy for the resolution entity | Template TLAC 3<br><br>Provide creditors with information regarding their ranking in the liabilities structure of each G-SIB resolution entity as per the BCBS Pillar 3 disclosure requirements –consolidated and enhanced framework |
| Tables 22-23 | 37 | Provides details of nominal values of capital and liabilities and the position in the creditor hierarchy for the material subgroup entities | Template TLAC 2<br><br>Provide creditors with information regarding their ranking in the liabilities structure of a material subgroup entity (ie an entity that is part of a material subgroup) which has issued internal TLAC to a G-SIB resolution entity.y as per the BCBS Pillar 3 disclosure requirements –consolidated and enhanced framework |
| Table 24 | 38 | Present the breakdown of a bank's cash outflows and cash inflows, as well as its available high-quality liquid assets (HQLA) | Template LIQ1<br><br>Present the breakdown of a bank's cash outflows and cash inflows, as well as its available high-quality liquid assets (HQLA), as measured and defined according to the LCR standard (BCBS Pillar 3 disclosure requirements –consolidated and enhanced framework) |
| Table 29 | 44 | Present the breakdown of PVA for all assets measured at fair value (marked to market or marked to model) and for which PVA are required | Template PV1<br><br>Present a breakdown of the constituent elements of the bank's PVA according to the requirements of BCBS Pillar 3 disclosure requirements –consolidated and enhanced framework |
| Table 31 | 48 | Total and average net amount of exposures | Template EU CRB-B<br><br>Provide the total and the average amount of net exposures over the period by exposure class in accordance with Article 442(c ) |
| Table 33 | 51 | Geographical breakdown of exposures<br><br>Purpose: Provide a breakdown of exposures by geographical areas and | Template EU CRB-C<br><br>Provide a breakdown of exposures by geographical areas and exposure classes in accordance with Article 442(d ) |
| Table 34 | 55 | Concentration of exposures by industry or counterparty types | Template EU CRB-D<br><br>Provide a breakdown of exposures by industry or counterparty types and exposure classes in accordance with Article 442(e ) |
| Table 35 | 59 | Maturity of exposures | Template EU CRB-E<br><br>Provide a breakdown of net exposures by residual maturity and exposure classes in accordance with Article 442(f ) |

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## Appendix G - EBA and BCBS reference continued

| Table no | Page | High-level summary | Compliance reference |
|---|---|---|---|
| Table 37 | 64 | Disclose the extent of the use of CRM techniques | Template EU CR3<br><br>Present information on exposure value covered by financial collateral, other collateral, guarantees and credit derivatives and the outstanding secured exposures and the secured amount within those exposures in accordance with Article 453(f) and (g) |
| Table 38 | 65 | Credit risk exposure and CRM effects | Template EU CR4<br><br>Paragraph 99 of the guidelines requires institutions to show the effect of all CRM techniques applied in accordance with Part Three, Title II, Chapter 4 of the CRR, including the financial collateral simple method and the financial collateral comprehensive method in the application of Article 221 and Article 22 of the same regulation on standardised approach capital requirements' calculations |
| Table 39 | 66 | This table provides the effect on the RWAs of credit derivatives used as CRM techniques | Template EU CR7<br><br>The template applies to all institutions using one of the approaches included in the template in accordance with Article 153(5) or Article 155(2) |
| Table 42 | 68 | Analysis of credit risk exposures by asset classes and risk weight before the application of CCF and CRM under the standardised approach | Template EU CR5A<br><br>Regulatory exposure values broken down by risk weights. Institutions should disclose exposures pre conversion factor and pre risk mitigation techniques. The risk weight used for the breakdown corresponds to the different credit quality steps applicable in accordance with Article 113 to Article 134 in Part Three, Title II, Chapter 2 of the CRR |
| Table 43 | 70 | Analysis of credit risk exposures by asset classes and risk weight after the application of CCF and CRM under the standardised approach | Template EU CR5B<br><br>Regulatory exposure values broken down by risk weights. Institutions should disclose exposures post conversion factor and post risk mitigation techniques. The risk weight used for the breakdown corresponds to the different credit quality steps applicable in accordance with Article 113 to Article 134 in Part Three, Title II, Chapter 2 of the CRR |
| Tables 45-48 & Tables 50-53 | 73-76 & 79-82 | Analysis of credit risk exposures by exposure classes and PD grades | Template EU CR6<br><br>In the application of Article 452(e) and (g), this template applies to institutions included in paragraph 7 of these guidelines using either the FIRB approach or the AIRB approach for some or all of their exposures in accordance with Part Three, Title II, Chapter 3 of the CRR |
| Table 49 | 77 | This table provides a quantitative disclosure of counterparty credit risk specialised lending and equity exposures using the simple risk weight approach | Template EU CR10 (CR)<br><br>The template applies to all institutions using one of the approaches included in the template in accordance with Article 153(5) or Article 155(2) |
| Table 54 | 83 | This table provides Credit quality of exposures by exposure class and instrument | Template EU CR1-A<br><br>The effect of credit derivatives on the IRB approach capital requirements' calculations. The pre-credit derivative RWAs before taking account of the credit derivatives mitigation effect has been selected to assess the impact of credit derivatives on RWAs in accordance Article 453(g) |
| Table 55 | 87 | This table present credit quality of exposures by industry or counterparty types | Template EU CR1-B<br><br>Provide a comprehensive picture of the credit quality of an institution's on-balance sheet and off-balance sheet exposures by industry in accordance with Article 442(g) |
| Table 56 | 89 | Credit quality of exposures by geography | Template EU CR1-C<br><br>Provide a comprehensive picture of the credit quality of an institution's on-balance sheet and off-balance sheet exposures by geography in accordance with Article 442(h) |
| Table 57 | 91 | Analysis of credit quality of forbone exposures | Provide an overview of the quality of forborne exposures as per Commission Implementing Regulation (EU) No 680/2014 |

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## Appendix G - EBA and BCBS reference continued

| Table no | Page | High-level summary | Compliance reference |
|---|---|---|---|
| Table 58 | 93 | Analysis of credit quality of performing and non-performing exposures by past due days | Provide an overview of credit quality of non-performing exposures, as per Commission Implementing Regulation (EU) No 680/2014 |
| Table 59 | 97 | Analysis of Performing and non-performing exposures and related provisions | Provide an overview of the credit quality of non- performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class per EBA guideline EBA/GL/2018/10 |
| Table 60 | 101 | Analysis of Collateral obtained by taking possession and execution processes | Provide an overview of foreclosed assets obtained from non-performing exposures per EBA guideline EBA/ GL/2018/10 |
| Table 61 | 102 | Changes in the stock of defaulted and impaired loans and debt securities | Template EU CR2-B<br><br>This table present the changes in an institution's stock of defaulted loans and debt securities in accordance to Article 442(i) of the CRR |
| Table 62 | 102 | Table present changes in the stock of general and specific credit risk adjustments | Template EU CR2-A<br><br>This table present the changes in an institution's stock of defaulted loans and debt securities in accordance to Article 442(i) of the CRR |
| Table 63 | 103 | Loans and advances subject to legislative and non-legislative moratoria | This table provides an overview of the credit quality of loans and advances subject to moratoria or 'payment deferrals' on loan repayments applied in the light of the COVID-19 crisis, in accordance with the FCA guidance on payment deferrals, the PRA Dear CEO letter of 26 March 2020 on 'Covid-19: IFRS 9, capital requirements and loan covenants' and the PRA Dear CEO letter of 4 June 2020 on 'Covid-19: IFRS 9 and Capital Requirements - Further guidance on initial and further payment deferrals' |
| Table 64 | 104 | Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria | This table provides an overview of the volume of loans and advances subject to legislative and non-legislative moratoria or 'payment deferrals' on loan repayments applied in light of the COVID-19 crisis, in accordance with the FCA guidance on payment deferrals, the PRA Dear CEO letter of 26 March 2020 on 'Covid-19: IFRS 9, capital requirements and loan covenants' and the PRA Dear CEO letter of 4 June 2020 on 'Covid-19: IFRS 9 and Capital Requirements - Further guidance on initial and further payment deferrals', by residual maturity of these moratoria |
| Table 65 | 104 | Newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis | This table provides an overview of the stock of newly originated loans and advances subject to public guarantee schemes introduced in response to COVID-19 crisis |
| Table 70 | 111 | Analysis of counterparty credit risk exposures by approach | Template EU CCR1<br><br>This table presents a comprehensive view of the methods used to calculate CCR regulatory requirements and the main parameters used within each method in accordance with Article 439(e), (f) and (i) of the CRR |
| Table 71 | 112 | Analysis of counterparty credit risk exposures by regulatory portfolio and risk weight under standardised approach | Template EU CCR3<br><br>This applies to institution using the credit risk standardised approach to compute RWAs for CCR exposures in accordance with Article 107 in the CRR, irrespective of the approach used to determine EAD in accordance with Part Three, Title II, Chapter 6 of the same regulation |
| Tables 72-74 | 114-116 | Analysis of counterparty credit risk exposures by exposure classes and PD grades | Template EU CCR4<br><br>RWAs and parameters used in RWA calculations for exposures subject to the CCR framework (excluding CVA charges or exposures cleared through a CCP) and where the credit risk approach used (in accordance with Article 107 in the CRR) to compute RWAs is an IRB approach |

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## Appendix G - EBA and BCBS reference continued

| Table no | Page | High-level summary | Compliance reference |
|---|---|---|---|
| Table 75 | 117 | This table provides a quantitative disclosure of counterparty credit risk specialised lending and equity exposures using the simple risk weight approach | Template EU CR10 (CCR)<br><br>The template applies to all institutions using one of the approaches included in the template in accordance with Article 153(5) or Article 155(2) |
| Table 76 | 119 | This table shows the impact of netting and collateral held on exposure values | Template EU CCR5A<br><br>Provide an overview of the impact of netting and collateral held on exposures for which the exposure value is measured in accordance with in accordance with Article 439 (e ) |
| Table 77 | 119 | This table shows the composition of collateral for exposures to CCR | Template EU CCR5B<br><br>Provide a breakdown of all types of collateral (cash, sovereign debt, corporate bonds, etc.) posted or received by banks to support or reduce CCR exposures related to derivative transactions or to SFTs, including transactions cleared through a CCP |
| Table 79 | 121 | This table shows credit derivatives exposures | Template EU CCR6<br><br>Provide a breakdown extent of an institution's exposures to credit derivative transactions broken down between derivatives bought or sold in accordance with Article 439(g) and (h) |
| Table 80 | 122 | This table shows the EAD and RWAs corresponding to exposures to central counterparties | Template EU CCR8<br><br>Provide a comprehensive picture of the institution's exposures to CCPs in the scope of Part Three, Title II, Chapter 6, Section 9 of the CRR |
| Table 81 | 123 | This table provide CVA regulatory calculations (with a breakdown by standardised and advanced approaches) | Template EU CCR2<br><br>The template applies to all institutions with exposures subject to CVA capital charges in accordance with Part Three, Title VI, Article 382 in the CRR |
| N/A | 186 | Present a comparison of the results of estimates from the regulatory VaR model | Template EU MR4<br><br>Present a comparison of the results of estimates from the regulatory VaR model approved in application of Part Three, Title IV, Chapter 5 of Regulation (EU) 575/2013 with both hypothetical and actual trading outcomes, to highlight the frequency and the extent of the backtesting exceptions, and to give an analysis of the main outliers in backtested results |
| Table 84 | 127 | This template display the values (maximum, minimum, average and the ending for the reporting period) resulting from the different types of models approved to be used for computing the market risk regulatory capital charge at the group level before any additional capital charge is applied | Template EU MR3<br><br>Outputs of internal models approved for use in accordance with Part Three, Title IV, Chapter 5 of the CRR for regulatory capital purposes at the group level (according to the scope of regulatory consolidation as per Part One, Title II of the same regulation) |
| Table 87 | 130 | Market risk under standardised approach | Template MR1<br><br>Capital requirements and RWAs (as specified in Article 92(4)(b) in the CRR) |
| Table 88 | 131 | Market risk under internal models approach | Template MR2-A<br><br>Capital requirements and RWAs (as specified in Article 92(4)(b) of the CRR) |
| Table 99 | 174 | This table provides backtesting data to validate the reliability of PD calculations | Template EU CR9<br><br>The template applies to all institutions included in paragraph 7 of these guidelines using the AIRB approach and/or the FIRB approach. Where an institution makes use of an FIRB approach for certain exposures and an AIRB approach for others, it must disclose two separate sets of portfolio breakdowns in separate templates |
| Table 104 | 219 | This table provide a geographical distribution of credit exposures by country | CCYB Template requires institutions to disclose the geographical distribution by country of credit exposures of an institution that are relevant for the calculation of its CCyB in accordance with Article 140(4) of the CRD and Article 440 of CRR |

# Appendices
# Location of risk disclosures

**Barclays' Risk disclosures are located across the Annual Report and Pillar 3 Report.**

## Risk management strategy

Overview of Barclays' approach to risk management. A detailed overview together with more specific information on policies that the Group determines to be of particular significance in the current operating environment can be found in the Barclays PLC Annual Report 2020 or at **barclays.com**

| | Annual Report | Pillar 3 Report |
|---|---|---|
| Enterprise Risk Management Framework (ERMF) | 145 | 150 |
| Segregation of duties – the "Three Lines of Defence" model | 145 | 150 |
| Principal risks | 146 | 151 |
| Risk appetite for the principal risks | 146 | 151 |
| Risk committees | 146 | 152 |
| Frameworks, policies and standards | n/a | 153 |
| Assurance | n/a | 153 |
| Effectiveness of risk management arrangements | n/a | 153 |
| Learning from our mistakes | n/a | 154 |
| Barclays' risk culture | 146 | 154 |
| Group-wide risk management tools | n/a | 154 |
| Risk management in the setting of strategy | n/a | 158 |

## Material existing and emerging risks

Insight into the level of risk across our business and portfolios, the material existing and emerging risks and uncertainties we face and the key areas of management focus.

| | Annual Report | Pillar 3 Report |
|---|---|---|
| Material existing and emerging risks potentially impacting more than one principal risk | 147 | n/a |
| Credit risk | 152 | n/a |
| Market risk | 153 | n/a |
| Treasury and capital risk | 153 | n/a |
| Operational risk | 154 | n/a |
| Model risk | 156 | n/a |
| Conduct risk | 157 | n/a |
| Reputation risk | 157 | n/a |
| Legal risk and legal, competition and regulatory matters | 158 | n/a |

## Climate change risk management

Overview of Barclays' approach to managing climate change risk.

| | Annual Report | Pillar 3 Report |
|---|---|---|
| Overview, organisation and structure | 159 | n/a |
| Risk management policy | 160 | n/a |

## Principal risk management

Barclays' approach to risk management for each principal risk with focus on organisation and structure and roles and responsibilities.

| | Annual Report | Pillar 3 Report |
|---|---|---|
| Credit risk management | 161 | 159 |
| Management of credit risk mitigation techniques and counterparty credit risk | n/a | 177 |
| Market risk management | 162 | 180 |
| Management of securitisation exposures | n/a | 189 |
| Treasury and capital risk management | 163 | 193 |
| Operational risk management | 164 | 201 |
| Model risk management | 165 | 205 |
| Conduct risk management | 166 | 208 |
| Reputation risk management | 166 | 210 |
| Legal risk management | 166 | 212 |

## Risk performance

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

| | Annual Report | Pillar 3 Report |
|---|---|---|
| Credit risk overview and summary of performance | 168 | n/a |
| Maximum exposure and effects of netting, collateral and risk transfer | 168 | n/a |
| Expected Credit Losses | 171 | n/a |
| Movements in gross exposure and impairment allowance including provisions for loan commitments and financial guarantees | 175 | n/a |
| Management adjustments to models for impairment | 180 | n/a |
| Measurement uncertainty and sensitivity analysis | 181 | n/a |
| Analysis of the concentration of credit risk | 189 | n/a |
| The Group's approach to management and representation of credit quality | 191 | n/a |
| Analysis of specific portfolios and asset types | 195 | n/a |
| Forbearance | 198 | n/a |
| Analysis of debt securities | 200 | n/a |
| Analysis of derivatives | 201 | n/a |

**Market risk:** The risk of a 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.

| | Annual Report | Pillar 3 Report |
|---|---|---|
| Market Risk overview and summary of performance | 202 | 124 |
| Balance sheet view of trading and banking books | n/a | 125 |
| Review of management measures | 202 | 126 |
| Review of regulatory measures | n/a | 127 |

**Treasury and capital risk – Liquidity:** 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.

| | Annual Report | Pillar 3 Report |
|---|---|---|
| Liquidity risk overview and summary of performance | 206 | n/a |
| Liquidity risk stress testing | 206 | n/a |
| Liquidity pool | 209 | n/a |
| Funding structure and funding relationships | 210 | n/a |
| Contractual maturity of financial assets and liabilities | 213 | n/a |
| Asset encumbrance | n/a | 221 |

# Appendices
## Location of risk disclosures continued

| | | Annual Report | Pillar 3 Report |
|---|---|---|---|
| **Treasury and capital risk – Capital:** 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. | ■ Capital risk overview and summary of performance | 217 | n/a |
| | ■ Regulatory minimum capital and leverage requirements | 217 | 8 |
| | ■ Analysis of capital resources | 219 | 17 |
| | ■ Analysis of risk weighted assets | 221 | 25 |
| | ■ Analysis of leverage ratio and exposures | 222 | 30 |
| | ■ Minimum requirement for own funds and eligible liabilities | 223 | 34 |
| | ■ Foreign exchange risk | 224 | 40 |
| | ■ Pension risk review | 224 | 41 |
| **Treasury and capital risk – 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. | ■ Interest rate risk in the banking book overview and summary of performance | 226 | 42 |
| | ■ Net interest income sensitivity | 226 | 42 |
| | ■ Analysis of equity sensitivity | 227 | 43 |
| | ■ Volatility of the fair value through other comprehensive income (FVOCI) portfolio in the liquidity pool | 227 | 43 |
| **Operational risk:** 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. | ■ Operational risk overview and summary of performance | 228 | 145 |
| | ■ Operational risk profile | 228 | 147 |
| **Model risk:** The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports. | ■ Model risk overview and summary of performance | 231 | n/a |
| **Conduct risk:** 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. | ■ Conduct risk overview and summary of performance | 231 | n/a |
| **Reputation risk:** The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the Group's integrity and/or competence. | ■ Reputation risk overview and summary of performance | 231 | n/a |
| **Legal risk:** 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. | ■ Legal risk overview and summary of performance | 231 | n/a |
| **Supervision and regulation** The Group's operations, including its overseas offices, subsidiaries and associates, are subject to a significant body of rules and regulations. | ■ Supervision of the Group | 232 | n/a |
| | ■ Global regulatory developments | 232 | n/a |
| | ■ Financial regulatory framework | 234 | n/a |
| **Pillar 3 Report** Contains extensive information on risk as well as capital management. | ■ Summary of risk and capital profile | n/a | 3 |
| | ■ Notes on basis of preparation | n/a | 5 |
| | ■ Scope of application of Basel rules | n/a | 6 |
| **Risk and capital position review:** Provides a detailed breakdown of Barclays' regulatory capital adequacy and how this relates to Barclays' risk management. | ■ Group capital resources, requirements, leverage and liquidity | n/a | 15 |
| | ■ Analysis of credit risk | n/a | 45 |
| | ■ Analysis of counterparty credit risk | n/a | 108 |
| | ■ Analysis of market risk | n/a | 124 |
| | ■ Analysis of securitisation exposures | n/a | 132 |
| | ■ Analysis of operational risk | n/a | 145 |

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The terms Barclays or Group refer to Barclays PLC together with its subsidiaries. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively.

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

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

**Forward-looking statements**

This document contains certain forward-looking statements 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. Additional risks and factors which may impact the Group's future financial condition and performance are identified in our filings with the SEC (including, without limitation, our Annual Report on Form 20-F for the fiscal year ended 31 December 2020), which are available on the SEC's website at www.sec.gov.

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.

Barclays is a British universal bank. We 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.

Our Purpose and Values ensure we are able to deliver for all our stakeholders: for our customers and clients, for our colleagues, for society and for our investors.

For further information and a fuller understanding of the results and the state of affairs of the Group, please refer to the Barclays PLC suite of annual reports available at **home.barclays/annualreport**

**Barclays PLC Annual Report 2020**
A detailed review of Barclays' 2020 performance with disclosures that provide useful insight and go beyond reporting requirements.

**Barclays PLC Environmental Social Governance Report 2020**
An overview of our ESG strategic priorities and performance, reported against a range of quantitative and qualitative indicators.

**Barclays PLC Climate-related Financial Disclosures 2020**
An enhanced report aligning to the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in this, the fourth year of disclosure.

**Barclays PLC Fair Pay Report 2020**
An overview of our approach to pay-fairness and how we implement this in our principles and policies through the themes of our Fair Pay agenda.

**Barclays PLC Diversity and Inclusion Report 2020**
An overview of the Group's approach to building a more inclusive company, including a progress report on each of our five pillars of diversity and inclusion.

**Barclays PLC Country Snapshot 2020**
An overview of our global tax contribution as well as our approach to tax, including our UK tax strategy, together with our country-by-country data.

**Barclays PLC Pillar 3 Report 2020**
**A summary of our risk profile, its interaction with the Group's risk appetite, and risk management.**

BARCLAYS

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