Barclays Bank UK PLC
Annual Report

31 December 2020

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The Strategic Report was approved by the Board of Directors on 17 February 2021 and signed on their behalf by the Chair.

Overview

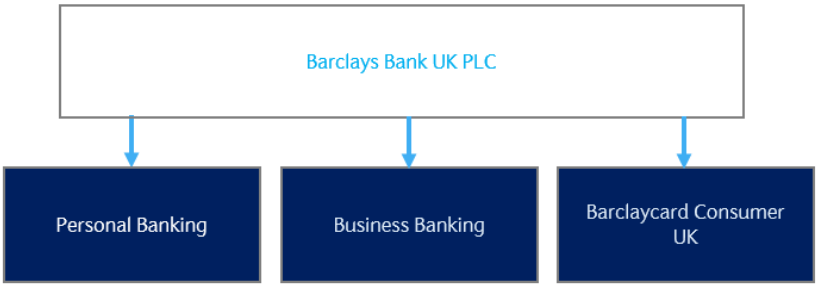
Barclays Bank UK PLC is a wholly-owned subsidiary of Barclays PLC. The consolidation of Barclays Bank UK PLC and its subsidiaries is referred to as Barclays Bank UK Group. The term Barclays refers to Barclays PLC and Barclays Group refers to Barclays PLC, together with its subsidiaries.

Barclays Bank UK PLC is the ring-fenced bank within the Barclays Group. The Barclays Bank UK Group contains the majority of the Barclays Group's Barclays UK division, including the Personal Banking, Business Banking and Barclaycard Consumer UK businesses other than the Barclays Partner Finance business.

Barclays Bank UK PLC serves retail customers in the UK across the entire spectrum of their banking needs.

Barclays Bank UK PLC also supports small and medium-sized businesses, providing the financing, saving and transactional products and services they need to grow.

Our structure



Barclays is one of the most recognisable brands in the UK. We serve customers across a wide range of retail banking needs, from credit card users, to start-up businesses, to homebuyers getting on the property ladder for the first time.

Personal Banking
Offers retail solutions to help customers with their day-to-day banking needs.

Business Banking
Serves business clients, from high growth start-ups to small and medium-sized enterprises, with specialist advice for their business banking needs.

Barclaycard Consumer UK
A leading credit card provider, offering flexible borrowing and payment solutions, while delivering a leading customer experience.

Barclays Bank UK PLC is supported by the Barclays Group-wide service company, Barclays Execution Services Limited (BX) which provides technology, operations and functional services to businesses across the Barclays Group.

Strategic priorities

The UK's retail banking environment is rapidly transforming and we remain focused on being at the forefront of that transformation. We want to provide customers with banking services in new and innovative ways, embracing technology as a means of making things simpler, more transparent and more secure. Barclays Bank UK Group will continue to support customers and businesses, acting with empathy and integrity to build a sustainable bank.

At the same time, we know banking cannot be something only a narrow section of society is able to use. There must be a sustainable means for everyone – including vulnerable customers who may need additional protection or want to access banking products in a different kind of way.

We are focused on the following areas:

1. Providing exceptional service and insights to customers: we want to provide simple, relevant and prompt services and propositions for our customers so they have greater choice and access to money management capabilities. Using insights, we want to help customers better manage their finances and make informed financial decisions.

2. Driving technology and digital innovation: we continue to invest in our digital capabilities, upgrading our systems, moving to cloud technology and implementing rapid automation of manual processes. This allows us to deliver a more personalised digital experience, reduce cost and create additional capacity to support more of our customers.

3. Continuing to grow our business by pursuing partnership opportunities to build and deliver better propositions and services for our customers. We will fully utilise the Barclays platform to open up new income stream opportunities and provide greater services to more customers.

Strategic Report
Performance review

Operating environment
We pay close attention to the environment in which we operate, scanning the horizon for risks and opportunities, and adapting our strategy accordingly. We also monitor trends in the behaviour of our customers and clients so we can effectively meet their evolving needs.

A rapidly changing world
The health and economic impacts of COVID-19 continue to have significant implications for Barclays and our stakeholders. The UK economy has experienced significant fluctuations in activity levels over the last 12 months, and GDP is still below pre-pandemic levels. The implications for wider society, and the way we live and interact, have also been dramatic and will continue to be for some time.

Throughout a challenging year, we are proud of the support we have been able to provide to our customers and clients. Now, we are committed to helping them rebuild and, where required, adapt to new trends that may arise in the coming years such as long-term implications for population centres or global supply chains. As the vaccine rollout continues to progress, we are optimistic about the opportunities that will exist for Barclays Bank UK Group and for our customers and clients in a recovery environment.

The UK government continues to implement measures to socially distance the population and restrict movement of people. This requires our operating model to adapt, innovate and be nimble, particularly in our capacity to manage disruption risks to our people, processes, infrastructure, and technology services. In March last year, we executed a major workforce transformation, migrating colleagues to remote working in a matter of days. At the same time, we adapted working environments for colleagues and branch staff in the UK.

Where possible, and in line with local government guidance, we have instigated gradual returns to office working in certain parts of the business. In time, with the safety and wellbeing of colleagues as our first priority, we envisage more people will return to on-site working over the course of the coming months, more detail on which is set out in the people section of this report.

Interest rates and other economic consequences
As a direct result of the economic consequences of the pandemic, there have been changes in the financial environment that we have adapted to meet. In particular, we have seen a reduction in interest rates, intensifying an already long-term low-interest rate environment that we expect to endure for some time. This underlines the importance, and opportunity, of transformation of our business to adapt to the structural challenges of the retail banking market.

We have also seen significant increases in our impairment provisioning, and have further constrained our risk appetite.

Customer and client behaviour
The impact of COVID-19 on society has accelerated a number of existing trends in consumer behaviour and preferences. In the last 12 months, for example, we have seen a further shift away from cash usage towards contactless payments as customers adapt to and embrace the low-touch environment necessitated by the pandemic. Contactless payments now account for 78% of total transactions within Barclays Bank UK Group, increasing 8% since March 2020.

At the same time, we continue to observe a growing trend towards online transactions and servicing, further reducing customers' use of our branch infrastructure. Downloads of our mobile banking apps continue to increase as more and more customers look for ways to self-serve. As a consequence of lower spending and increasing cash reserves, we also continue to see a reduction in credit card balances and an increase in repayment volumes. Growth of the use of credit alternatives, and growth in precautionary savings has also meant an increase in customer appetite for financial advice.

These trends present significant opportunities for Barclays Bank UK Group to transform and continue to improve our services, finding further efficiencies through technology and automation, and creating new business models and partnerships based on digital engagement and customer trust.

This emphasis is important because we continue to operate in a highly competitive environment. The rapid growth of ecommerce continues, amplified even further by the pandemic, and a number of payments focused FinTechs have benefited from this trend. This creates an imperative for Barclays Bank UK Group to continue investing in new digital architecture, not only to keep pace with competitors, but at a rate that allows us to develop ahead of them.

Political and regulatory change
Geopolitical events have implications for our operating environment, and political volatility continues to influence customer and client needs and behaviours. The long-term economic consequences of the pandemic may also have important monetary and fiscal impacts, including changes to tax and government spending in a number of jurisdictions, which is also likely to impact client needs.

The UK is also actively pursuing new trading relationships with other parts of the world, which have the potential to lead to an increase in cross-border activity for our customers and clients. Within the UK, there is the possibility of continued political tension over the prospect of a Scottish independence referendum following Scottish parliamentary elections this year.

Post the UK's withdrawal from the EU, the UK continues to develop a new framework for financial services regulation. We anticipate a new architecture for rule-making and enforcement and an increase in public policy and legislative activity in the near term, including the potential for regulatory divergence between the UK and EU. We also await the conclusion of the UK Financial Conduct Authority (FCA) reviews into the retail banking market and cost of credit

Barclays Bank UK Group remains subject to ongoing and significant levels of regulatory change. In particular, we continue to pay close attention to the changing landscape of prudential requirements and supervisory expectations and changing approaches to stress testing.

Performance review

Measuring success

- Barclays Bank UK Group complaints excl. PPI: -32% (2019: -6%)
- Barclays Bank UK Group Net promoter score (NPS): +15 (2019: +18)

Year in review

2020 was a highly varied and challenging year for Barclays Bank UK Group, which required immediate and balanced actions to support millions of our customers and clients impacted by the pandemic.

Barclays Bank UK Group endured severe economic shock, while incurring additional costs, driven by our response to the pandemic. We waived fees and charges and interest payments and we worked with UK regulators and Government to provide ongoing support for our customers and clients.

Despite a turbulent year, Barclays Bank UK Group continued to deliver against our strategic priorities.

Throughout the COVID-19 pandemic, we played a key role in the facilitation and delivery of the UK Government's business support schemes, designing and executing a digital application system within days, overcoming significant operational challenges. Over the course of the period to 8 January 2021, we lent £10.1bn to British businesses under the Bounce Back Loan Scheme (BBLS) and £1.2bn under the Coronavirus Business Interruption Loan Scheme (CBILS). This is the equivalent of four years of traditional lending volumes, condensed into less than 12 months. This represents a significant number of new customers to Barclays through the Government schemes, providing us with an opportunity to establish long-lasting relationships for the future.

Barclays Bank UK Group took significant steps to relieve financial pressure for our customers, acting quickly and effectively at a time of maximum need. Over the course of the year, we waived £100m of fees and interest charges and granted hundreds of thousands of payment holidays. Over 650 of our branches (80% of the total estate) remained open throughout the pandemic and over 250 staff received additional training to answer calls from customers experiencing financial difficulty.

Despite facing significant challenges this year and enduring a severe economic shock, we continued to meet more of our customers' needs by simplifying our credit and debit card offerings. We eliminated certain fees and charges to better reflect how our customers interact with us and we made changes to our overdrafts fees and charges to protect our most vulnerable customers. We also continued to deliver digital innovation with 67% of our products provided to customers through digital channels. Currently, 70% of our products are available via a fully digital solution or self-service enabled.

Complaints across Barclays Bank UK Group in 2020 were significantly lower than in 2019, decreasing 32%. This was, in part, a consequence of the pandemic and lower business volumes but also thanks to great strides we have made in reducing complaint volume year on year. In Q1 2020, prior to the outbreak of the pandemic, we saw lower year on year complaint volumes, driven by robust management actions. NPS for Barclays Bank UK Group and Barclaycard has remained relatively stable at +15 and +8 respectively. NPS scores across the market have softened as customers continue to feel the financial pressure of the pandemic and ongoing movement restrictions. While the market remains challenging, Barclays Bank UK Group has continued to deliver support and assistance to customers.

Barclays Bank UK Group made significant improvements to our Barclays apps, which have over 9.2m active users. We introduced Dream Accelerator to help customers looking to buy their first home, enabling them to access tools to help them in the home buying preparation process. Our customers can now also view itemised digital receipts directly from the Barclays app when they shop at participating retailers, removing the need to carry paper receipts and helping customers better manage their spending.

Barclays Bank UK Group launched Plan & Invest, a new digital investment service that provides customers with the confidence and support to invest for the future. Plan & Invest creates a personalised investment plan, tailored to our customers goals, with dedicated support at every step. Customers can stay updated over the phone and in an online hub, and see how well their investments are tracking against their financial goals.

While managing a long-term low interest rate environment, we have driven strong Mortgage application volumes this year, and maintained competitive service levels for our customers. Despite the pandemic, we have continued to support customers with their home buying needs and have seen a strong performance in Mortgage completions, particularly through the second half of the year. We continued to build strategic partnerships, including launching a new collaboration with Nextdoor, a fast growing social network service, to help thousands of local businesses secure new customers by arranging free advertising on the platform.

Barclays Bank UK Group accelerated our green agenda by leveraging environmentally friendly material for our debit cards, reducing paper statements sent to our customers, and expanding our plastic reduction programme. We also supported 'green' agricultural lending across SMEs and will continue to explore opportunities to go further.

Looking ahead

Customer expectations continue to evolve, with more interactions moving to digital or via a virtual channel (call, video or web chat) and more customers seeking expert guidance for their specific financial circumstances. We also continue to see a reduction in the use of our branch infrastructure and a significant shift away from cash usage towards contactless payments. Where appropriate, we will continue reshaping our footprint to better support the customers we serve in ways they want to be serviced.

Barclays Bank UK Group is working to build a better bank for customers, a more efficient bank that is safe, intuitive and that will support customers and businesses responsibly and sustainably. Our focus is on customers and clients and putting them at the heart of the decisions we make about running our business and shaping it for the future.

Performance review

We are reinventing our service model for customers to create a more efficient, more resilient and seamless service, which will include the expansion of our Wealth Management proposition. We are building partnerships in the open market and working across the whole of Barclays to deliver additional value for our customers and businesses through our size and scale.

We will continue to invest in digital platforms, remove unnecessary processes and costs and make it seamless for customers to self-serve. We will continue to invest in digitalisation and automation to be more efficient, reduce costs and to create additional capacity for colleagues to support customers.

In recent years we have invested in cloud technology and begun to build our digital bank capabilities, removing reliance on a heritage core. This investment will continue and will provide a strong digital customer platform that stands out from our competitors.

Money Mentors – a free and impartial mentoring service customers can now book a free session with one of our 300 Money Mentors, asking questions playing on their minds without fear of judgment. The service responds to millennial customers who told us they wanted a more open forum to talk through their financial concerns and goals. We had over 2,000 conversations in 2020, with over 80% of customer saying they will do something different with their finances as a result.

Our role in society

The Barclays Bank UK Group success is judged not only by commercial performance, but also by how we act sustainably and responsibly for each other and the long term. We believe that we can, and should, make a positive difference for society – globally and locally. We do that through the choices we make about how we run our business, and through the commitments we make proactively to support others in our communities to achieve their goals. For detail on our integration of social and environmental issues into our business, please refer to pages 39 to 43 in the Barclays PLC Annual Report 2020.

As the global effort to tackle climate change grows, Barclays Group is moving rapidly to take a leading role in contributing to the transition to a low-carbon economy. In March last year, Barclays Group set out our ambition to be a net zero bank by 2050. In November 2020, on the way to achieving that ambition, Barclays Group set out the methodology and targets that begin to align the emissions we finance with the Paris Climate Agreement. More information is set out in the Barclays Group ESG Report, with the Barclays Bank UK Group contributing to the overall Barclays Group climate change agenda. For further information, please see pages 39 to 43 in the Barclays PLC Annual Report.

Against the ambition to be a net zero bank by 2050, Barclays Group are already net zero in the context of our own emissions; our focus now is on reducing the client emissions that we finance. That starts with aligning our financing with the Paris Climate Agreement – the international treaty on climate change adopted in 2015.

Looking ahead, Barclays Group is optimistic about some of the additional opportunities the transition to a low carbon economy will present for Barclays, including through increased green and infrastructure finance capabilities. Gradual changes to the structure of our economy are likely to be accelerated by advances in sustainable technologies, which will require us to be able to support new industries, and help customers in impacted industries adapt.

Barclays Group have also committed to providing £100bn of green financing by 2030, to help accelerate the transition to a low-carbon economy. Green financing supports the transition by providing investment that is specifically focused on green activity, including for renewables, energy efficiency and sustainable transport. This includes specific products such as Green Loans and there is increasing demand for more innovative products, such as Sustainability Linked Loans.

In 2020, Barclays Group updated our Sustainable Finance Framework, which sets out our approach to classifying financing as sustainable, and references industry guidelines and principles. Barclays Group welcome and encourage greater global harmonisation in the way this financing is defined, and will be working with other financial institutions and stakeholders towards this goal.

Barclays Group also issued the second Barclays Green Bond in October 2020. Funds from the £400m bond are allocated to mortgages on energy efficient residential properties in England and Wales. More than half the funds raised will be allocated to refinance Barclays' Green Home Mortgage products, which are offered to customers at a discount provided their property meets certain energy efficiency thresholds.

For an overview of the Barclays Bank UK Group's approach to managing climate change risk, please refer to pages 44 to 45 in the climate change risk management section.

Strategic Report
Managing risk

The Barclays Bank UK Group is exposed to internal and external risks as part of our ongoing activities. These risks are managed as part of our business model.

Enterprise Risk Management Framework

Within the Barclays Bank UK Group, risks are identified and overseen through the Enterprise Risk Management Framework (ERMF), which supports the business in its aim to embed effective risk management and a strong risk management culture.

The ERMF governs the way in which the Barclays Bank UK Group identifies and manages its risks. The ERMF is approved by the Barclays PLC Board on recommendation of the Barclays Group Chief Risk Officer; it is then adopted by the Barclays Bank UK Group with minor modifications where needed.

The management of risk is embedded into each level of the business, with all colleagues being responsible for identifying and controlling risks.

Risk appetite

Risk appetite defines the level of risk we are prepared to accept across the different risk types, taking into consideration varying levels of financial and operational stress. Risk appetite is key for our decision making processes, including ongoing business planning and setting of strategy, new product approvals and business change initiatives.

The Barclays Bank UK Group may choose to adopt a lower risk appetite than allocated to it by the Barclays Group.

Three Lines of Defence

The first line of defence is comprised of the revenue generating and customer facing areas, along with all associated support functions, including Finance, Treasury, Human Resources and Operations and Technology. The first line identifies the risks, sets the controls and escalates risk events to the second line of defence.

The second line of defence is made up of Risk and Compliance and oversees the first line by setting the limits, rules and constraints on their operations, consistent with the risk appetite.

The third line of defence is comprised of Internal Audit, providing independent assurance over the effectiveness of governance, risk management and control over current, systemic and evolving risks.

Although the Legal function does not sit in any of the three lines, it works to support them all and plays a key role in overseeing Legal risk throughout the bank. The Legal function is also subject to oversight from the Risk and Compliance functions (second line) with respect to the management of operational and conduct risks.

Monitoring the risk profile

Together with a strong governance process, using Business and Barclays Group-level Risk Committees as well as Board level forums, the Barclays Bank UK PLC Board receives regular information in respect of the risk profile of the Barclays Bank UK Group. Information received includes measures of risk profile against risk appetite as well as identification of new and emerging risks.

During 2020, Barclays Group ran a range of scenario analyses to determine potential outcomes of the COVID-19 pandemic which informed management actions. One of the scenarios was a macroeconomic stress test which considered, amongst other factors, a no deal Brexit and a second wave of the COVID-19 pandemic in which scientific progress was limited to the extent that no vaccine was available throughout 2021. In addition, a Group-wide, exploratory stress test was performed against a severe but plausible climate scenario, testing vulnerability to disorderly transition risks and elevated physical risks. The aim of the tests was to identify key vulnerabilities that were most relevant and material to the Barclays Group business model and geographical footprint. We believe that our structure and governance supports us in managing risk in the changing economic, political and market environments.

	The ERMF defines eight principal risks[a]		How risks are managed
Financial principal risks	Credit risk	The risk of loss to the Barclays Bank UK Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the Barclays Bank UK Group, including the whole and timely payment of principal, interest, collateral and other receivables.	Credit risk teams identify, evaluate, sanction, limit and monitor various forms of credit exposure, individually and in aggregate.
	Treasury and Capital risk	Liquidity risk: The risk that the Barclays Bank UK Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets. Capital risk: The risk that the Barclays Bank UK Group has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This includes the risk from the Barclays Bank UK Group's pension plans. Interest rate risk in the Banking Book: The risk that the Barclays Bank UK Group is exposed to capital or income volatility because of a mismatch between the interest rate exposures of its (non-traded) assets and liabilities.	Treasury and capital risk is identified and managed by specialists in Capital Planning, Liquidity, Asset and Liability Management and Market risk. A range of approaches are used appropriate to the risk, such as; limits; plan monitoring; internal and external stress testing.
	Market risk	The risk of loss arising from potential adverse changes in the value of the Barclays Bank UK 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.	A range of complementary approaches to identify and evaluate market risk are used to capture exposure to Market risk. These are measured, controlled and monitored by Market risk specialists.
Non-Financial principal risks	Operational risk	The risk of loss to the Barclays Bank UK 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 comprises the following risks; data management and information, execution risk, financial reporting, fraud, payments processing, people, physical security, premises, prudential regulation, supplier, tax, technology and transaction operations. It is not always cost effective or possible to attempt to eliminate all Operational risks. Operational risk is managed across the businesses and functions through an internal control environment with a view to limiting the risk to acceptable residual levels.
	Model risk	The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.	Models are independently validated and approved prior to implementation and their performance is monitored on a continual basis.
	Conduct risk	The risk of detriment to customers, clients, market integrity, effective competition or the Barclays Bank UK Group from the inappropriate supply of financial services, including instances of willful or negligent misconduct.	The Compliance function sets the minimum standards required, and provides oversight to monitor that these risks are effectively managed and escalated where appropriate.
	Reputation risk	The risk that an action, transaction, investment or event, decision or business relationship will reduce trust in the Barclays Bank UK Group's integrity and/or competence.	Reputation risk is managed by embedding our purpose and values and maintaining a controlled culture within the Barclays Bank UK Group, with the objective of acting with integrity, enabling strong and trusted relationships with customers and clients, colleagues and broader society.
	Legal risk	The risk of loss or imposition of penalties, damages or fines from the failure of the Barclays Bank UK Group to meet its legal obligations including regulatory or contractual requirements.	The Legal function supports colleagues in identifying and managing Legal risks.

Note
a The ERMF defines eight principal risks. For further information on the how these principal risks apply specifically to Barclays Bank UK Group, please see pages 46 to 51.

Strategic Report
Performance measures

Financial performance measures

The performance of Barclays Bank UK PLC contributes to the Barclays Group, upon which the delivery of strategy is measured.

Income Statement

Barclays Bank UK Group results For the year ended 31 December	2020 £m	2019 £m
Total income	6,424	7,322
Credit impairment charges	(1,427)	(709)
Net operating income	4,997	6,613
Operating costs	(4,603)	(4,358)
Litigation and conduct	(43)	(1,586)
Total operating expenses	(4,646)	(5,944)
Profit on disposal of subsidiaries, associates and joint ventures	16	-
Profit before tax	367	669
Taxation	12	(513)
Profit after tax	379	156
Attributable to:		
Equity holders of the parent	199	3
Other equity instrument holders	180	153
Profit after tax	379	156

Income statement commentary

Profit before tax was £367m (2019: £669m). Barclays Bank UK PLC continued to support customers throughout the challenging operating environment, increasing lending by £14.1bn predominantly through BBLS and CBILS loans to small and medium-sized enterprises (SMEs), as well as delivering strong mortgage growth. Deposit growth of £34.8bn added to a strong liquidity position.

Total income decreased 12% to £6,424m, consisting of:

- Personal Banking income decreased 12% to £3,649m, reflecting deposit margin compression from lower interest rates, lower unsecured lending balances, and COVID-19 customer support actions, partially offset by balance growth in deposits and mortgages
- Barclaycard Consumer UK income decreased 23% to £1,528m as reduced borrowing and spend levels by customers resulted in a lower level of interest earning lending (IEL) balances, as well as lower debt sales
- Business Banking income decreased 4% to £1,308m due to deposit margin compression from lower interest rates, lower transactional fee volumes as a result of COVID-19, and related customer support actions, partially offset by lending and deposit balance growth from continued support for SMEs through £11.0bn of BBLS and CBILS loans
- This was partially offset by an expense of £61m in Head Office due to the impact of hedge accounting

Credit impairment charges increased to £1,427m (2019: £709m) due to the deterioration in economic outlook driven by the COVID-19 pandemic. The incremental current year charge includes £847m of non-default provision for expected future customer and client stress. As at 31 December 2020, 30 and 90 day arrears rates in UK cards were 1.7% (Q419: 1.7%) and 0.8% (Q419: 0.8%) respectively.

Operating costs increased 6% to £4,603m reflecting investment spend including structural cost actions, higher servicing and financial assistance costs, partially offset by efficiency savings.

Balance Sheet Information

The following assets and liabilities represent key balance sheet items for Barclays Bank UK Group:

As at 31 December	2020 £m	2019 £m
Assets		
Loans and advances at amortised cost	211,649	197,569
Financial assets at fair value through other comprehensive income	26,026	19,322
Cash and balances at central banks	35,218	24,305
Liabilities		
Deposits at amortised cost	240,535	205,696

Balance Sheet commentary

Loans and advances at amortised cost increased 7% to £211.6bn, predominantly from continued support for SMEs through £11.0bn of BBLS and CBILS lending, £5.1bn of mortgage growth following a strong flow of new applications as well as strong customer retention, partially offset by £6.6bn lower unsecured lending balances.

Strategic Report
Performance measures

Deposits at amortised cost increased 17% to £240.5bn reflecting an increase of £20.6bn and £14.3bn in Personal Banking and Business Banking respectively, further strengthening the liquidity position.

Cash at central banks increased 45% to £35.2bn and Financial assets at fair value through other comprehensive income increased 35% to £26.0bn, as a result of a larger liquidity pool, predominantly due to increased customer deposits.

Other metrics and capital[a]

As at 31 December	2020	2019
Common equity tier 1 (CET1) ratio	15.6%	13.5%
Total risk weighted assets (RWAs)	72.0bn	75.0bn
Average UK leverage ratio	5.6%	5.2%

Note
a Capital, RWAs and leverage are calculated applying the IFRS 9 transitional arrangements of the Capital Requirement Regulation (CRR) as amended by Capital Requirement Regulation II (CRR II).

Capital commentary

The Barclays Bank UK Group CET1 ratio as at 31 December 2020 was 15.6%, which is above regulatory capital minimum requirements.

RWAs decreased to £72.0bn (December 2019: £75.0bn) driven by lower unsecured lending balances, partially offset by growth in mortgages.

Non-financial performance measures

Barclays Bank UK PLC is part of the Barclays Group which uses a variety of quantitative and qualitative measures to track and assess holistic strategic delivery.

Barclays Bank UK PLC has addressed the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 through the disclosure contained in Barclays PLC Annual Report 2020 on pages 52 to 53.

Strategic Report
Our people and culture

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

Adapting to challenge

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

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

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

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

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

A continuous conversation with colleagues

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

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

We saw a 10 percentage point increase in the response rate to our annual Your View employee engagement survey with 72% of Barclays Bank UK PLC colleagues responding. The results showed an increase in Barclays Bank UK PLC engagement levels, up 5 percentage points to 81%, and an increase of 7 percentage points to 85% of colleagues saying they would recommend Barclays as a good place to work. We were also very pleased to see that our colleagues have continued their focus on customer and client feedback, with 84% of Barclays Bank UK PLC respondents responding favourably to this question. In addition, 96% of Barclays Bank UK PLC respondents said they believe they and their teams do a good job of role modelling the values every day, an increase of 3 percentage points.

Overall, we are encouraged by our ability to work remotely in many more roles than we had previously thought possible. Our colleagues told us that they enjoyed having more flexibility in their lives, with 82% of Barclays Bank UK PLC respondents saying they have been able to balance personal and work demands, and 71% saying there is effective collaboration between teams.

With that said, we recognise there are also areas where we need to do more. Colleague feedback indicates we have room to make our internal processes more user friendly, with only 62% of Barclays Bank UK PLC colleagues saying work processes make it easy for employees to be productive.

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

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

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

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

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

Our people and culture

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

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

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

Creating an inclusive and supportive culture

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

In 2020, we increased our focus on embedding a culture of inclusion and encouraged colleagues to become allies in the workplace. Through a new toolkit we supported them to take conscious, positive steps to make everyone feel that they belong, and develop empathy towards another group's challenges or issues. In our Your View survey, 80% of Barclays Bank UK PLC colleagues told us they believe we are all in this together.

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

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

Through our BeWell programme, we continue to provide expert advice and guidance on the practical steps colleagues can take to look after their physical and mental health. In 2020, our Mental Health Awareness e-learning became mandatory, and we regularly check-in with managers to ensure they are supporting colleagues' wellbeing. We were also one of the first businesses to sign up to the Mental Health at Work Commitment. In our Your View survey, 83% of Barclays Bank UK PLC colleagues told us that Barclays supports their efforts to enhance their wellbeing.

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

Engaging with our stakeholders

Section 172(1) statement

Having regard to our stakeholders in Board decision-making

The Directors have acted in the way that they considered, in good faith, would be most likely to promote the success of the company for the benefit of its member as a whole and this section forms our Section 172 disclosure, describing how, in doing so, the Directors considered the matters set out in section 172(1)(a) to (f) of the Companies Act 2006. The Directors also took into account the views and interests of a wider set of stakeholders, including regulators, the UK Government and non-governmental organisations.

Detail about Barclays Bank UK Group's key stakeholders, how management and/or the Directors engaged with them, the key issues raised and actions taken can be found on pages 16 to 17 of the Barclays PLC Annual Report 2020 which is incorporated by reference into this statement.

The Directors recognise that having a good understanding of the views and interests of the Barclays Bank UK Group's key stakeholders will help them to deliver the Barclays Bank UK Group's strategy in line with its purpose and to operate the business in a sustainable way. Consistent with its regulatory responsibilities, the Board also considers carefully the impact its decisions will have on the Barclays Bank UK Group's risk and control environment, and on customer outcomes. Considering a broad range of stakeholders and their relative interests is an important part of the way in which the Board makes decisions, although in having regard to those different perspectives it is not always possible to deliver everyone's desired result or necessarily achieve a positive outcome for all stakeholders.

How does the Board engage with stakeholders?

Depending on the decision in question, the relevance of each particular stakeholder group may differ, and equally the Board adopts a variety of methods of engagement with different stakeholder groups. The Board will sometimes engage directly with certain stakeholders on certain issues, but the number and distribution of the Barclays Bank UK Group's stakeholders and the size of the Barclays Bank UK Group overall means that stakeholder engagement often takes place at an operational level. In addition, to ensure a more efficient and effective approach, certain stakeholder engagement is led at Barclays Group level, in particular where matters are of Group-wide significance or have the potential to impact the reputation of the Barclays Group.

In addition to direct engagement with stakeholders by Board members, the Board regularly receives reports and considers and discusses information from across the organisation to help it understand the impact of the Barclays Bank UK Group's operations on, and the interests and views of, the Barclays Bank UK Group's key stakeholders. As a result of these activities and the information it receives, the Board has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

For more details on how the Board operates, and the way in which it reaches decisions, including the matters it discussed and debated during the year, please refer to page 17 to 26 of the Governance Report.

Engagement in action

The following, in the context of responding to the challenges arising from the COVID-19 pandemic, is an example of how the Directors have had regard to the matters set out in section 172 when discharging their duties, and the effect of those considerations in reaching certain decisions taken by them.

COVID-19

Throughout almost the entirety of 2020, as the pandemic unfurled, the primary focus of the company and the Board has been on (i) the operational and financial resilience of the bank to ensure the Barclays Bank UK Group has been able to maximise its support for the economy and society during a time of such challenge; (ii) supporting customers and clients to relieve financial pressure whilst at the same time working with the UK Government to deliver programmes to help businesses; and (iii) protecting the health and well-being of colleagues (the 'COVID-19 Priorities'). The Board and its Committees have demonstrated leadership and oversight during the pandemic, and this continues at the date of this report. This has seen the Board meet, whether in person (when permitted) or by video conference calls, significantly more frequently than in previous years, in order to devote the time needed to address the challenges which have arisen and to provide the necessary support to customers, clients, colleagues and society more broadly.

Between formal meetings, the Board has received regular updates on the implementation of the Barclays Bank UK Group's strategy, in particular in relation to the Barclays Bank UK Group's participation in UK Government schemes and its broader support for customers and clients, as well as its ongoing engagement with key stakeholders and the steps being taken to safeguard the health and well-being of customers and colleagues. Given the importance of Barclays Bank UK Group's response to the COVID-19 pandemic and its impact on stakeholders and the economy as a whole, in addition to the increased Board interaction and reporting referenced earlier, the Risk Committee, on behalf of the Board, met initially fortnightly from March until June 2020 and, since July, on approximately a monthly basis. The Committee reviewed and monitored material risk considerations and issues arising during the pandemic as well as acting as a point of escalation for management. Specifically, the Committee focused on the COVID-19 Priorities (referenced above). The Committee escalated to the Board any material risk matters and any business decisions made by management which might impact the reputation of the Barclays Bank UK Group. Close co-ordination between the Chair of the Board and the Barclays PLC Board has also ensured an ongoing dialogue has been maintained across the Barclays Group throughout the COVID-19 pandemic, resulting in a more coordinated response.

Engaging with our stakeholders

Set out below is a summary of some of the key decisions and actions the Barclays Bank UK Group has taken in response to the impact of the ongoing pandemic where the Board has had regard to the interests of, and impact on, affected stakeholders, including consideration of stakeholder engagement and feedback received.

Customers and clients	Continuing to support customers and clients has been a critical focus of the Board throughout the year. This has been reflected in a range of actions and decisions taken by the Board and management, including in its efforts to ensure a COVID-19 safe environment has been maintained for our customers and clients as well as our colleagues. This has been achieved through the provision of safe access to bank branches, putting in place a programme to achieve effective social distancing and a stringent cleaning routine. Balancing the needs of our customers and clients against their health and safety and that of our colleagues has been crucial and so, whilst such measures included notifying customers and clients of reduced opening times, we also sought to enhance our call centre facilities within the UK, in order to deal with increased call volumes resulting from the impact of the pandemic and the closure of operations in India, leading to a redeployment of technology to enable UK call centre staff to handle enquiries at home, as well as redeployment of some branch staff to bolster capacity. We also took steps to support vulnerable customers who were unable to visit a branch, and ensured that access to cash was maintained throughout the pandemic. In order to help relieve the financial pressure for customers and clients throughout these unprecedented times, the Board supported management in making appropriate adjustments to the Barclays Bank UK Group's strategy and policies. This has included decisions to assist the Barclays Bank UK Group's borrowers such as the implementation of payment holidays, the waiver of interest and fees on overdrafts and forbearance on late payments, as well as facilitating borrowing under the various UK Government loan schemes. The rationale for these changes has been to provide breathing space for customers; to appropriately reflect the impact of the pandemic on customers' income and circumstances in affordability calculations and credit decisions given the unprecedented uncertainty as a result of the pandemic. All of this has been achieved whist maintaining an appropriate risk and control environment. Through regular updates from the Risk Committee, Audit Committee and management, the Board has closely scrutinised the risk and control environment across the Barclays Bank UK Group, and ensured that the ongoing support for customers and clients during the pandemic has been achieved whilst continuing to adopt a robust approach to risk and control so as to maintain a strong capital position for the longer term. The Board has paid particularly keen attention to updates from management on various metrics and tools used to measure customer and client satisfaction and had been pleased to note that feedback on the Barclays Bank UK Group's support during 2020 has been positive. The Board and senior management will continue to monitor customer and client behaviours and preferences – whether arising from ongoing concerns over social distancing or from a change in customer and client banking patterns, or greater use of on-line services rather than branch or call centre facilities - and this information will help inform the Board's decisions on future strategy as it evolves to meet the long-term needs of our customers and clients.
Colleagues	The Board regards colleagues' wellbeing as being of paramount importance throughout the pandemic. Together with management, the Board has sought to support colleagues both financially (in terms of preservation of employment by minimising job losses), and by adapting working practices across the Barclays Bank UK Group to minimise the risk of spreading COVID-19, including through reduced branch opening times; deep cleaning of branches, call centres and offices; and the instigation of a widespread regime of remote working where possible. In early April 2020 the Barclays PLC Group Chairman, on behalf of the Barclays PLC Board, announced the launch of the Barclays Group's COVID-19 Community Aid Package totalling £100m and, in addition, colleagues across the Barclays Bank UK Group have also made a considerable contribution towards charitable giving during the year – much of this has been provided by way of personal donations and salary sacrifices. In this way colleagues have been able to support charities of their choice, local to their homes or places of work and which are working to support communities impacted by the COVID-19 pandemic. The Barclays PLC Board approved the Barclays Group making a £50m commitment to match-fund these colleague contributions. Colleague surveys have been conducted on a number of occasions throughout the year in order to maintain ongoing engagement and gather feedback, and reported to the Board. The Board has been pleased to note that the results of these surveys confirmed a high degree of satisfaction among colleagues with the measures being taken to ensure their wellbeing; and a strong sense of engagement through the matched funding for charities local to them and chosen by them as recipients of such funding. In addition to the colleague surveys and regular updates from management, members of the Board have continued to engage with colleagues in a variety of ways throughout the pandemic. These included holding virtual town halls, interactive video call sessions, virtual meetings with representatives of employee resource groups and visits to branches, where possible. Further details on colleague engagement is set out on pages 9 and 10 in the Strategic Report. The Board has also ensured that colleagues have been provided with the necessary tools to enable the shift to remote working, including by the provision of increased technological support, laptops and other home office equipment and human resources support. Recognising the additional pressures and challenges faced by colleagues as a result of the pandemic, the Board has overseen support initiatives including paid leave to support self-quarantine, sickness or care for dependents, financial help with childcare and support services and helplines for colleagues, to help protect physical and mental health and wellbeing. Further information is set out on pages 9 and 10 of the Strategic Report.

Engaging with our stakeholders

	In assessing the Barclays Bank UK Group's future strategy, the Board will take into account the lessons learnt during the pandemic and, in particular, will monitor changes in customer and client banking patterns and the ability of colleagues to provide services through remote working, in order to assess whether these changes could be adopted in the longer term so as to provide greater flexibility in terms of working practices for colleagues once the pandemic is over.
Society	From the outset of the pandemic, the Board has encouraged management to ensure that the Barclays Bank UK Group, as a key bank in the UK, strives to operate responsibly in supporting the wider community in dealing with the current unprecedented medical and economic crisis caused by COVID-19, and in preparing for recovery in its aftermath. In particular, the Board has focused on the need for the economy to be supported; and has taken a particularly keen interest in the regular updates provided by management as to the Barclays Bank UK Group's efforts in this regard. In addition, set out in the 'colleagues' section above and on page 43 of the Barclays PLC Annual Report 2020, are details of the COVID-19 Community Aid package launched by Barclays Group in April 2020. We have and continue to work with some of the UK's leading charities to bring immediate relief to vulnerable people and communities hardest hit by the social and economic hardship caused by the pandemic. We have also continued to engage with local communities throughout the pandemic, to understand their needs and develop alternative solutions to enhance the provision of our services where possible, including by working closely in communities across the UK to help them access and feel confident in using our digital services through our team of Barclays Digital Eagles. The Board is pleased to note that external feedback has been very positive in relation to the Barclays Bank UK Group's support of society both through the maintenance of its financial services and the delivery, as part of the Barclays Group, of the Community Aid Package. The Board is committed to develop its future strategy so as to continue this support and engagement with local communities and society more broadly through the remainder of the pandemic and its aftermath during 2021.
Investors	The Board is committed to achieving sustainable returns for our shareholder, Barclays PLC, and in turn its investors over the long-term. Taking into consideration the importance to our shareholder, and its investors more broadly, of the long-term security and soundness of the Barclays Bank UK Group and the preservation of its balance sheet, the Board encouraged management to ensure that lending decisions would continue to be taken prudently throughout the pandemic, notwithstanding the drive to provide increased support to our customers and clients. This has also been reflected in the Risk Committee monitoring closely any changes to relevant risk limits and financial products. In addition, in order to preserve capital for use in servicing Barclays Bank UK Group's customers and clients though the challenges imposed by COVID-19, the Board decided that, despite the short term impact on Barclays PLC, it was right and prudent not to pay an interim dividend to Barclays PLC in 2020. The Board is pleased to end the year with a strong capital position. The Board considers engagement with its shareholder as being critical to its understanding of the Barclays Group's strategy, and the Barclays Bank UK Group's role in it, and ultimately of Barclays PLC's investors' views. Such engagement is achieved in a variety of ways, including the Barclays PLC Group Chairman, Chief Executive and other Barclays Group Executive members attending, by invitation, certain Board meetings, to update on Barclays Group matters, as well as providing Board members with the opportunity to engage and ask questions to better understand the shareholder view and Barclays Group context. In addition, the Barclays Bank UK PLC Chair's position on the Barclays PLC Board ensures the views of the Barclays Bank UK Group are represented. This engagement model will continue in 2021 and beyond.

Crawford Gillies
Chair – Barclays Bank UK PLC
17 February 2021

Governance

Governance
Chair's introduction

I am very pleased to present our Governance Report for 2020. This is my first report, following my appointment as Non-Executive Director and Chair of the Board on 1 January 2021, subsequent to Sir Ian Cheshire stepping down from the Board on 31 December 2020.

On behalf of the Board, and as a member of the Barclays Board, I thank Sir Ian for his hard work and significant contribution to the Barclays Group over the last four years, notably in overseeing the successful set up of Barclays Bank UK PLC's (the 'Company') independent board and governance structure, as a ring-fenced bank. I am excited to have joined the Board and very much look forward to working with my Board colleagues and management in the months and years ahead. Sir Ian will remain on the Barclays Board until its Annual General Meeting ('AGM'), in May 2021, providing support, where required, to ensure my smooth transition into the role.

Response to the COVID-19 pandemic

This extraordinary year, and specifically the COVID-19 pandemic, has underlined the importance of the Company's purpose in everything we do and demonstrated the Barclays Group's continued commitment to customers and clients, our colleagues, society and Barclays' investors. As the pandemic unfurled, the Company's priorities, and in turn the Board's priorities, were clear with the need to focus on three things: (i) the operational and financial resilience of the bank to ensure we were able to maximise our support for the economy and society during a time of such challenge; (ii) supporting our customers and clients to relieve financial pressure whilst at the same time working with the UK Government to deliver programmes to help businesses; and (iii) protecting the health and well-being of our colleagues. The Board and its Committees have played a key role in overseeing delivery against these priorities.

The key highlights in respect of our response to the pandemic are included on page 3 of the Strategic Report and further detail on the support we have given to our stakeholders can be found in the section 172 statement on page 11 of the Strategic Report.

Purpose, values and culture

Reflecting on learnings from 2020, the Barclays Group has refreshed its purpose and values to ensure that it is relevant in today's world and operating environment. Barclays commitment now is to "deploy finance responsibly to support people and businesses, acting with empathy and integrity, championing innovation and sustainability, for the common good and the long term". The events of this year have reaffirmed the Board's view that a strong purpose and clear values are an essential foundation for delivery for all stakeholders. The Board will continue to play a key role in 2021 and beyond, in ensuring that behind the headline, this real sense of purpose is deeply embedded in the way the organisation takes decisions.

The Board has continued to focus on ensuring an inclusive and supportive culture is embedded into the organisation. This remains not only the right thing to do but a culture that creates a sense of belonging and value and enables colleagues to perform at their best, is good for our business. The events of 2020 prompted the Barclays Bank UK Group to appraise its culture, and details of this are on pages 9 to 10 of the Strategic Report. In respect of diversity, the Board has, and will continue to focus on the Company's Diversity and Inclusion ('D&I') agenda; key developments in the year included a refresh of the D&I Council and the development of a 2020 Inclusion Index, to ensure we truly measure how colleagues feel. For further detail on how the Board monitors the culture of the organisation, please see page 10 of the Strategic Report.

The Board has increased its focus on Sustainability and the Citizenship agenda. In respect of Sustainability, the Board fully supports the Barclays Group's strategic ambition to be a net zero bank by 2050 and to support its clients' transition to a low carbon economy. The Board will continue to engage on and oversee the Barclays Bank UK Group's commitments to achieve this ambition in the years ahead. Whilst the Board is reassured by the commitments made, there remains much to do in 2021 and beyond. Further detail on the UK initiatives in respect of both Sustainability and Citizenship can be found on page 4 and 10 of the Strategic Report and separately on pages 32 to 43 of the Barclays PLC Annual Report 2020.

Transformation

The value of the Barclays Group strategy as a British universal bank, and the benefits of diversification were demonstrated this year as the Barclays Group ended the year profitably with a strong capital and liquidity position. However, the COVID-19 pandemic and its economic consequences, as referenced in the Strategic Report, has brought the structural changes required in the UK retail banking market into sharper focus, leading to a need, and the opportunity, for transformation of the business. During the year, the Board has played, and will continue to play, a key role in overseeing the development of the transformation plan, designed to restore the Barclays Bank UK Group to a position of strong and sustained profitability (with the support of the Barclays Group) through further digitalisation and the delivery of improved propositions and services for consumers and small businesses. Further detail on the Barclays Bank UK Group's strategy can be found in the Strategic Priorities section on page 1 of the Strategic Report and the Board's role in development and oversight of execution of the strategy on page 18.

Risk and control

As referenced above, the Board, in conjunction with the Risk Committee, has played a key role in overseeing the actions taken by management, in response to the COVID-19 pandemic, to help our customers and ensure fair outcomes whilst protecting the financial resilience of the bank and the wellbeing of our colleagues, particularly those designated as key workers. In addition, the Board, in conjunction with the Risk Committee, continues to oversee the operational impact of the UK's departure from the European Union with a key area of focus in 2020 being the Barclays Bank UK Group's readiness for Brexit.

The Risk Committee has continued to review on a regular basis conduct risk matters, including oversight of execution of key customer remediation programmes, operational resilience (with fraud and scam risk heightened during the pandemic), and the effectiveness of risk management and

Chair's introduction

internal control systems. The Audit Committee, in addition to its usual matters, has spent considerable time on the control environment, in particular changes arising from remote working, as well as on topics including data usage and governance.

Governance matters

In respect of Board composition, in late 2020, in line with the Barclays Group's plans for orderly succession and ensuring that board composition addresses the ongoing needs of the Company, the Nominations Committee led a formal and transparent Chair succession process. This followed notification from Sir Ian of his plan to step down as Chair and from the Board of the Company at the end of 2020, due to being unable to accommodate the increased time commitment and tenure duration required to see through the transformation programme. Further detail on the Chair succession process is set out on page 21 of this report. This process culminated in the Nominations Committee's recommendation to the Board of my appointment; such appointment was approved (subject to regulatory approval), and became effective on 1 January 2021. There have been no other changes as regards Non-Executive Directors during the year.

We continue to believe an effective Board is a cohesive Board, which provides informed and constructive challenge to the management team. We continue to assess the effectiveness of the Board, via routine evaluations. An internal evaluation was undertaken in 2020, the conclusion of which was that the Board was operating effectively, and has done so specifically during the pandemic, with the Board priorities clarified in 2019, as referenced in last year's report, continuing to help to better inform and prioritise the Board agenda. We continue to focus on embedding and strengthening our governance arrangements.

Looking ahead

Notwithstanding the positive progress being made on the medical front, with a vaccination programme well underway, the impact of the COVID-19 pandemic will continue to be felt by the economy, our customers and our colleagues for some time to come. We will take the learnings of 2020 regarding the Company's strengths, values and resilience to not only support our stakeholders through this continued period of challenge but also to continue to innovate and leverage the new operating flexibility in delivery of the transformation plan.

Finally, I would like to thank all colleagues, many of whom are designated as key workers, for their extraordinary contribution in 2020 and for continuing to deliver for customers in exceptionally challenging circumstances, and management and my fellow Board colleagues for their significant commitment and hard work throughout 2020.

Crawford Gillies
Chair – Barclays Bank UK PLC
17 February 2021

Corporate Governance Statement

The Board

Welcome to our Board. The Directors who served during the year ended 31 December 2020 and up to the date of signing this report are set out in the table below, together with the composition of each of the Board's Committees.

	Board	Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee
Sir Ian Cheshire Chair of the Board (resigned 31 December 2020) Independent Non-Executive Director	C				C
Crawford Gillies* Chair of the Board (appointed 1 January 2021) Independent Non-Executive Director	C				C
Michael Jary Independent Non-Executive Director	M		M	C	M
Andrew Ratcliffe Independent Non-Executive Director	M	C	M		M
David Thorburn Independent Non-Executive Director	M	M	C		M
Avid Larizadeh Duggan Independent Non-Executive Director	M			M	M**
Kathryn Matthews Independent Non-Executive Director	M	M			
Chris Pilling Independent Non-Executive Director	M	M	M		
Sir John Timpson Independent Non-Executive Director	M			M	M
Matt Hammerstein Chief Executive	M				
James Mack Chief Financial Officer (appointed 3 February 2020)	M				
Rupert Fowden Chief Financial Officer (resigned 2 February 2020)	M				

C Chair of Board or Committee
M Member of Board or Committee
* Subject to regulatory approval from the Financial Conduct Authority and the Prudential Regulation Authority in relation to his position as both Chair and Chair of the Nominations Committee
** Since 11 September 2020

The Board has high standards of corporate governance and, as explained last year, we have chosen not to adopt and report against the 2018 UK Corporate Governance Code, as this is designed for premium listed companies. Whilst we fully supported the introduction of the Wates Corporate Governance Principles for Large Private Companies (in particular the focus on purpose, culture and employee and stakeholder engagement), we continue to feel they are less appropriate for a wholly-owned subsidiary of a premium listed company which is also a complex financial institution subject to a comprehensive regulatory regime. We have therefore continued to adopt our own corporate governance principles and arrangements which we believe are most appropriate for the Company, and are designed to ensure effective decision-making to promote the Company's success for the long term.

Our primary aim, as reported last year, is that our governance arrangements:

- are effective, in particular to ensure the safety and soundness of the ring-fenced bank
- provide checks and balances and encourage constructive challenge
- drive informed, collaborative and accountable decision-making
- create long-term sustainable value for our shareholder Barclays, the ultimate shareholders of Barclays and our wider stakeholders.

Below is a table setting out the governance principles which underpin our corporate governance arrangements. We have also explained how these principles have been applied during 2020 on pages 17 to 26. Certain additional information, signposted throughout this section, is available in the Strategic Report.

The Barclays Bank UK Group governance framework is set by Barclays and has been designed to facilitate the effective management of the Barclays Group. This includes the setting of Barclays Group policies in relation to matters such as Barclays' values, Barclays' Remuneration Policy and the Barclays' Charter of Expectations. Where appropriate, this Corporate Governance Statement makes reference to those Barclays Group policies which are relevant to the way in which the Company is governed.

Our corporate governance principles	
Principle One: Board Leadership and Company Purpose A successful company is led by an effective and entrepreneurial Board whose role is to establish the company's purpose, values and strategy, aligned to its culture, and make decisions to promote its success for the long term benefit of its shareholder, having regard to the interests of other relevant stakeholders and factors.	**Principle Two: Division of Responsibilities** An effective Board requires a clear division of responsibilities with the Chair leading the Board and being responsible for its overall effectiveness, and the executive leadership of the company's business being delegated to the Chief Executive. The Board should consist of an appropriate combination of executive and independent Non-Executive Directors each with a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision-making and independent challenge.

Corporate Governance Statement

Principle Three: Composition, Succession and Evaluation	Principle Four: Audit, Risk and Internal Control
A Board with the right balance of skills, experience and diversity is critical to the sustainable delivery of value to the company's shareholder and broader stakeholders. The size of the Board should be guided by the scale and complexity of the company and appointments should be based on merit and objective criteria and with a view to promoting diversity and subject to a formal, rigorous and transparent procedure which is underpinned by an effective succession plan for the Board and senior management. A successful Board is a cohesive Board that provides informed and constructive challenge to the management team and measures its effectiveness.	The Board should establish formal and transparent policies and procedures to: (i) identify the nature and extent of principal risks the company is willing to take in order to achieve its long-term strategic objectives; (ii) manage such risks effectively; (iii) oversee the internal control framework; (iv) promote the independence and effectiveness of Internal and External Audit functions; and (v) satisfy itself on the integrity of financial reporting.
Principle Five: Remuneration	**Principle Six: Stakeholder Relationships and Engagement**
The remuneration policies and practices should support strategy and promote long-term sustainable success, and be developed in accordance with formal and transparent procedures, ensuring no Director is involved in deciding their own remuneration outcome. Executive remuneration should be aligned to the company's purpose and values and the successful delivery of the strategy; with outcomes taking account of company and individual performance, and wider circumstances such as pay across the company's workforce and Barclays' Fair Pay agenda.	Directors should foster effective stakeholder relationships aligned to the company's purpose. The Board should recognise the importance of listening to, and understanding the views of its stakeholders, including the workforce, and specifically the impact of the company's behaviour and business on customers and clients, colleagues, suppliers, communities and society more broadly; having regard to these views and impact when taking decisions.

How we applied our corporate governance principles in 2020

Principle One: Board Leadership and Company Purpose

The Board

The Board is responsible for the overall leadership of the Company and is also responsible for setting the Company's strategic direction and creating and articulating a clear vision based on Barclays values; this ultimately ensures that the business is able to take decisions and operate independently, and is run in a way that promotes the long term success of the Company, creating and delivering sustainable value. A central role of the Board is the development and execution of a strategy for the Barclays Bank UK Group and the continued evolution of a robust corporate governance framework that embeds the right culture, values and behaviours throughout the Barclays Bank UK Group. This framework ensures that the business maintains an effective system of internal, financial, legal and regulatory controls designed to support the reputation of the business and mitigate financial and other risks. For further details on risk management and internal control, please see pages 23 to 25. As the Board of a ring-fenced entity, the Board must ensure the Company is managed to meet the obligations and objectives of the ring-fencing requirements, with independent decision-making where appropriate.

Purpose, strategy and culture

Given the impact of the global COVID-19 pandemic, the Company's purpose in supporting our customers and clients, colleagues, society and Barclays investors, has been of particular significance this year. Key highlights of the support given to our stakeholders are set out fully in the Strategic Report and summarised in the Chair's introduction.

Separately, as referenced in the Chair's introduction, reflecting on learnings from 2020, a truly extraordinary year, the Barclays Group has refreshed its purpose and values to ensure that they are relevant in today's world and operating environment. Key to building a sustainable bank is the need for Barclays Bank UK Group to continue to support customers and businesses, acting with empathy and integrity. The Board continues to believe that a strong purpose and values ensures delivery for all stakeholders. In this regard, a key area of focus for the Board in 2020 has been to continue to ensure an inclusive and supportive culture is embedded in the organisation to enable colleagues to make the right decision in any given situation. Specifically, the events of 2020 prompted the Barclays Group to reflect on its fight against racism, developing a Race to Work Action Plan, with clear executive ownership. This forms part of the Company's D&I agenda, for which the Board has exercised close oversight; receiving presentations directly from the D&I Council on progress made and those areas for continued focus. The development of a 2020 Inclusion Index (as referenced in the Strategic Report) has further supported the Board in assessing how colleagues truly feel.

The Board has continued to measure cultural progress via regular review of the Culture dashboard and oversight on colleague engagement via the 'Here to Listen' and 'Your View' surveys (undertaken with increased frequency during the pandemic). Further details can be found on pages 9 and 10 of the Strategic Report and separately on pages 32 to 37 of the Barclays PLC Annual Report 2020.

As set out in the Chair's introduction, COVID-19, and its economic consequences, has brought the structural changes required in the UK retail banking market into sharper focus; leading to a need and opportunity for transformation of the UK business. During the year, the Board has played, and will continue to play, a key role in overseeing the development of the transformation plan designed to restore the Barclays Bank UK Group to a position of strong and sustained profitability (with the support of the Barclays Group) through further digitalisation and the delivery of improved propositions and services for consumers and small businesses. The Board will monitor closely execution of the strategy in 2021 and beyond. Further detail on the Barclays Bank UK Group's strategy including its three strategic priorities can be found on page 1 of the Strategic Report and, as to the Board's role in development and oversight of execution of this strategy, on page 20.

Governance Report
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Board role, resources and commitment
The Board and its Committees have demonstrated leadership and oversight during the pandemic, and this continues as at the date of this report. Some of the key steps the Board has taken include an increased frequency of Board and, in particular, Risk Committee meetings (all held virtually), the introduction at the height of the pandemic of exception reporting, via weekly emails, to the Board on colleagues, customers, operational resilience, financial and other matters to aid their oversight responsibilities and support management in responding in a timely manner to a continually evolving environment. In addition to this, the Board has ensured consideration of all stakeholders in its decision making. Further detail on the Company's stakeholders and the steps taken in relation to our stakeholders is set out in the Strategic Report starting on page 11.

In the ordinary course, the Board is also responsible for ensuring that the necessary resources are in place to enable objectives to be met and that performance is measured against them. The Board receives regular and timely information on all key aspects of the business including financial performance, strategy, operational matters, risks, opportunities, customers and conduct matters, all supported by key performance indicators.

The Board maintains a formal schedule of powers reserved for it to ensure control over key decision-making. These include approval over key appointments, strategy, financial statements and any major acquisitions, mergers or disposals.

Expectations of each Director are set out in Barclays' Charter of Expectations. This includes role profiles and the behaviours and competencies required for each role on the Board, namely the Chair, Non-Executive Directors, Executive Directors and Committee Chairs. In accordance with the Charter of Expectations, Non-Executive Directors provide effective oversight and scrutiny, strategic guidance and constructive challenge whilst holding the Executive Directors to account against their agreed performance objectives.

Non-Executive Directors time commitment and conflict
Non-Executive Directors, including the Chair, are informed of the minimum time commitment required prior to their appointment and they are required to devote sufficient time to the Company to effectively discharge their responsibilities. A Non-Executive Director's preparation for, and attendance at, Board and Committee meetings is only part of their role. As stated above, COVID-19 led to a significant increase in Board and Committee engagement (including formal meetings attended by Non-Executive Directors) and a significant investment of additional time outside of these meetings by Non-Executive Directors to support management's response to the pandemic and ensure all business and operational matters were monitored in a timely fashion and remained within risk appetite. As one would expect at a time of crisis, our Non-Executive Directors went above and beyond their core role and responsibilities, providing leadership, crisis management expertise and experience, and challenge and support of management.

The time commitments of Directors are considered by the Board on appointment and are reviewed annually. External appointments must be agreed with the Chair and disclosed to the Board, before appointment, with an indication of the time involved. During the year the Nominations Committee kept under review the number of external directorships held by each Director and considered the limits on the number of directorships imposed by relevant regulations. Following this year's review, the Board is satisfied that there are no Directors whose time commitment is considered to be a matter for concern.

In accordance with the Companies Act 2006 (the 'Act') and the Articles of Association, the Board has authority to authorise conflicts of interest, and this ensures that the influence of third parties does not compromise or override the independent judgement of the Board. The Company Secretary maintains a conflicts register, which is a record of actual and potential conflicts, together with any Board authorisation of the conflict.

What the Board did in 2020
This year has been an extraordinary and challenging year in supporting our customers and clients, colleagues and communities through the health and economic impact of COVID-19 and overseeing the acceleration of the Barclays Bank UK Group's customer focused strategy to deliver a better and more digital bank for consumers and small businesses.

In respect of strategy, as referenced in the Chair's introduction, whilst the Board has been encouraged by the progress made there is more to be done in 2021 and beyond to ensure the Barclays Bank UK Group returns to a position of strong and sustained profitability.

The Board continued to monitor the ring-fence perimeter of the Barclays Bank UK Group to ensure ongoing compliance with the ring-fencing requirements.

During 2020, the principal activities of the Board included:

Strategy and operational matters
- Evolution and acceleration of the Barclays Bank UK Group's strategy in response to the structural changes required in the UK retail banking market and specifically the economic and operational consequences of COVID-19 and reviewing progress against the same
- Oversight of further changes to the organisational structure to support execution of the strategy and transformation plan
- Receiving updates on the market and operating environment (including the potential for negative interest rates), new developments in UK banking, the evolving regulatory landscape and the impact of FinTechs on market disruption and changing customer behaviours
- Endorsement of the Barclays Group purpose and values, refreshed to ensure relevance in today's world, and ensure continued delivery for all stakeholders going forward
- An increased focus on and receiving regular updates in respect of culture, workforce engagement and wellbeing (particularly in supporting colleagues needs during the pandemic)
- Oversight of commercial, financial, customer, operational, risk and regulatory matters, with regular updates from the Chief Executive and Executive Committee members and, as referenced earlier, increased reporting on operational matters at the height of the pandemic

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- In conjunction with the Risk Committee, oversight of the implementation of the initiatives required to relieve financial pressures of customers, ensuring appropriate customer outcomes and delivering the support programmes to businesses. This oversight extended to responding to operational challenges and ensuring operational capacity, particularly in financial assistance, to meet our customers' needs
- Oversight, in conjunction with the Risk Committee, of the Barclays Bank UK Group's readiness for the UK's departure from the European Union and execution of our strategy to ensure compliance with current requirements in European Economic Area (EEA) jurisdictions
- Receiving updates on key strategic projects, including those strengthening the customer's digital and integrated product experience; for example, the launch of the 'Plan and Invest' platform, a digitally delivered advice and investment offering for current account customers in the UK and the development of the digital journey for CBILS and BBLS clients
- Receiving updates on sustainability (including climate change agenda and initiatives).

Finance (including capital and liquidity)

- Discussed and approved the Barclays Bank UK Group's Medium Term Plan ('MTP'), in which strategy is embedded, together with related funding and capital plans for the Barclays Bank UK Group
- Oversight of the financial performance of the Barclays Bank UK Group and its main businesses through regular reports from the Chief Financial Officer
- On recommendation of the Audit Committee, approval of the Barclays Bank UK Group's full year and half year financial statements and approval and declaration of a 2019 full year dividend
- Approval, in the first quarter of 2020, on the recommendation of the Risk Committee, of the Internal Capital Adequacy Assessment Process ('ICAAP') and the Internal Liquidity Adequacy Assessment Process ('ILAAP'). The Risk Committee, pursuant to a delegation from the Board, approved refreshed versions of the ICAAP and ILAAP in the final quarter of 2020, to reflect the impact of COVID-19 on capital and liquidity requirements.

Governance, risk and regulatory matters

- Approval, on the recommendation of the Risk Committee, of the Company Risk Appetite Statement and oversight of risk parameters
- Oversight of key risk matters including themes and emerging risks, via a regular report and attendance at Board by the Chief Risk Officer
- Oversight of the Barclays Bank UK Group's operational and technology capacity, including updates on cyber risk and operational resilience
- Oversight of the extensive changes required operationally in response to COVID-19 for colleagues to adapt to remote working and/or adhere to social distancing requirements as well as the significant increase in operational demands in order to support customers and clients at a time of financial hardship
- Oversight of the services received from Barclays Execution Services Limited, the Barclays Group services company
- Oversight of Barclays Bank UK Group's internal controls framework, via regular updates from the Company's Chief Controls Officer
- On the recommendation of the Nominations Committee, approval of the new Chair appointment and separately appointment of a Non-Executive Director to a Board Committee
- Receiving regular updates from the Chairs of Board Committees, Chair of the Barclays Investment Solutions Limited Board and Chair of the Barclays Insurance Services Company Limited (the Company's material subsidiaries) on matters discussed at meetings
- In conjunction with the Nominations Committee, oversight of the 2020 Board, Committees and Non-Executive Director evaluation reviews.

During 2020 the Board regularly held deep dive and briefing sessions with management on key areas of strategic focus. Deep dives provide Directors with deeper insight and understanding of a subject matter to help drive better quality of debate and enhance knowledge. In 2020 topics included various business areas impacted directly or indirectly by COVID-19, emerging risks and regulatory trends, operational security, technology architecture, data and operational resilience, the Barclays Group's sustainability approach, the Company's relationship with Unite, components of the transformation plan (including customer strategy, colleague wellbeing and culture. There were a number of joint briefings held with the Risk Committee on pertinent topics, including capital risk appetite. More information can be found in the Risk Committee overview on pages 24 and 25. Additionally, deep dives are included on a typical Board meeting agenda, and in 2020, aligned with the 2019 approach, elements of the strategy were considered at every meeting, rather than at set times each year. The Board will continue to enhance its education and training proposition in 2021, including participation by the Non-Executive Directors in the Barclays bi-annual training deep dives.

Principle Two: Division of Responsibilities

There is a clear division of responsibilities between the Chair and Chief Executive. The Chair is responsible for leading the Board and its overall effectiveness, demonstrating objective judgement and promoting a culture of openness and constructive debate between all Directors. The Chair also facilitates constructive Board relations and the effective contribution of all Non-Executive Directors and ensures Directors receive accurate, clear and timely information. The duties of the Board are executed in part through Board Committees, which provide oversight and make recommendations on the matters delegated to them by the Board. The Chairs of each Board Committee provide a report on Committee business at each Board meeting, including the matters being recommended by a Committee for Board approval. Details on the principal Committees and their core responsibilities and activities in 2020 are set out in principles 3 to 5 on pages 21 to 26. Overall, the importance of Board committees has never been more pertinent given the onset of a global pandemic. The Risk Committee and Audit Committee have played a crucial role in helping to manage risk and maintain sound systems of internal control. Further detail on their role is set out under Principle Four: Audit Risk and Internal Control on pages 23 to 25. Responsibility for the day-to-day management of the Company is delegated to the Chief Executive who is supported by the Company's Executive Committee.

Executive and Non-Executive Directors share the same statutory duties and are subject to the same constraints. Appropriate information and support is provided to the Board to enable them to undertake their work with due care, ultimately to discharge their responsibilities.

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Executive Committee

Executive Committee membership includes the Chief Financial Officer, Chief Risk Officer, Chief Operations Officer, Heads of Customer, Channels and Product, Heads of Business Banking and Wealth and Investment Management, and the leaders of, Human Resources, Legal and Compliance. The Executive Committee meets weekly and is chaired by the Chief Executive. The Executive Committee supports the Chief Executive in ensuring that the values, strategy and culture align, and that those elements are implemented and communicated consistently to colleagues – for example through regular leadership team conferences, roadshows (both of which have operated virtually throughout the pandemic) and communications that are available to all colleagues – further details are set out on pages 9 to 10 of the Strategic Report. Policies and protocols are in place to support effective decision-making and independent challenge including: the Barclays Group's corporate governance manual setting out clearly how the Barclays Group entities and their respective Boards and Board Committees should interact, and the Barclays' Charter of Expectations, which sets out clearly the role and responsibilities of each Director.

Principle Three: Composition, Succession and Evaluation

We continue to consider the size and composition of the Board to be appropriate for a large UK retail bank. This assessment is supported by a skills matrix (refreshed annually) which helps us to continually review and assess the skills and experience we have on the Board to ensure the necessary knowledge and expertise to support and challenge management in its execution of our strategy. A good balance exists between Executive and independent Non-Executive Directors who bring independent challenge, a strong combination of technical, finance (including significant financial services experience), retail and audit skills and broader experience in culture, colleague engagement and technology. Overall, the majority of the Board are independent Non-Executive Directors and the independence of our Non-Executive Directors is considered annually, using the independence criteria set out in the ring-fencing requirements. The Chair meets privately with the Non-Executive Directors prior to each scheduled Board meeting and on other occasions to promote required independence.

The Board regularly reviews the leadership and succession needs of the business. These robust succession planning procedures help the Board to understand the depth and diversity of talent from the Board and Executive Committee down. As referenced in the Chair's introduction, in late 2020, in line with Barclays Group's plans for orderly succession and ensuring that board composition addresses the ongoing needs of the Barclays Bank UK Group, the Board, on the recommendation of the Nominations Committee, approved the appointment of Crawford Gillies as Chair of the Board and Chair of the Nominations Committee (subject to regulatory approval), such appointment taking effect on 1 January 2021. This followed Sir Ian Cheshire stepping down from the Board on 31 December 2020 due to being unable to accommodate the increased time commitment and duration required to see through the transformation programme. Sir Ian Cheshire is to remain on the Barclays Board until the AGM in May 2021 to help ensure a smooth Chair transition. Crawford Gillies' significant experience, knowledge and skills developed in a long career in business transformation and as a very experienced Non-Executive Director, together with his deep knowledge of the Barclays Group including the Barclays Bank UK Group (having served as a Non-Executive Director of Barclays since 2014) position him well for the Chair role.

Separately a number of changes were made to the Executive Committee during the year, further strengthening the leadership and capability to support the transformation and execution of the strategy against the backdrop of a challenging economic and operating environment. Board succession planning and talent and succession both at the Executive Committee level and one level down will remain a key focus for 2021 and beyond to ensure the appropriate breadth and depth of talent within the organisation.

Accountability is driven through routine evaluations of the Board and its Committees. The Board, in conjunction with the Nominations Committee, has during the year reviewed its progress against the recommendations arising from the external Board evaluation undertaken in 2019 and the internal Board Committee evaluation undertaken that year, and was pleased with the progress made. In 2020, an internal evaluation of the Board and Board Committees, led by the Chair at that time and the Company Secretary, together with the Non-Executive Director reviews (including the Chair) has been concluded, relating to 2020 activity. Review of the Board performance against the key Board priorities referenced in last year's Chair Introduction, has been a consideration in the 2020 internal evaluation exercise. Key findings are summarised on pages 22.

Nominations Committee

The Board has in place a Nominations Committee which comprises independent Non-Executive Directors (see page 17). Meetings are attended by the Chief Executive and the Human Resources Director, at the invitation of the Chair.

The principal role and responsibilities of the Committee are set out in its terms of reference and include:

- Skills and Diversity - to evaluate the balance of skills, knowledge, experience and diversity for the Board and more broadly across the senior management of the business
- Director Appointments - to identify, and recommend to the Board, candidates for appointment to the Board and its Committees
- Director Independence - to consider and assess the independence of the Non-Executive Directors, including recommendations for any steps to manage conflicts or potential conflicts of interest
- Board Performance - to assess the performance of the Non-Executive Directors and their annual time requirements
- Board Evaluation - to consider any actions, from the Company's Board evaluation process, that relate to the composition of the Board or Committees
- Board Development – to lead the development and effective implementation of policies and procedures for the induction, training and professional development of all members of the Board
- Talent - to oversee the adoption of internal policies and talent progression for senior management.

During 2020, the Committee's principal activities were:

- Review of the Board's composition, including skills and experience of Board members, time commitments and the independence of the Non-Executive Directors (excluding the Chair)
- Review of the Committee's own diversity resulting in a recommendation to appoint an additional Non-Executive Director to its membership to ensure a broader representation of views and perspectives
- On a bi-annual basis, review of the Company's talent and succession plans at Executive Committee and one level below
- Monitoring of the Board's progress against the Barclays Group Diversity Policy
- On behalf of the Board, review and monitoring of the Company's progress against its D&I agenda, including receiving a report from the D&I Council and review of the Race at Work action plan developed in response to the events in 2020 prompting Barclays and other organisations to challenge themselves to do more in the fight against racism
- Leading, on behalf of the Board, the Chair succession process, following notification from Sir Ian Cheshire of his plan to step down as Chair and from the Board at the end of 2020. As part of the robust process, the Committee approved: a description of the role and capabilities required for the position of Chair; the process regarding the recommendation and appointment of a new Chair (considering all options available for Chair succession); culminating in the recommendation to the Board of the appointment of Crawford Gillies
- Appointment of James Mack, Chief Financial Officer, who joined the Board, as reported in the Company's 2019 Annual Report and Accounts, as an Executive Director on the 3 February 2020
- Evolution of the organisational structure to support delivery of the strategy, including consequential changes to the Executive Committee
- Review of the results of the internal Board and Board Committee evaluation and Non-Executive Director reviews. The reviews concluded that the Board, its Committees and Non-Executive Directors are operating effectively and meeting their required responsibilities. Whilst significant progress has been made to enhance effectiveness, in particular around Board and Committee focus, to align with the Board priorities adopted in 2019, recommendations in respect of certain matters, including continued focus on the quality of Board and Committee papers are being progressed
- Oversaw the management of any Non-Executive Director conflicts of interest and the conflicts of interest management procedures.

Diversity and inclusion

All appointments to the Board and senior management are based on merit. Objective criteria are used to ensure that the Board has the necessary knowledge, skills and experience on it to be effective in the execution of strategy. Having said that, the Board recognises the importance of diversity amongst the Directors inclusive of, but not limited to, gender, ethnicity, geography and business experience. In addition, the Company aims to ensure that employees of all backgrounds are treated equally and have the opportunity to be successful. The Barclays Group's Global D&I initiative sets objectives, initiatives and plans across five core pillars: gender, LGBT+, disability, multicultural and multigenerational, in support of that ambition. Further information on the Barclays Group's Board Diversity Policy and D&I initiative can be found on pages 32 and 37 of the Barclays PLC Annual Report 2020, in the Barclays D&I Report (to be published on 18 February 2021) and on page 9 of the Strategic Report.

Within the Barclays Bank UK Group we strive to build a workforce that reflects the diversity of our customers and the communities we serve. We acknowledge that there continues to be a relative lack of gender diversity on the Board. As set out in our Barclays Group's Board Diversity Policy our ambition remains to achieve a target of 33% women on the Board and to improve diversity on the Board in other forms. Whilst we have not achieved this in 2020, we will continue to focus on diversity in succession and appointment considerations to ensure we bring the very best, diverse, talent that we can attract to the Board.

Training and induction

During 2020, Directors continued to ensure their skills, knowledge and familiarity with the Barclays Bank UK Group by meeting (albeit virtually for the majority of the year) with senior management and, despite the COVID-19 pandemic, certain Directors were still able to visit a number of branches and operational sites – further details are set out on pages 9 to 10 of the Strategic Report. In addition, Directors are regularly provided with the opportunity to take part in ongoing training and development and can also request specific training they may consider necessary or useful. During 2020 the Directors received training on legal and regulatory developments, including Whistleblowing, and the Senior Manager's Regime. Please see page 20 (Principle One) for details of the deep dive sessions and briefings held with management on key areas of strategy and risk matters, providing a deeper and more granular understanding of the business, which in turn contributes to informed and sound decision-making.

Due to COVID-19, whilst 2020 was a more challenging year for physical interaction, the Board managed to maintain a strong connection to the business and colleagues, supplemented by attending town halls and senior leadership gatherings (virtually) and virtual colleague sessions to, for example, better understand the impact of COVID-19 on our colleagues and customers and separately presentations were received from the Colleague Council and the D&I. Regular review of colleague engagement remains an important tool for the Board and management in ensuring they stay closely connected to the business, even at times when physical interaction is difficult. Further details are set out on pages 9 to 10 of the Strategic Report.

There is an induction programme for all new Directors which is tailored to their specific experience and knowledge, providing access to all parts of the business, so that the Directors have sufficient understanding of the nature of the business and the key issues the Barclays Bank UK Group faces. When a Director is joining a Board Committee, the programme includes a specific induction to the operation of that Committee.

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Principle Four: Audit, Risk and Internal Control

The Company is committed to operating within a strong system of internal control that enables business to be transacted and risk taken without exposure to unacceptable potential losses or reputational damage. The principal risks facing the Barclays Bank UK Group have been identified and robust processes are in place to evaluate and manage such risks including regular reporting to, and oversight by, the Risk Committee and the Board. A key component of the risk management framework is the Enterprise Risk Management Framework ('ERMF') which supports the business in its aim to embed effective risk management and a strong risk management culture. The ERMF is designed to identify and set minimum requirements, in respect of the main risks, to achieve the Barclays Bank UK Group strategic objectives and to provide reasonable assurance that internal controls are effective. Further detail on the principal risks and management of them can be found on page 6 of the Strategic Report.

The Board has overall responsibility for ensuring that management maintains an effective system of risk management and internal control and for assessing its effectiveness. Such a system is designed to identify, evaluate and manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Having said that, the effectiveness of the risk management and internal control systems is reviewed regularly by the Risk Committee and the Audit Committee. Details of the role, responsibilities and activities of each Committee is set out below.

The Board enhanced its reporting on risk matters during 2020, including on reputational risk matters, which previously sat within the remit of the Risk Committee, in order to ensure sufficient focus around strategic and emerging risks, including those arising from within the broader Barclays Group, which may impact the Company. Oversight of conduct risk and compliance remains within the remit of and close focus of the Risk Committee as detailed below.

Audit Committee

The Audit Committee comprises independent Non-Executive Directors (see page 17).

At the invitation of the Committee Chair, meetings are attended by management and others, including the Chief Executive, Chief Financial Officer, Chief Internal Auditor, Chief Risk Officer, Chief Compliance Officer, Chief Controls Officer, General Counsel, the Company's external auditor (KPMG) and where requested, Non-Executive Directors who are not members of the Audit Committee who wish to further their knowledge and understanding on audit matters. The Board together with the Audit Committee is responsible for ensuring the independence and effectiveness of the Internal and External Audit functions. For this reason, the Audit Committee members met regularly with the Chief Internal Auditor and External Audit Partner, separately, without management present.

Overall the Committee carries out several duties, delegated to it by the Board, including oversight of financial reporting processes, reviewing the effectiveness of internal controls, considering whistle-blowing arrangements and oversight of the work of the external and internal auditor. Throughout the year ended 31 December 2020 and to date, a comprehensive internal control framework has been in place within the Barclays Bank UK Group that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations. The Committee receives on a quarterly basis regular reports on the framework's operation (and its continued enhancements). This includes reports from Internal Audit and External Audit functions the Chief Controls Officer, as well as related plans and management actions to remediate control recommendations raised in those reports.

The principal role and responsibilities of the Committee are set out in its terms of reference and include:

- Financial Reporting - assessing the integrity of the Barclays Bank UK Group's financial statements and examining any significant reporting issues and judgements made
- Internal Controls - examining the operation and effectiveness of the Barclays Bank UK Group's system of internal controls
- Internal Audit - monitoring and examining the operation, effectiveness, independence and objectivity of the Internal Audit function
- Regulatory Reporting - reviewing arrangements established by management for compliance with regulatory and financial reporting, including compliance with the ring-fencing requirements
- External Audit - reviewing and monitoring the external auditor's independence, objectivity and effectiveness, including oversight of the regulatory developments within the delivery of audit services
- Whistleblowing - reviewing the integrity, independence and effectiveness of Barclays Bank UK Group's long standing policies and procedures on whistleblowing
- Material legal matters - oversight of significant contentious and non-contentious matters, together with current or emerging legal risks.

During 2020, the principal activities of the Committee were:

- Examination of the Barclays Bank UK Group's full year and half year financial statements and recommendation of their approval to the Board
- Examination of the Barclays Bank UK Group's Q1 and Q3 results for incorporation into Barclays' Q1 and Q3 financial statements
- Assessing the appropriateness of key management judgements, including consideration of material conduct and litigation provisions (including PPI redress and other material items) and accounting policy judgements (including impairment and recoverability of goodwill)
- Receiving reports from the General Counsel on litigation matters pertinent to accounting provisions
- Overseeing the external auditor's independence and objectivity and contributing to the Barclays Group auditor effectiveness exercise, including receiving findings from the Prudential Regulation Authority on written auditor reporting and the Financial Reporting Council from their Audit Quality Review
- Overseeing the performance of the Internal Audit function, including an internal quality assurance assessment and approving the refocused 2020 audit plan (to accommodate the impact of COVID-19) and the 2021 audit plan

- Receiving reports from management on certain areas of the business where Internal Audit reports had recommended improvements to existing controls for example Business Banking and Bereavement or on areas of new risks, for example data usage and governance
- In response to COVID-19, reviewing the controls in place to ensure colleagues can work from home effectively and from branches and other physical locations safely and in accordance with Government guidelines; overseeing how management are working to ensure colleague wellbeing and the control environment regarding future ways of working
- Monitoring management progress on the embedding of, and enhancements to, a bespoke Risk Control Self-Assessment framework
- Review and re-adoption of the refreshed Barclays Group specific policy on the provision of non-audit services by the statutory auditor
- Monitoring the whistleblowing programme including receiving regular whistleblowing metrics as they relate to the Barclays Bank UK Group and ensuring that the procedures for protection from detrimental treatment of staff who raise concerns continue to be effective
- Receiving updates on financial crime activity that impacted the Barclays Bank UK Group in 2020, including overseeing the Company's Money Laundering Reporting Officer's report
- Receiving the Company's Data Protection Officer's report for the first time, as this was previously provided to the Risk Committee
- Consideration of future internal control needs
- Reviewing the Committee's effectiveness.

Risk Committee

The Risk Committee comprises independent Non-Executive Directors (see page 17).

At the invitation of the Committee Chair, meetings are attended by management, including the Chief Executive, Chief Risk Officer, Chief Compliance Officer, Chief Financial Officer, General Counsel, Chief Internal Auditor and the Company's external auditor, and where requested, Non-Executive Directors who are not members of the Risk Committee who wish to further their knowledge and understanding on risk matters.

The Risk Committee is responsible for providing oversight and advice to the Board in relation to current and potential future risk exposures examining reports covering the principal risks including those that would threaten its business model, future performance, solvency or liquidity, as well as reports on risk measurement methodologies and risk appetite.

In response to the COVID-19 pandemic, the Risk Committee increased the frequency of meetings to ensure appropriate oversight of (i) the wellbeing of colleagues classified as key workers; (ii) capital and liquidity; (iii) management actions taken in response to the pandemic, with particular emphasis on relieving the financial pressure for customers; (iv) implementation of the Government support programmes for the benefit of business clients; (v) as well as operational challenges which may create additional conduct and operational risk. From March to June 2020 this was on a fortnightly basis, and since July, the Committee has met approximately monthly.

The principal role and responsibilities of the Committee are set out in its terms of reference and include:

- Risk Appetite and Risk Profile – reviewing and ensuring that the risks undertaken by the business are within the risk appetite of the Board
- Risk Limits – reviewing and adopting risk limits and mandates for financial and non-financial risk, monitoring the risk profile and receiving and considering reports on key risk issues (including emerging risks)
- Regulatory – reviewing and monitoring the Company's capital and liquidity position including considering both the existing and forecasted Company risk profile and the potential impact of stress
- Brexit – reviewing the potential impact on the Barclays Bank UK Group's customers and key risks to the business of the UK's decision to leave the European Union and the Barclays Bank UK Group's readiness for Brexit
- Internal Control and Risk Control – monitoring the Internal Control and Risk Control framework
- Credit risk – reviewing credit risk performance (including concentration of credit risk and expected credit losses)
- Conduct risk – reviewing the effectiveness of the management of conduct risk, seeking to ensure fair customer outcomes following the implementation of policies and reviewing the effectiveness of the conduct risk management framework, as it applies to the Company and its subsidiaries
- Risk culture – monitoring to ensure a robust risk culture (relating to risk awareness, risk taking and risk management)
- Ring fencing – reviewing the ring-fencing requirements (including attestation and ongoing compliance requirements).

During 2020, the principal activities of the Committee were:

- Recommending to the Board the adoption of a Risk Appetite Statement
- Reviewing regular financial and non-financial risk reporting on each of the principal risks (detailed on page 6) and reviewing emerging risks
- Adopting the 2020 limits and mandates and monitoring the risk profile in accordance with the same
- A review of the key risks and management actions taken in response to the COVID-19 pandemic. In particular, health and safety of key worker colleagues; customer outcomes in respect of secured and unsecured payment holidays and the UK Government loan schemes, CBILs and BBLS, (including associated fraud risk); capital and liquidity levels and sensitivities; access to the Term Funding Scheme with additional incentives for Small and Medium Enterprises; risk management under stress; operational capacity and resilience
- Reviewing conduct risk and overseeing the execution of conduct remediation programmes
- Monitoring compliance with key portfolio metrics, including the use of Chief Risk Officer discretion
- Reviewing data aggregation risk limitations in accordance with Basel regulations
- Oversight on risk resources and the independence of the Risk function

- Reviewing the risks associated with negative interest rates, including the Barclays Bank UK Group's operational readiness to implement should the Bank of England require it
- Reviewing and adopting the relevant Barclays Group Policies, including the ERMF and the associated framework Company addenda and the Conduct Risk Management Framework
- Reviewing the risks identified by the findings of internal audits
- Monitoring liquidity and capital levels and considering and recommending for Board approval the Company sections of the Barclays Group 2020 ICAAP and ILAAP. Further, reviewing and approving revised addendums to the 2020 ICAAP and ILAAP documents to reflect the stressed macro-economic environment as a result of COVID-19
- Reviewing and approving the Barclays Bank UK Group's stress testing scenarios and results, with particular thought and consideration to the macro economic variables impacted by COVID-19
- A review of the key risks associated with Brexit; implications for customers; and operational readiness for Brexit (including the strategy regarding EEA clients)
- A focused look at the Barclays Bank UK Group's business product review process, Mortgages portfolio, Financial Crime Operations and Model Risk
- Considering regular reports on the Barclays Bank UK Group's operational resilience (including an independent review to assess progress made as regards the maturity of the Barclays Bank UK Group's operational resilience capabilities)
- Reviewing the effectiveness of risk management and internal control systems
- Reviewing the Committee's effectiveness.

Principle Five: Remuneration

The Barclays Group's Remuneration Policy is set by the Barclays' Remuneration Committee. This policy is reviewed and adopted by the Company's independent Remuneration Committee. The policy ensures that remuneration is aligned to the Barclays Bank UK Group's strategy and risk management approach and designed to promote the long-term success of the Company.

The approach to executive and senior management remuneration is set by the Barclays Group's formal procedures on remuneration (these procedures ensure that no individual is involved in deciding their own remuneration). Additionally, remuneration is considered in relation to wider workforce remuneration policies and alignment of incentives and rewards with culture and performance is reviewed annually by the Barclays' Remuneration Committee.

The Company remains focused on improving its gender pay gap position. Barclays is due to publish its 2020 gender pay gap statistics on the Government's Gender Pay Gap reporting portal before the end of February 2021, and this includes the voluntary disclosure of Barclays' Ethnicity Pay Gap in the UK. For 2020, Barclays will also publish a Fair Pay report summarising its approach to pay fairness, and a separate D&I report explaining Barclays' D&I strategy and progress during 2020.

Remuneration Committee

The Committee comprises independent Non-Executive Directors (see page 17).

Meetings are attended by management, for the appropriate agenda items and at the invitation of the Committee Chair, including the Chief Executive, Chief Financial Officer, Chief Risk Officer, the Human Resources Director and the Head of Reward.

The principal role and responsibilities of the Committee are set out in its terms of reference and include:

- Remuneration Policy – to review, adopt and recommend for Board approval, the Barclays Group's Remuneration Policy (set by the Barclays' Remuneration Committee)
- Remuneration approach – to review and approve the remuneration approach developed for the Company which complies with the Barclays Group's remuneration policy thereby ensuring such policy is aligned with Barclays Bank UK Group strategy and risk management protocols and that incentives do not encourage risk taking, beyond the tolerated risk of the Company, or undermine its ability to comply with ring-fencing requirements
- Overall pay structure – to have oversight for overall pay and benefits across the Barclays Bank UK Group
- Incentive pay – to consider the annual incentive pool and individual remuneration proposals for senior colleagues and the assessment of incentives to be delivered to the wider workforce. This includes considering ex-ante (current and future) and ex-post (crystallised) risk adjustments to remuneration.

During 2020, the principal activities of the Committee were:

- Considering stakeholder, regulatory and legal updates and ensuring that incentives do not encourage risk taking
- Reviewing and approving, for recommendation to Barclays' Remuneration Committee where appropriate, the remuneration of Executive Directors and other senior employees
- Reviewing and approving the methodology, framework and proposals for the 2020 remuneration review including the incentive funding framework and incentive pool outcome
- Considering financial and risk performance updates (including appropriateness of risk adjustments to incentives)
- Receiving updates on Barclays Bank UK Group remuneration initiatives and developments
- Overseeing reward and recognition across the entire workforce to ensure alignment with our desired culture and behaviours
- Reviewing the Committee's effectiveness.

Principle Six: Stakeholder Relationships and Engagement

As set out under Principle One, the Company has a defined purpose and strategy and through this, key stakeholders on whom the success of the Company depends are identified by the Board. As a result of this process, the Board seeks to understand key stakeholder's views, and the impact of the Barclays Bank UK Group's behaviour and business on them. Details about Barclays Bank UK Group's key stakeholders, how management and/or the Directors engaged with them, the key issues raised and actions taken, can be found on pages 16 to 21 of the Barclays PLC Annual Report 2020.

The Board continues to monitor key indicators across areas such as culture, citizenship, conduct and customer satisfaction on a regular and ongoing basis and the Board also engaged throughout the year with broader stakeholders through participation in industry forums, debates and roundtables, particularly concerning the approach to the COVID-19 pandemic – this is expected to continue in 2021.

With the onset of COVID-19, 2020 was an extraordinary year and stakeholder engagement was an important part of everything we did as a business and the impact on our stakeholders of the decisions we made as a Board was a key consideration. Details on how we engaged with, and the support provided to, our key stakeholders, in response to COVID-19, and a summary of the key decisions and actions taken, is set out in the section 172 statement on pages 11 to 13 of the Strategic Report and is also summarised in the Chair introduction.

Our long-standing commitment to the importance and value of colleague and customer engagement continued throughout the year and will continue to be central to our strategy in 2021 and beyond - overall our customers, clients and colleagues are at the heart of everything we do. Details on how the Company has engaged with customers is set out on page 28 of the Directors' Report. The Board regularly monitors and has oversight over of the Barclays Bank UK Group Net Promoter Score (a key metric) – see page 3 of the Strategic Report for further information. In addition to the work already done, we continued to use an extensive engagement matrix to ensure sufficient and effective engagement with our colleagues and that the Board is made aware of views expressed. Further detail on our colleague commitment and engagement model can be found on pages 9 to 10 of the Strategic Report.

Governance

Directors' Report

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

Section 414A of the Companies Act 2006 (the 'Act') requires the Directors to present a Strategic Report in the Annual Report. The information can be found on pages 1 to 13.

The Company has addressed the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Act through the disclosure contained in the Barclays PLC Annual Report 2020 on pages 52 to 53. In addition, the Company has chosen, in accordance with section 414C(11) of the Act and as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be disclosed in this Directors' Report. Such information is incorporated by reference into this report.

The particulars of important events affecting the Company since the financial year end can be found in the notes to the financial statements. An indication of likely future developments may be found in the Strategic Report.

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

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Climate change	4
Governance Report	17 to 26
Performance measures	7 to 8
Managing risk	5 to 6
Principal Risks	6
Disclosures required pursuant to Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as updated by Companies (Miscellaneous Reporting) Regulations 2018 can be found on the following pages:	
Engagement with employees (Sch.7 Para 11 and 11A 2008/2018 Regs)	9 to 10
Policy concerning the employment of disabled persons (Sch.7 Para 10 2008 Regs)	10
Financial Instruments (Sch.7 Para 6 2008 Regs)	146 to 160
Hedge accounting policy (Sch.7 Para 6 2008 Regs)	147 to 148

Profits and dividends

The results of the Barclays Bank UK Group show statutory profit after tax of £379m (2019: £156m). The Barclays Bank UK Group had net assets of £17,027m at 31 December 2020 (2019: £16,513m).

The 2020 financial statements include £220m (2019: £1,050m) of dividend paid. This is the final dividend declared in relation to the prior year of £220m (2019: £700m) and half year dividends of £nil (2019: £350m). This results in a total dividend for the year of 44p (2019: 208p) per ordinary share. A dividend of £220m was paid on 25 March 2020 by the Company to its parent, Barclays. This was prior to the announcement made by the Prudential Regulation Authority on 31 March 2020 that capital be preserved for use in serving Barclays customers and clients through the extraordinary challenges presented by the COVID-19 pandemic. As part of a response to this announcement, Barclays took steps to provide additional capital of £220m to the Company in the form of a capital contribution. Further information can be found in Note 10 to the financial statements.

No full year 2020 dividend is to be paid to Barclays. More details are set out in Note 10 to the financial statements.

Share capital

There was no increase in ordinary share capital during the year. Barclays owns 100% of the issued ordinary shares. There are no restrictions on the transfer of ordinary shares or agreements between holders of ordinary shares known to the Company, which may result in restrictions on the transfer of ordinary shares or voting rights. Further information on the Company's share capital can be found in Note 26 to the financial statements.

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

The powers of the Directors are determined by the Act and the Company's Articles of Association. No shares were repurchased in 2020.

Directors

The list of current Directors of the Company can be found in the Governance Report on page 17. Changes to Directors during the year and up to the date of signing this report are set out below.

Name	Role	Effective date of appointment / resignation
Rupert Fowden	Executive Director	Resigned 2 February 2020
James Mack	Executive Director	Appointed 3 February 2020
Sir Ian Cheshire	Non-Executive Director and Chair	Resigned 31 December 2020
Crawford Gillies	Non-Executive Director and Chair	Appointed 1 January 2021

Directors' indemnities

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

Directors' Report

Political donations

The Barclays Bank UK Group did not give any money for political purposes in the UK, the rest of the EU or outside the EU, nor did it make any political donations to political parties or other political organisations, or to any independent election candidates, or incur any political expenditure during the year. Details of any political contributions made by the wider Barclays Group can be found in the Barclays PLC Annual Report 2020.

Environment

The Barclays Group focuses on addressing environmental issues where it is felt that there is the greatest potential to make a difference. As the global effort to tackle climate change grows, the Barclays Group is moving rapidly to take a leading role in contributing to the transition to a low-carbon economy. In March 2020, Barclays Group set out its ambition to be a net zero bank by 2050. Barclays Group is already net zero in the context of its own emissions; its focus now is on reducing the client emissions that Barclays Group finance. In November 2020, on the way to achieving that ambition, Barclays Group set out the methodology and targets that begin to align Barclays financing with the goals of the Paris Climate Agreement – the international treaty on climate change adopted in 2015. More information is set out in the Barclays Group ESG report, published alongside the Barclays PLC Annual Report 2020.

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

The Barclays Group invests in improving the energy efficiency of operations and offset the emissions remaining through the purchase of carbon credits. Barclays Group also has a long-standing commitment to managing the environmental and social risks associated with lending practices, which is embedded in risk management processes. A governance structure is in place to facilitate clear dialogue across the business and with suppliers around issues of potential environmental and social risk.

Disclosure of global greenhouse gas emissions is done at a Barclays Group level with information available in the Barclays PLC Annual Report 2020 with fuller disclosure available on our website at home.barclays.com/citizenship.

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

Customers and clients are at the heart of everything we do. The Barclays Bank UK Group is relentless in its commitment to act in their best interests and in understanding the needs of our customers and clients to inform and improve its products and services, and we engage regularly with them to help achieve that. In 2020, the Barclays Bank UK Group engaged with customers and clients in a wide variety of ways, including running regular surveys, analysing customer complaints, and drawing on data from millions of individual transactions and personal customer interactions. COVID-19 had a wide-ranging impact on our customers and clients, and it became clear that certain support measures and products would become more relevant. As an illustration, during 2020, in response to COVID-19, amongst other measures, the Barclays Bank UK Group facilitated for our customers: borrowing under the various UK Government loan schemes; implemented payment holidays; waived interest and fees on overdrafts; and gave forbearance on late payments. For further details, please see page 3 of the Strategic Report.

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

Further details on customer, client and supplier engagement is set out on pages 16 to 17 and pages 42 to 43 of the Barclays PLC Annual Report 2020.

Branches and Country-by-Country Reporting

The Barclays Bank UK Group operates in the UK.

The Company is exempt from publishing information required by The Capital Requirements (Country-by-Country Reporting) Regulations 2013 as this information is published by its parent Barclays. This information is due to be published on or around 18th February 2021 and will be available at home.barclays/annualreport.

Research and development

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

The Auditor

The Barclays Audit Committee reviews the appointment of the external auditor, as well as their relationship with the Barclays Group, including monitoring the Barclays Group's use of the external auditor for non-audit services and the balance of audit and non-audit fees paid to them. More details on this can be found in Note 34 to the financial statements. Detail of the oversight of the external auditor by the Company's Audit Committee is set out on page 23.

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

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

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

Directors' Report

Disclosure of information to the Auditor

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

Directors' responsibilities

The following statement, which should be read in conjunction with the auditor's report set out on pages 114 to 125, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditor in relation to the financial statements.

Going concern

In preparing the Barclays Bank UK Group's financial statements, the Directors are required to:

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

The Barclays Bank UK Group's business activities, financial position, capital, factors likely to affect its future development and performance and its objectives and policies in managing the financial risks to which it is exposed are discussed in the Strategic Report and Risk Management sections.

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

Preparation of accounts

The Directors are required by the Act to prepare Barclays Bank UK Group and Company accounts for each financial year, and, with regards to Barclays Bank UK Group accounts, in accordance with Article 4 of the International Accounting Standard ('IAS') Regulation. The Directors have prepared the Barclays Bank UK Group accounts and the Company accounts: (a) in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and (b) international financial reporting standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union. Under the Act, the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Barclays Bank UK Group and the Company and of their profit or loss for that period.

The Directors consider that, in preparing the financial statements on pages 124 to 183, the Barclays Bank UK Group and Company has used appropriate accounting policies, supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors are satisfied that the Annual Report and financial statements, taken as a whole, provide the information necessary for its shareholder to assess the Barclays Bank UK Group and Company's position and performance, business model and strategy.

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

Directors' responsibility statement

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

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

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

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

The Directors, whose names and functions are set out on page 17, confirm to the best of their knowledge that:

(a) The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
(b) The Strategic Report on pages 1 to 13 which is incorporated in the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board
Katie Marshall
Company Secretary
17 February 2021

Registered in England.
Company No. 9740322

Risk review
Content

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

Risk review
Content

Risk performance continued

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Treasury and capital risk – Liquidity: The risk that the Barclays Bank UK Group is unable to meet its contractual or contingent obligations or that it does not have the appropriate amount, tenor and composition of funding and liquidity to support its assets.	▪ Liquidity risk overview	93
	▪ Liquidity risk stress testing	93
	▪ Contractual maturity of financial assets and liabilities	94
Treasury and capital risk – Capital: The risk that the Barclays Bank UK 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 Barclays Bank UK Group's pension plans.	▪ Capital risk overview	100
Treasury and capital risk – Interest rate risk in the banking book: The risk that the Barclays Bank UK 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	102
	▪ Net interest income sensitivity	102
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	▪ Volatility of the fair value through other comprehensive income (FVOCI) portfolio in the liquidity pool	103
Market risk: The risk of a loss arising from potential adverse changes in the value of the Barclays Bank UK 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.	▪ Market risk overview and summary of performance	104
	▪ Review of management measures	104
Operational risk: The risk of loss to the Barclays Bank UK 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	105
	▪ Operational risk profile	105
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	107
Conduct risk: The risk of detriment to customers, clients, market integrity, effective competition or the Barclays from the inappropriate supply of financial services, including instances of willful or negligent misconduct.	▪ Conduct risk overview and summary of performance	107
Reputation risk: The risk that an action, transaction, investment, event, decision, or business relationship will reduce trust in the Barclays Bank UK Group's integrity and/or competence.	▪ Reputation risk overview and summary of performance	107
Legal risk: The risk of loss or imposition of penalties, damages or fines from the failure of the Barclays Bank UK Group to meet its legal obligations including regulatory or contractual requirements.	▪ Legal risk overview and summary of performance	107

Supervision and regulation

The Barclays Bank UK Group's operations are subject to a significant body of rules and regulations.	▪ Supervision of the Barclays Bank UK Group	109
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Risk management

The Barclays Bank UK Group's risk management strategy

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

Enterprise Risk Management Framework (ERMF)

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

The ERMF sets out:

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

The ERMF is complemented by frameworks, policies and standards that are mainly aligned to individual principal risks:

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

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

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

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

Principal risks

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

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

Risk appetite for the principal risks

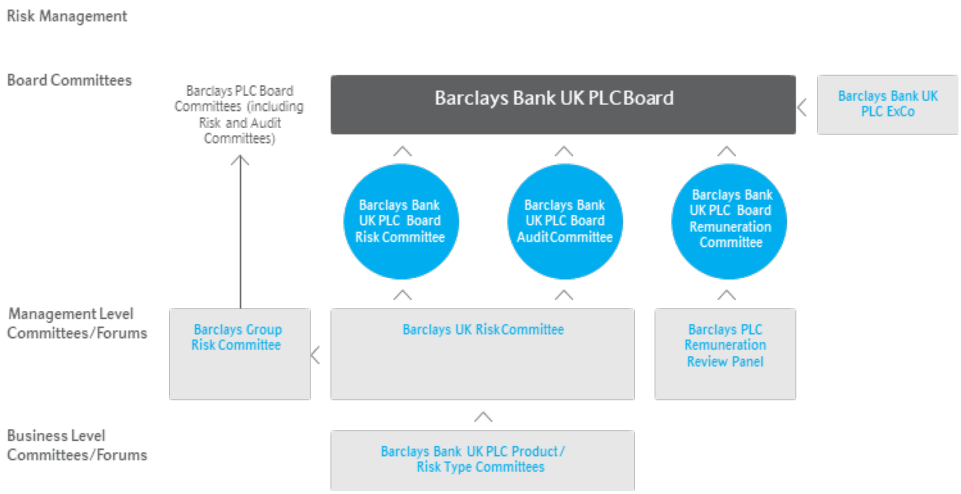
Risk appetite is defined as the level of risk which the Barclays Bank UK Group's businesses are prepared to accept in the conduct of their activities. It provides a basis for ongoing dialogue between management and Board with respect to the Barclays Bank UK Group's current and evolving risk profile, 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, including the Barclays Bank UK Group. The Barclays Bank UK Group may choose to adopt a lower risk appetite than allocated to it by the Barclays Group. Total Barclays Group risk appetite and its allocation to the Barclays Bank UK Group are supported by limits to control exposures and activities that have material concentration risk implications.

Risk committees

The Barclays Bank UK Group business level product/risk type committees consider risk matters relevant to their business, and escalate as required to the Barclays UK Risk Committee, whose Chairman, in turn, escalates to the Barclays Group Risk Committee, Barclays Bank UK PLC Board Committees and the Barclays Bank UK PLC Board.

Risk management



There are two Board-level forums which oversee the application of the ERMF and review and monitor risk across the Barclays Bank UK Group. These are: the Barclays Bank UK PLC Board Risk Committee and the Barclays Bank UK PLC Board Audit Committee. Additionally, the Barclays Bank UK PLC Board Remuneration Committee oversees pay practices focusing on aligning pay to sustainable performance. The Barclays Bank UK PLC Board receives regular information on the risk profile of the Barclays Bank UK Group.

- **The Barclays Bank UK PLC Board:** One of the Board's responsibilities is the approval of risk appetite allocated to Barclays Bank UK Group. Risk appetite is approved by the Barclays PLC Board and disseminated across legal entities, including the Barclays Bank UK Group. The Barclays Bank UK Group may choose to adopt a lower risk appetite than allocated to it by the Barclays Group. The Barclays Bank UK PLC Board is also responsible for the adoption of the ERMF.

- **The Barclays Bank UK PLC Board Risk Committee (BRC):** monitors the risk profile against the agreed appetite. Where actual performance differs from expectations, the actions taken by management are reviewed to ascertain that the Committee is comfortable with them. The BRC also reviews certain key risk methodologies, the effectiveness of risk management, and Barclays Bank UK 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 Barclays Bank UK Group CRO or senior risk managers in the business.

- **The Barclays Bank UK PLC Board Audit Committee (BAC):** receives regular reports on the effectiveness of internal control systems, on material control issues of significance and on accounting judgements (including impairment), and a quarterly review of the adequacy of impairment allowances, relative to the risk inherent in the portfolios, the business environment, and Barclays policies and methodologies.

- **The Barclays Bank UK PLC Board Remuneration Committee (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.

Barclays' risk culture

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

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

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

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

Our Code of Conduct – the Barclays Way

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

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

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

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

i) Risks relating to the impact of COVID-19

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

The COVID-19 pandemic has caused disruption to the Barclays Bank UK Group's customers, suppliers and staff. In the UK severe restrictions on the movement of people have been implemented by the UK, Scottish, Welsh and Northern Irish governments, with a resultant significant impact on economic activity. It remains unclear how the COVID-19 pandemic will evolve through 2021 (including whether there will be further waves of the COVID-19 pandemic, whether COVID-19 vaccines approved for use by regulatory authorities will be deployed successfully with desired results, whether further new strains of COVID-19 will emerge and whether, and in what manner, additional restrictions will be imposed and/or existing restrictions extended) and the Barclays Bank UK Group continues to monitor the situation closely. However, despite the COVID-19 contingency plans established by the Barclays Bank UK Group, the ability to conduct business may be adversely affected by disruptions to infrastructure, business processes and technology services, resulting from the unavailability of staff due to illness or the failure of third parties to supply services. This may cause significant customer detriment, costs to reimburse losses incurred by the Barclays Bank UK Group's customers, potential litigation costs (including regulatory fines, penalties and other sanctions), and reputational damage.

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

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

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

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

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

The Bank of England and UK Government actions and other support measures taken in response to the COVID-19 pandemic may also create restrictions in relation to capital. Restrictions imposed by the UK Government and/or the Prudential Regulation Authority may further limit management's flexibility in managing the business and taking action in relation to capital distributions and capital allocation.

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

ii) Business conditions, general economy and geopolitical issues

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

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

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

- Global GDP growth weakened sharply in the first half of 2020 as a result of the COVID-19 pandemic. Whilst a number of central banks and governments implemented financial stimulus packages to counter the economic impact of the pandemic, recovery has been slower than anticipated and concerns remain as to whether (a) there will be subsequent waves of the COVID-19 pandemic, (b) further financial stimulus will be required and/or (c) governments will be required to significantly increase taxation to fund these commitments. All of these factors could adversely affect economic growth, affect specific industries or affect the Barclays Bank UK Group's employees and business operations. See "i) Risks relating to the impact of COVID-19" above for further details.
- In the UK, the decision to leave the European Union (EU) may give rise to further economic and political consequences including for investment and market confidence in the UK and the remainder of EU. See "(iii)The UK's withdrawal from the European Union" below for further details.

iii) The UK's withdrawal from the European Union

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

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

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

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

Changes to the Bank of England base interest rate are significant for the Barclays Bank UK Group, especially given the uncertainty as to the direction of interest rates and the pace at which they may change.

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

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

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

v) Competition in the banking and financial services industry

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

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

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

vi) Regulatory change agenda and impact on business model

The Barclays Bank UK Group remains subject to ongoing significant levels of regulatory change and scrutiny. As a result, regulatory risk will remain a focus for senior management. Furthermore, a more intensive regulatory approach and enhanced requirements may adversely affect the Barclays Bank UK Group's business, capital and risk management strategies and/or may result in the Barclays Bank UK Group deciding to modify its legal entity, capital and funding structures and business mix, or to exit certain business activities altogether or not to expand in areas despite otherwise attractive potential.

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

- Changes in prudential requirements may impact minimum requirements for own funds and eligible liabilities (MREL) (including requirements for internal MREL), leverage, liquidity or funding requirements, applicable buffers and/or add-ons to such minimum requirements and risk weighted assets calculation methodologies all as may be set by international, EU or national authorities. Such or similar changes to prudential requirements or additional supervisory and prudential expectations, either individually or in aggregate, may result in, among other things, a need for further management actions to meet the changed requirements, such as:
  - increasing capital, MREL or liquidity resources, reducing leverage and risk weighted assets;
  - restricting distributions on capital instruments;
  - modifying the terms of outstanding capital instruments;
  - modifying legal entity structure (including with regard to issuance and deployment of capital, MREL and funding);
  - changing the Barclays Bank UK Group's business mix or exiting other businesses; and/or
  - undertaking other actions to strengthen the Barclays Bank UK Group's position.
- The Barclays Group is subject to supervisory stress testing of which Barclays Bank UK PLC forms a component part. These exercises currently include the programmes of the Bank of England (BoE) and the European Banking Authority (EBA). Failure to meet the requirements of regulatory stress tests, or the failure by regulators to approve the stress test results and capital plans of the Barclays Group, could result in the

Barclays Group or certain of its members including Barclays Bank UK PLC being required to enhance their capital position, limit capital distributions or position additional capital in specific subsidiaries.

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

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

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

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

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

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

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

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

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

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

The Barclays Bank UK Group predominantly offers products which reference central bank rates rather than LIBOR and other indices which are likely to be subject to reform. Consequently, the product offering and business model are unlikely to be significantly affected. Nevertheless, there are other ways the Barclays Bank UK Group could be affected.

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

- **Conduct risk:** in undertaking actions to transition away from using certain reference rates (such as LIBOR) to new alternative, risk-free rates, the Barclays Bank UK Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the Barclays Bank UK Group is considered to be (among other things) (i) undertaking market activities that are manipulative or create a false or misleading impression, (ii) misusing sensitive information or not identifying or appropriately managing or mitigating conflicts of interest, (iii) providing customers with inadequate advice, misleading information, unsuitable products or unacceptable service, (iv) not taking a consistent approach to remediation for customers in similar circumstances, (v) unduly delaying the communication and migration activities in relation to client exposure, leaving them insufficient time to prepare or (vi) colluding or inappropriately sharing information with competitors;
- **Financial risks:** the valuation of certain of the Barclays Bank UK Group's financial assets and liabilities may change. Moreover, transitioning to alternative "risk-free" reference rates may impact the ability of members of the Barclays Bank UK Group to calculate and model amounts

receivable by them on certain financial assets and determine the amounts payable on certain financial liabilities (such as debt securities issued by them) because currently alternative "risk-free" reference rates (such as the Sterling Overnight Index Average (SONIA) and the Secured Overnight Financing Rate (SOFR)) are look-back rates whereas term rates (such as LIBOR) allow borrowers to calculate at the start of any interest period exactly how much is payable at the end of such interest period. This may have an adverse effect on the Barclays Bank UK Group's cash flows;

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

Any of these factors may have an adverse effect on the Barclays Bank UK Group's business, results of operations, financial condition and prospects.

For further details on the impacts of benchmark interest rate reforms on the Barclays Bank UK Group, see Note 35.

Material existing and emerging risks impacting individual principal risks

i) Credit risk

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

a) Impairment

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

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

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

b) Specific sectors and concentrations

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

- **Consumer affordability** has remained a key area of focus, particularly in unsecured lending. Macroeconomic factors, such as rising unemployment, that impact a customer's ability to service debt payments could lead to increased arrears in both unsecured and secured products.
- **UK real estate market.** UK property represents a significant portion of the overall Barclays Bank UK Group retail credit exposure. In 2020, property prices fluctuated significantly. In the first half of 2020, the Barclays Bank Group's retail exposure experienced a suppressed UK real estate market due to the impact of the COVID-19 pandemic, whilst the second half of 2020 saw increased activity as financial support schemes and a temporary stamp duty cut took effect. However, there can be no assurance that the recovery in the UK real estate market will continue in 2021 especially as the longer term macro-economic effects of the COVID-19 pandemic are felt, financial support schemes are withdrawn, stamp duty cuts are reversed and growth across the UK has slowed, particularly in London and the South East where the Barclays Bank UK Group has a high exposure.

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

ii) Treasury and capital risk

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

a) Liquidity risk

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

- **The stability of the Barclays Bank UK Group's current funding profile:** In particular, that part which is based on accounts and deposits payable on demand or at short notice, could be affected by general UK economic conditions and the Barclays Bank UK Group failing to preserve the current level of customer and investor confidence in the financial services sector. The Barclays Bank UK Group benefits from the additional deposit stability generated as a result of the guarantees provided under the Financial Services Compensation Scheme but recognises that there is the potential for outflow of deposits or the reduction of the ability to access retail deposit funding on reasonable terms if the arrangement is altered or removed in future.

- In the interest of generating greater resilience to liquidity stress events and to benefit from diversified sources of funding, the Barclays Bank UK Group holds distinct relations with various counterparties with the intention of creating issuance capability for debt instruments which is independent of Barclays Group and to support its own funding requirements in addition to funding provided by the Barclays Group. Counterparties are likely however to incorporate an assessment of the health of the Barclays Group in addition to the Barclays Bank UK Group specifically when making investment decisions. As with all financial institutions arranging funding, several factors, including adverse macroeconomic conditions, adverse outcomes in conduct and legal, competition and regulatory matters and loss of confidence by investors, counterparties and/or customers in the Barclays Bank UK Group, can affect the ability of the Barclays Bank UK Group to access money or capital markets and/or the cost and other terms upon which the Barclays Bank UK Group is able to obtain market funding.

- **Credit rating changes and the impact on funding costs**: Rating agencies regularly review credit ratings given to Barclays Bank UK PLC. Credit ratings are based on a number of factors, including some which are not within the Barclays Bank UK Group's control (such as political and regulatory developments, changes in rating methodologies, macroeconomic conditions and the UK's sovereign credit rating).

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

b) Capital risk

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

- **Failure to meet prudential capital requirements:** This could lead to the Barclays Bank UK Group being unable to support some or all of its business activities, a failure to pass regulatory stress tests, increased cost of funding due to deterioration in investor appetite or credit ratings, restrictions on distributions including the ability to meet dividend targets, and/or the need to take additional measures to strengthen the Barclays Bank UK Group's capital or leverage position.
- **Adverse changes in FX rates impacting capital ratios:** The Barclays Bank UK Group share capital is denominated in Sterling. However, some capital resources and MREL are denominated in foreign currencies. Changes in foreign currency exchange rates may adversely impact the Sterling equivalent value of these items. As a result, the Barclays Bank UK Group's regulatory capital ratios are sensitive to foreign currency movements. Failure to appropriately manage the Barclays Bank UK Group's balance sheet to take account of foreign currency movements could result in an adverse impact on its regulatory capital.

c) Interest rate risk in the banking book

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

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

iii) Operational risk

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

a) Operational resilience

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

b) Cyber-attacks

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

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

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

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

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

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

c) New and emergent technology

Technology is fundamental to the Barclays Bank UK Group's business and the financial services industry. Technological advancements present opportunities to develop new and innovative ways of doing business across the Barclays Bank UK Group, with new solutions being developed both in-house and in association with third-party companies. For example, payment services are increasingly occurring electronically, both on the Barclays Bank UK Group's own systems and through other alternative systems, and becoming automated. Whilst increased use of electronic payment systems could significantly reduce the Barclays Bank UK Group's cost base, it may, conversely, reduce the commissions, fees and margins made by the Barclays Bank UK Group on these transactions which could have a material adverse effect on the Barclays Bank UK Group's business, results of operations, financial condition and prospects. Introducing new forms of technology, however, has the potential to increase inherent risk. Failure to evaluate, actively manage and closely monitor risk exposure during all phases of business development could introduce new vulnerabilities and security flaws and have a material adverse effect on the Barclays Bank UK Group's business, results of operations, financial condition and prospects.

d) External fraud

The nature of fraud is wide-ranging and continues to evolve, as criminals continually seek opportunities to target the Barclays Bank UK Group's business activities and exploit changes to customer behaviour and product and channel use (such as the increased use of digital products and enhanced online services) or exploit new products (such as loans provided under the UK Government's Bounce Back Loan Scheme and the Coronavirus Business Interruption Loan Scheme, which have been designed to support customers and clients during the COVID-19 pandemic). Fraud attacks can be very sophisticated and are often orchestrated by highly organised crime groups who use ever more sophisticated techniques to target customers and clients directly to obtain confidential or personal information that can be used to commit fraud. The UK market has also seen significant growth in "scams" where the Barclays Bank UK Group takes increased levels of liability as part of a voluntary code to provide additional safeguards to customers and clients who are tricked into making payments to fraudsters. The impact from fraud can lead to customer detriment, financial losses (including the reimbursement of losses incurred by customers) loss of business, missed business opportunities and reputational damage, all of which could have a material adverse impact on the Barclays Bank UK Group's business, results of operations, financial condition and prospects.

e) Data management and information protection

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

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

f) Processing error

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

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

g) Supplier exposure

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

h) Estimates and judgements relating to critical accounting policies and capital disclosures

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

i) Tax risk

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

j) Ability to hire and retain appropriately qualified employees

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

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

iv) Model risk

Model risk is the risk of potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports. The Barclays Bank UK Group relies on models to support a broad range of business and risk management activities, including informing business decisions and strategies, measuring and limiting risk, valuing exposures (including the calculation of impairment), conducting stress testing, assessing capital adequacy, supporting new business acceptance and risk and reward evaluation, managing client assets, and meeting reporting requirements. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs and/or misused. This may be exacerbated when dealing with unprecedented scenarios, such as the COVID-19 pandemic, due to the lack of reliable historical reference points and data. For instance, the quality of the data used in models across the Barclays Bank UK Group has a material impact on the accuracy and completeness of its risk and financial metrics. Model errors or misuse may result in (among other things) the Barclays Bank UK Group making inappropriate business decisions and/or inaccuracies or errors being identified in the Barclays Bank UK Group's risk management and regulatory reporting processes. This could result in significant financial loss, imposition of additional capital requirements, enhanced regulatory supervision and reputational damage, all of which could have a material adverse effect on the Barclays Bank UK Group's business, results of operations, financial condition and prospects.

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

v) Conduct risk

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

a) Employee misconduct

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

b) Customer engagement

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

c) Product design and review risk

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

d) Financial crime

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

e) Regulatory focus on culture and accountability

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

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

vi) Reputation risk

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

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

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

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

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

vii) Legal risk and legal, competition and regulatory matters

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

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

Details of legal, competition and regulatory matters to which the Barclays Bank UK Group is currently exposed are set out in Note 24. In addition to matters specifically described in Note 24, the Barclays Bank UK Group is engaged in various other legal proceedings which arise in the ordinary course of business. The Barclays Bank UK Group is also subject to requests for information, investigations and other reviews by regulators, governmental and other public bodies in connection with business activities in which the Barclays Bank UK Group is, or has been, engaged.

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

Climate change risk management

Overview

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

In 2020 Barclays implemented a Financial and Operational Risks of climate change plan built around three main pillars:

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

In 2020 as part of the Climate Internal Stress Test the effect of flood risk (physical risk) and changes in affordability due to policy actions (transition risk) were considered as part of climate risk analysis for the Barclays Bank UK Group mortgage portfolio.

In particular, a granular view of flood risks was developed in collaboration with an insurance specialist to further understand physical risks in the UK mortgage portfolio. A transition risk methodology was developed to assesses the impacts of tighter energy efficiency regulation and the resulting costs needed to upgrade properties to minimum standards. In addition, the agriculture sector was reviewed against heat wave impacts, linking business sector performance with regional rain fall.

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

Organisation and Structure

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

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

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

Risk management – Policy

Financial and Operational Risks:

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

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

Climate change risk management

Risk	Measurement approach
Credit Risk	Credit Risk Materiality Matrix (Climate Lens): assesses the climate change risk of wholesale counterparties to which the Group is exposed across elevated risk sectors. Scenario Analysis: a first-generation cashflow model has been developed to analyse how the entities' business performance varies according to climate change. It applies Physical and Transition Risk variables to corporate counterparty earning over a scenario horizon. Flood Risk: the impact of flooding on the Barclays Bank UK Group mortgage credit risk is based on house price expectations in locations that are at risk of increased flooding in the future due to climate change. These updated house prices are then incorporated within existing stress testing and planning models to estimate potential future credit losses and capital requirements. Heatwave impact: Region and Sector specific assessment made to understand the performance of agriculture businesses under a limited rainfall scenario. Resulting impact on sales and turnover for businesses in specific sectors and regions are then incorporated into the stress testing process. Sovereigns: a risk factor matrix, incorporating Physical, Transition and Connected risk factors, has been developed to assess a sovereign's ability and capacity to respond to climate-related challenges.
Market Risk	Stress tests are used to assess and aggregate exposures arising from climate related risks. Stress test scenarios are applied to a range of assets, reflecting the impact of climate change across sectors, countries and regions.
Treasury and Capital Risk	Exposures within the oversight of the Treasury and Capital Risk function are assessed and informed by analysis and stress testing for understanding of how they are impacted by climate change
Operational Risk	The Risks associated with Climate Change are relevant to the following Operational Risk Categories/Themes which are managed through the Operational Risk Framework: Resilience Risk Theme, which includes Barclays supply chain requirements, and Premises Risk. Climate Change has been included in the Strategic Risk Assessment to understand exposure on a forward looking basis across the five-year business planning cycle

Linking with ESG and Reputation Risk:

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

Credit risk management (audited)

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

Overview

The credit risk that the Barclays Bank UK Group faces arises from retail and wholesale loans and advances together with the counterparty credit risk arising from derivative contracts with market counterparties; trading activities, including: debt securities, settlement balances with market counterparties, FVOCI assets and reverse repurchase loans. Wholesale lending in the Barclays Bank UK Group includes Business Banking, Education, Social Housing and Local Authorities (ESHLA) and Wealth UK portfolios.

Credit risk management objectives are to:

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

Organisation, roles and responsibilities

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

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

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

For wholesale portfolios, credit risk managers are organised in sanctioning teams by client portfolio. In the 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 entrusted with the higher levels of delegated authority. The largest credit exposures require the support of the Barclays Bank UK PLC Senior Credit Officer. For exposures in excess of the Barclays Bank UK PLC Senior Credit Officer's authority, approval by the Barclays Bank UK PLC CRO is also required. Where exposures are also of Barclays Group level significance, the Barclays Group Credit Risk Committee, attended by the Barclays Bank UK PLC Senior Credit Officer, provides a formal mechanism for the Barclays Group Senior Credit Officer to exercise the highest level of credit authority.

Credit risk mitigation

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

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

Netting and set-off

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

Collateral

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

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

- **financial guarantees and similar off-balance sheet commitments:** cash collateral may be held against these arrangements.

Risk transfer
A range of instruments including guarantees 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.

Treasury and capital risk management

This comprises:

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

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

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

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

Liquidity risk management (audited)

Overview
The efficient management of liquidity is essential to the Barclays Bank UK 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 business as usual and stressed conditions. The framework is designed to maintain liquidity resources that are sufficient in amount, quality and funding tenor profile to support the liquidity risk appetite as expressed by the Barclays Bank UK 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. The Barclays Bank UK Treasury and Capital Risk function is responsible for the management and governance of the liquidity risk framework, consistently with Barclays PLC Group policies and framework and with Barclays Bank UK CRO mandates.

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 Barclays Bank UK Group's balance sheet and contingent liabilities. Limit setting and transfer pricing are tools that are designed to control the level of liquidity risk taken and drive the appropriate mix of funds. In addition, Barclays Group maintains a recovery plan which includes application to the Barclays Bank UK Group. Together, these tools reduce the likelihood that a liquidity stress event could lead to an inability to meet the Barclays Bank UK Group's obligations as they fall due.

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

Capital risk management (audited)

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

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

Capital risk management is underpinned by a control framework and policies. Capital plans reflect the capital management strategy and are implemented to deliver on the Barclays Bank UK Group's objectives, which are aligned to those of Barclays Group. The Barclays Bank UK Group-specific capital plans are developed in conformance with the Barclays Group control framework and policies for capital risk.

The Barclays Bank UK PLC Board approves the Barclays Bank UK Group capital plan, internal stress tests and results of regulatory stress tests. The Barclays Bank UK PLC Board also approves the recovery options documented in the Barclays Group recovery plan pertaining to the Barclays Bank UK Group. The Barclays Bank UK PLC ALCO is responsible for monitoring and managing capital risk in line with the Barclays Bank UK Group's capital management objectives, capital plan and risk frameworks. The Barclays UK Risk Committee monitors and reviews the capital risk profile and control environment, providing second line oversight of the management of capital risk. The Barclays Bank UK PLC Board Risk Committee reviews the risk profile, and annually reviews risk appetite and the impact of stress scenarios on the Barclays Bank UK Group capital plan/forecast in order to agree Barclays Bank UK Group's projected capital resources.

Management assures compliance with minimum regulatory capital requirements by reporting to the Barclays Bank UK PLC ALCO with oversight by the Barclays Group Treasury Committee, as required. In 2020, Barclays complied with all regulatory minimum capital requirements.

Pension risk

Barclays Bank UK PLC is a participating employer in the UK Retirement Fund (UKRF), whose assets and liabilities are currently held on the Barclays Bank PLC balance sheet. This participation is expected to cease in 2025. The nature of pension risk for Barclays Bank UK PLC is contingent, specifically on a Barclays Bank PLC default. Refer to Note 34 Staff Costs for further detail.

Interest rate risk in the banking book management (IRRBB)

Overview

Interest rate risk in the banking book is driven by customer deposit taking and lending activities, investments in the liquid asset portfolio and funding activities. As per the Barclays Bank UK Group's policy to remain within the defined risk appetite, hedging strategies are executed to mitigate the risks. However, the Barclays Bank UK 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 the Barclays Bank UK Group. This risk is often referred to by industry regulators as 'embedded option risk'.
- **investment risks in the liquid asset portfolio:** the risk that the fair value of assets held in the liquid asset portfolio and associated risk management portfolios could be adversely impacted by market volatility, creating volatility in capital directly.

Organisation, roles and responsibilities

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

In addition, the Barclays Bank UK 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.

Market risk management (audited)

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

Overview

Market Risk within the Barclays Bank UK Group arises from the risk management of the assets held within the liquidity pool. As a result, the market risk in the Barclays Bank UK Group is minimal. Transactions carrying market risk are executed by the Barclays Bank UK Group Treasury function.

Organisation, roles and responsibilities

The objectives of market risk management are to:

- understand and control market risk by robust measurement, limit setting, reporting and oversight
- control market risk within the allocated appetite.

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

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

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

The Barclays Bank UK Group Treasurer is accountable for all market risks associated with its activities, whilst the Barclays Bank UK Group CRO is the senior manager accountable for oversight of market risk, in line with the Barclays Group Framework.

Operational risk management

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

Overview

The management of operational risk has three key objectives:

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

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

Organisation, roles and responsibilities

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

Businesses and functions are required to report their operational risks on both a regular and an event-driven basis. The reports include a profile of the material risks that may threaten the achievement of their objectives and the effectiveness of key controls, operational risk events and a review of scenarios. Specific reports are prepared by the business and Barclays Bank UK Group Operational Risk on a regular basis for the Barclays UK Risk Committee, and the BRC

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

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

Operational risk categories

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

Risk themes

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

For definitions of the Barclays Bank UK Group's operational risk categories and risk themes, refer to page 117 of the Barclays Bank UK PLC Pillar 3 Report 2020.

Model risk management

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

Overview

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

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

Organisation, roles and responsibilities

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

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

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

The key model risk management activities include:

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

Conduct risk management

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

Overview

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

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

Organisation, roles and responsibilities

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

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

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

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

Reputation risk management

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

Overview

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

Organisation, roles and responsibilities

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

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

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

Legal risk management

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

Overview

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

Organisation, roles and responsibilities

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

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

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

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

Risk performance

Credit risk

Summary of Contents

Risk performance

Credit risk

All disclosures in this section (pages 53 to 91) are unaudited unless otherwise stated.

Overview

Credit risk represents a significant risk to the Barclays Bank UK Group and mainly arises from exposure to retail and wholesale loans and advances.

The impact of the COVID-19 pandemic has increased the level of judgement that management has been required to exercise over the course of 2020. Customer and client default rates have remained relatively stable despite the impact of the pandemic and volatile macroeconomic environment. In retail cards, credit profiles improved or were stable versus pre-pandemic levels as a result of government support measures and customer deleveraging. In wholesale, furlough and liquidity funding schemes are supporting businesses through the pandemic, with limited credit deterioration. This lack of deterioration, combined in some cases with improving economics, is leading to large scale credit loss stock releases on a modelled basis in pockets of the portfolio. Given this backdrop, management has applied COVID-19 specific adjustments to modelled outputs to ensure the full potential impacts of stress are provided for. These adjustments address the temporary nature of ongoing government support, the uncertainty in relation to the timing of stress and the degree to which economic consensus has yet captured the range of economic uncertainty, particularly in the UK. Refer to the Management adjustment to models for impairment section on page 70 for further details.

Further detail can be found in the Financial statements section in Note 7 Credit impairment charges. Descriptions of terminology can be found in the glossary, available at home.barclays/annualreport.

Summary of performance in the period

Credit impairment charges increased to £1,427m (FY19: £709m) due to the deterioration in economic outlook driven by the Covid-19 pandemic. This comprised Barclaycard Consumer UK charges of £881m, Personal Banking charges of £340m and Business Banking charges of £206m. The 30 and 90 day arrears rates in UK cards remained stable at 1.7% (Q419: 1.7%) and 0.8% (Q419: 0.8%) respectively.

Key metrics

Increase of £761m impairment allowance

Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements of the allowance in Barclays Bank UK Group increased by £761m to £3,442m (2019: £2,681m) during the year. This is driven by an increase in Credit cards, unsecured loans and retail lending £360m, Wholesale loans £159m and Home loans £19m and an increase in off- balance sheet provisions £223m. Please refer to pages 59 to 68. Expected Credit Loss Section for further details.

Please see the credit risk management section on pages 46 to 47 for details of governance, policies and procedures.

Analysis of the Balance Sheet

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

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

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

This and subsequent analyses of credit risk exclude other financial assets not subject to credit risk. For off-balance sheet exposures certain contingent liabilities not subject to credit risk such as performance guarantees are excluded.

The Barclays Bank UK Group mitigates the credit risk to which it is exposed through netting and set-off, collateral and risk transfer. Further detail on these forms of credit enhancement is presented on pages 46 to 47 of the credit risk management section.

Overview
As at 31 December 2020, the Barclays Bank UK Group's net exposure to credit risk, after taking into account credit risk mitigation, increased 11% to £159.0bn (2019: £143.6bn). Overall, the extent to which the Barclays Bank UK Group holds mitigation against its total exposure decreased to 54% (2019: 55%).

Of the unmitigated on balance sheet exposure, a significant portion relates to cash and balances at central banks, cash collateral and settlement balances and debt securities issued by governments all of which are considered to be lower risk. The increase in the Barclays Bank UK Group's net exposure to credit risk was mainly driven by increases in cash and balances at central banks, wholesale loans, and financial assets at fair value through other comprehensive income. Further analysis on the credit quality of assets is presented on pages 83 to 89.

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

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

Barclays Bank UK Group As at 31 December 2020	Maximum exposure £m	Netting and set-off £m	Cash collateral £m	Non-cash collateral £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	35,218	-	-	-	-	35,218
Cash collateral and settlement balances	4,345	-	-	-	-	4,345
Loans and advances at amortised cost:						
Home loans	148,454	-	(1)	(148,421)	-	32
Credit cards, unsecured loans and other retail lending	15,069	-	(140)	(367)	-	14,562
Wholesale loans	48,126	-	(12)	(13,364)	(19,544)	15,206
Total loans and advances at amortised cost	211,649	-	(153)	(162,152)	(19,544)	29,800
Of which credit-impaired (Stage 3):						
Home loans	*1,090*	-	*(1)*	*(1,089)*	-	-
Credit cards, unsecured loans and other retail lending	*313*	-	*(4)*	*(19)*	-	*290*
Wholesale loans	*1,188*	-	*(1)*	*(712)*	*(147)*	*328*
Total credit-impaired loans and advances at amortised cost	*2,591*	-	*(6)*	*(1,820)*	*(147)*	*618*
Reverse repurchase agreements and other similar secured lending	133	-	-	(133)	-	-
Trading portfolio assets:						
Debt securities	298	-	-	-	-	298
Total trading portfolio assets	298	-	-	-	-	298
Financial assets at fair value through the income statement						
Loans and advances	3,430	-	-	(1,857)	-	1,573
Other financial assets	2	-	-	-	-	2
Total financial assets at fair value through the income statement	3,432	-	-	(1,857)	-	1,575
Derivative financial instruments	550	(189)	(214)	(116)	-	31
Financial assets at fair value through other comprehensive income	26,026	-	-	-	(320)	25,706
Other assets	322	-	-	-	-	322
Total on-balance sheet	281,973	(189)	(367)	(164,258)	(19,864)	97,295
Off-balance sheet:						
Contingent liabilities	650	-	-	-	-	650
Loan commitments	65,910	-	(72)	(4,744)	(41)	61,053
Total off-balance sheet	66,560	-	(72)	(4,744)	(41)	61,703
Total	348,533	(189)	(439)	(169,002)	(19,905)	158,998

Off-balance sheet exposures are shown gross of provisions of £293m (2019: £70m). See Note 22 for further details.

Wholesale loans and advances at amortised cost include £11bn of BBLS and CBILS extended in 2020 and supported by UK government guarantees of £10.8bn, which are included within the Risk transfer column in the table.

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

Barclays Bank UK Group As at 31 December 2019	Maximum exposure £m	Netting and set-off £m	Cash collateral £m	Non-cash collateral £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	24,305	-	-	-	-	24,305
Cash collateral and settlement balances	4,331	-	-	-	-	4,331
Loans and advances at amortised cost:						
Home loans	143,492	-	-	(143,357)	(1)	134
Credit cards, unsecured loans and other retail lending	21,793	-	(82)	(530)	(2)	21,179
Wholesale loans	32,284	-	(2)	(14,066)	(7,521)	10,695
Total loans and advances at amortised cost	197,569	-	(84)	(157,953)	(7,524)	32,008
Of which credit-impaired (Stage 3):						
Home loans	*1,044*	-	-	*(1,036)*	-	*8*
Credit cards, unsecured loans and other retail lending	*416*	-	*(4)*	*(23)*	*(1)*	*388*
Wholesale loans	*1,032*	-	-	*(701)*	-	*331*
Total credit-impaired loans and advances at amortised cost	*2,492*	-	*(4)*	*(1,760)*	*(1)*	*727*
Reverse repurchase agreements and other similar secured lending	1,761	-	-	(1,761)	-	-
Trading portfolio assets:						
Debt securities	860	-	-	-	-	860
Total trading portfolio assets	860	-	-	-	-	860
Financial assets at fair value through the income statement						
Loans and advances	3,568	-	-	(1,789)	-	1,779
Other financial assets	3	-	-	-	-	3
Total financial assets at fair value through the income statement	3,571	-	-	(1,789)	-	1,782
Derivative financial instruments	192	(59)	-	(107)	-	26
Financial assets at fair value through other comprehensive income	19,322	-	-	-	(324)	18,998
Other assets	886	-	-	-	-	886
Total on-balance sheet	252,797	(59)	(84)	(161,610)	(7,848)	83,196
Off-balance sheet:						
Contingent liabilities	750	-	-	-	-	750
Loan commitments	64,309	-	(36)	(4,588)	(38)	59,647
Total off-balance sheet	65,059	-	(36)	(4,588)	(38)	60,397
Total	317,856	(59)	(120)	(166,198)	(7,886)	143,593

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

Barclays Bank UK PLC As at 31 December 2020	Maximum exposure £m	Netting and set-off £m	Cash collateral £m	Non-cash collateral £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	35,218	-	-	-	-	35,218
Cash collateral and settlement balances	4,345	-	-	-	-	4,345
Loans and advances at amortised cost:						
Home loans	148,454	-	(1)	(148,421)	-	32
Credit cards, unsecured loans and other retail lending	15,065	-	(140)	(367)	-	14,558
Wholesale loans	48,514	-	(12)	(13,364)	(19,544)	15,594
Total loans and advances at amortised cost	212,033	-	(153)	(162,152)	(19,544)	30,184
Of which credit-impaired (Stage 3):						
Home loans	*1,090*	-	*(1)*	*(1,089)*	-	-
Credit cards, unsecured loans and other retail lending	*309*	-	*(4)*	*(19)*	-	*286*
Wholesale loans	*1,188*	-	*(1)*	*(712)*	*(147)*	*328*
Total credit-impaired loans and advances at amortised cost	*2,587*	-	*(6)*	*(1,820)*	*(147)*	*614*
Reverse repurchase agreements and other similar secured lending	133	-	-	(133)	-	-
Trading portfolio assets:						
Debt securities	298	-	-	-	-	298
Total trading portfolio assets	298	-	-	-	-	298
Financial assets at fair value through the income statement						
Loans and advances	3,430	-	-	(1,857)	-	1,573
Other financial assets	2	-	-	-	-	2
Total financial assets at fair value through the income statement	3,432	-	-	(1,857)	-	1,575
Derivative financial instruments	550	(189)	(214)	-	-	147
Financial assets at fair value through other comprehensive income	26,026	-	-	-	(320)	25,706
Other assets	331	-	-	-	-	331
Total on-balance sheet	282,366	(189)	(367)	(164,142)	(19,864)	97,804
Off-balance sheet:						
Contingent liabilities	650	-	-	-	-	650
Loan commitments	65,995	-	(72)	(4,744)	(41)	61,138
Total off-balance sheet	66,645	-	(72)	(4,744)	(41)	61,788
Total	349,011	(189)	(439)	(168,886)	(19,905)	159,592

Off-balance sheet exposures are shown gross of provisions of £293m (2019: £70m). See Note 22 for further details.

Wholesale loans and advances at amortised cost include £11bn of BBLS and CBILS extended in 2020 and supported by UK government guarantees of £10.8bn, which are included within the Risk transfer column in the table.

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

Barclays Bank UK PLC As at 31 December 2019	Maximum exposure £m	Netting and set-off £m	Cash collateral £m	Non-cash collateral £m	Risk transfer £m	Net exposure £m
On-balance sheet:						
Cash and balances at central banks	24,305	-	-	-	-	24,305
Cash collateral and settlement balances	4,331	-	-	-	-	4,331
Loans and advances at amortised cost:						
Home loans	143,492	-	-	(143,357)	(1)	134
Credit cards, unsecured loans and other retail lending	21,787	-	(82)	(530)	(2)	21,173
Wholesale loans	32,681	-	(2)	(14,066)	(7,518)	11,095
Total loans and advances at amortised cost	197,960	-	(84)	(157,953)	(7,521)	32,402
Of which credit-impaired (Stage 3):						
Home loans	*1,044*	-	-	*(1,036)*	-	*8*
Credit cards, unsecured loans and other retail lending	*411*	-	*(4)*	*(23)*	*(1)*	*383*
Wholesale loans	*1,032*	-	-	*(701)*	-	*331*
Total credit-impaired loans and advances at amortised cost	*2,487*	-	*(4)*	*(1,760)*	*(1)*	*722*
Reverse repurchase agreements and other similar secured lending	1,761	-	-	(1,761)	-	-
Trading portfolio assets:						
Debt securities	860	-	-	-	-	860
Total trading portfolio assets	860	-	-	-	-	860
Financial assets at fair value through the income statement						
Loans and advances	3,568	-	-	(1,789)	-	1,779
Other financial assets	3	-	-	-	-	3
Total financial assets at fair value through the income statement	3,571	-	-	(1,789)	-	1,782
Derivative financial instruments	193	(59)	-	-	-	134
Financial assets at fair value through other comprehensive income	19,322	-	-	-	(324)	18,998
Other assets	870	-	-	-	-	870
Total on-balance sheet	253,173	(59)	(84)	(161,503)	(7,845)	83,682
Off-balance sheet:						
Contingent liabilities	750	-	-	-	-	750
Loan commitments	64,326	-	(36)	(4,588)	(38)	59,664
Total off-balance sheet	65,076	-	(36)	(4,588)	(38)	60,414
Total	318,249	(59)	(120)	(166,091)	(7,883)	144,096

Expected Credit Losses

Loans and advances at amortised cost by product

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

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

Barclays Bank UK Group (audited)

		Stage 2					
As at 31 December 2020	Stage 1	Not past due	<=30 days past due	>30 days past due	Total	Stage 3	Total[a]
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	129,012	15,890	1,732	789	18,411	1,135	148,558
Credit cards, unsecured loans and other retail lending	11,823	4,350	143	110	4,603	1,270	17,696
Wholesale loans	42,073	4,978	10	76	5,064	1,407	48,544
Total	182,908	25,218	1,885	975	28,078	3,812	214,798
Impairment allowance							
Home loans	27	17	7	8	32	45	104
Credit cards, unsecured loans and other retail lending	259	1,261	68	82	1,411	957	2,627
Wholesale loans	36	160	1	2	163	219	418
Total	322	1,438	76	92	1,606	1,221	3,149
Net exposure							
Home loans	128,985	15,873	1,725	781	18,379	1,090	148,454
Credit cards, unsecured loans and other retail lending	11,564	3,089	75	28	3,192	313	15,069
Wholesale loans	42,037	4,818	9	74	4,901	1,188	48,126
Total	182,586	23,780	1,809	883	26,472	2,591	211,649
Coverage ratio	%	%	%	%	%	%	%
Home loans	-	0.1	0.4	1.0	0.2	4.0	0.1
Credit cards, unsecured loans and other retail lending	2.2	29.0	47.6	74.5	30.7	75.4	14.8
Wholesale loans	0.1	3.2	10.0	2.6	3.2	15.6	0.9
Total	0.2	5.7	4.0	9.4	5.7	32.0	1.5
As at 31 December 2019							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	126,109	14,189	1,537	643	16,369	1,099	143,577
Credit cards, unsecured loans and other retail lending	16,471	5,953	192	164	6,309	1,280	24,060
Wholesale loans	28,430	2,885	20	12	2,917	1,196	32,543
Total	171,010	23,027	1,749	819	25,595	3,575	200,180
Impairment allowance							
Home loans	6	13	5	6	24	55	85
Credit cards, unsecured loans and other retail lending	180	1,074	60	89	1,223	864	2,267
Wholesale loans	27	65	1	2	68	164	259
Total	213	1,152	66	97	1,315	1,083	2,611
Net exposure							
Home loans	126,103	14,176	1,532	637	16,345	1,044	143,492
Credit cards, unsecured loans and other retail lending	16,291	4,879	132	75	5,086	416	21,793
Wholesale loans	28,403	2,820	19	10	2,849	1,032	32,284
Total	170,797	21,875	1,683	722	24,280	2,492	197,569
Coverage ratio	%	%	%	%	%	%	%
Home loans	-	0.1	0.3	0.9	0.1	5.0	0.1
Credit cards, unsecured loans and other retail lending	1.1	18.0	31.3	54.3	19.4	67.5	9.4
Wholesale loans	0.1	2.3	5.0	16.7	2.3	13.7	0.8
Total	0.1	5.0	3.8	11.8	5.1	30.3	1.3

Note
a Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £30.7bn (December 2019: £24.5bn) and an impairment allowance of £15m (December 2019: £3m). This comprises £4m (December 2019: £3m) on £30.1bn Stage 1 assets (December 2019: £24.5bn). £3m (December 2019: £nil) on £588m Stage 2 assets (December 2019: £nil) and £8m (December 2019: £nil) on £10m Stage 3 other assets (December 2019: £nil). Loan commitments and financial guarantee contracts have total ECL of £293m (December 2019: £70m).

Barclays Bank UK PLC (audited)

As at 31 December 2020	Stage 1	Stage 2 Not past due	Stage 2 <=30 days past due	Stage 2 >30 days past due	Stage 2 Total	Stage 3	Total[a]
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	129,012	15,890	1,732	789	18,411	1,135	148,558
Credit cards, unsecured loans and other retail lending	11,823	4,350	143	110	4,603	1,266	17,692
Wholesale loans	42,461	4,978	10	76	5,064	1,407	48,932
Total	183,296	25,218	1,885	975	28,078	3,808	215,182
Impairment allowance							
Home loans	27	17	7	8	32	45	104
Credit cards, unsecured loans and other retail lending	259	1,261	68	82	1,411	957	2,627
Wholesale loans	36	160	1	2	163	219	418
Total	322	1,438	76	92	1,606	1,221	3,149
Net exposure							
Home loans	128,985	15,873	1,725	781	18,379	1,090	148,454
Credit cards, unsecured loans and other retail lending	11,564	3,089	75	28	3,192	309	15,065
Wholesale loans	42,425	4,818	9	74	4,901	1,188	48,514
Total	182,974	23,780	1,809	883	26,472	2,587	212,033
Coverage ratio	%	%	%	%	%	%	%
Home loans	-	0.1	0.4	1.0	0.2	4.0	0.1
Credit cards, unsecured loans and other retail lending	2.2	29.0	47.6	74.5	30.7	75.6	14.8
Wholesale loans	0.1	3.2	10.0	2.6	3.2	15.6	0.9
Total	0.2	5.7	4.0	9.4	5.7	32.1	1.5

As at 31 December 2019							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	126,109	14,189	1,537	643	16,369	1,099	143,577
Credit cards, unsecured loans and other retail lending	16,470	5,953	192	164	6,309	1,275	24,054
Wholesale loans	28,827	2,885	20	12	2,917	1,196	32,940
Total	171,406	23,027	1,749	819	25,595	3,570	200,571
Impairment allowance							
Home loans	6	13	5	6	24	55	85
Credit cards, unsecured loans and other retail lending	180	1,074	60	89	1,223	864	2,267
Wholesale loans	27	65	1	2	68	164	259
Total	213	1,152	66	97	1,315	1,083	2,611
Net exposure							
Home loans	126,103	14,176	1,532	637	16,345	1,044	143,492
Credit cards, unsecured loans and other retail lending	16,290	4,879	132	75	5,086	411	21,787
Wholesale loans	28,800	2,820	19	10	2,849	1,032	32,681
Total	171,193	21,875	1,683	722	24,280	2,487	197,960
Coverage ratio	%	%	%	%	%	%	%
Home loans	-	0.1	0.3	0.9	0.1	5.0	0.1
Credit cards, unsecured loans and other retail lending	1.1	18.0	31.3	54.3	19.4	67.8	9.4
Wholesale loans	0.1	2.3	5.0	16.7	2.3	13.7	0.8
Total	0.1	5.0	3.8	11.8	5.1	30.3	1.3

Note
a Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £30.7bn (December 2019: £24.5bn) and an impairment allowance of £12m (December 2019: £3m). This comprises £3m (December 2019: £3m) on £30.1bn Stage 1 assets (December 2019: £24.5bn). £1m (December 2019: £nil) on £577m Stage 2 assets (December 2019: £nil) and £8m (December 2019: £nil) on £10m Stage 3 other assets (December 2019: £nil). Loan commitments and financial guarantee contracts have total ECL of £293m (December 2019: £70m).

Movement in gross exposure and impairment allowance including provisions for loan commitments and financial guarantees (audited)

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument including loan commitments and financial guarantees. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in note 7 on page 139. Transfers between stages in the tables have been reflected as if they had taken place at the beginning of the year. The movements are measured over a 12-month period.

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2020	126,109	6	16,369	24	1,099	55	143,577	85
Transfers from Stage 1 to Stage 2	(8,187)	(1)	8,187	1	-	-	-	-
Transfers from Stage 2 to Stage 1	4,414	6	(4,414)	(6)	-	-	-	-
Transfers to Stage 3	(151)	-	(368)	(3)	519	3	-	-
Transfers from Stage 3	19	1	163	1	(182)	(2)	-	-
Business activity in the year	21,355	6	714	2	3	-	22,072	8
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[b]	(6,329)	10	(778)	15	(91)	7	(7,198)	32
Final repayments	(8,218)	(1)	(1,462)	(2)	(209)	(14)	(9,889)	(17)
Write-offs[d]	-	-	-	-	(4)	(4)	(4)	(4)
As at 31 December 2020[e]	129,012	27	18,411	32	1,135	45	148,558	104
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	16,471	180	6,309	1,223	1,280	864	24,060	2,267
Transfers from Stage 1 to Stage 2	(2,421)	(42)	2,421	42	-	-	-	-
Transfers from Stage 2 to Stage 1	2,080	342	(2,080)	(342)	-	-	-	-
Transfers to Stage 3	(230)	(6)	(639)	(209)	869	215	-	-
Transfers from Stage 3	55	28	8	4	(63)	(32)	-	-
Business activity in the year	1,279	23	130	36	24	16	1,433	75
Changes to models used for calculation[a]	-	13	-	296	-	-	-	309
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[b]	(4,493)	(242)	(1,449)	374	(45)	602	(5,987)	734
Final repayments	(918)	(37)	(97)	(13)	(129)	(69)	(1,144)	(119)
Disposals[c]	-	-	-	-	(113)	(86)	(113)	(86)
Write-offs[d]	-	-	-	-	(553)	(553)	(553)	(553)
As at 31 December 2020[e]	11,823	259	4,603	1,411	1,270	957	17,696	2,627
Wholesale loans								
As at 1 January 2020	28,430	27	2,917	68	1,196	164	32,543	259
Transfers from Stage 1 to Stage 2	(2,317)	(4)	2,317	4	-	-	-	-
Transfers from Stage 2 to Stage 1	1,216	13	(1,216)	(13)	-	-	-	-
Transfers to Stage 3	(364)	(2)	(231)	(7)	595	9	-	-
Transfers from Stage 3	281	22	213	12	(494)	(34)	-	-
Business activity in the year	9,212	2	381	5	241	18	9,834	25
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[b]	10,355	(22)	787	95	(67)	112	11,075	185
Final repayments	(4,740)	-	(104)	(1)	(14)	-	(4,858)	(1)
Write-offs[d]	-	-	-	-	(50)	(50)	(50)	(50)
As at 31 December 2020[e]	42,073	36	5,064	163	1,407	219	48,544	418

Notes

a Changes to models used for calculation include a £309m adjustment which largely represents model remediation to correct for over recovery of debt in UK unsecured lending. Barclays continually reviews the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.

b Transfers and risk parameter changes has seen an ECL increase which is materially driven by stage migration in response to the macroeconomic scenario updates, partially offset by a net release in ECL of £0.6bn due to a reclassification of £2bn gross loans and advances from Stage 2 to Stage 1 in credit cards and unsecured loans. The reclassification followed a review of back-testing of results which indicated that origination probability of default characteristics were unnecessarily moving Stage 1 accounts into Stage 2.

c The £113m disposal reported within Credit cards, unsecured loans and other retail lending portfolio relates to debt sales undertaken during the year.

d In 2020, gross write-offs amounted to £607m (2019: £588m) and post write-off recoveries amounted to £31m (2019: £49m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £576m (2019: £539m).

e Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £30.7bn (31 December 2019: £24.5bn) in Stage 1 and an impairment allowance of £15m (31 December 2019: £3m). This comprises £4m (December 2019: £3m) on £30.1bn Stage 1 assets (December 2019: £24.5bn). £3m (December 2019: £nil) on £588m Stage 2 assets (December 2019: £nil) and £8m (December 2019: £nil) on £10m Stage 3 other assets (December 2019: £nil). Loan commitments and financial guarantee contracts have total ECL of £293m (December 2019: £70m).

Reconciliation of ECL movement to impairment charge/(release) for the year ended 31 December 2020	£m
Home loans	*23*
Credit cards, unsecured loans and other retail lending	*999*
Wholesale loans	*209*
ECL movement excluding assets derecognised due to disposals and write-offs	*1,231*
Recoveries and reimbursements	(31)
Exchange and other adjustments[a]	(6)
Impairment charge on loan commitments and financial guarantees	224
Impairment charge on other financial assets[b]	9
Income statement charge for the period	1,427

Notes
a Includes interest and fees in suspense.
b Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £30.7bn (31 December 2019: £24.5bn) in Stage 1 and an impairment allowance of £15m (31 December 2019: £3m). This comprises £4m (December 2019: £3m) on £30.1bn Stage 1 assets (December 2019: £24.5bn), £3m (December 2019: £nil) on £588m Stage 2 assets (December 2019: £nil) and £8m (December 2019: £nil) on £10m Stage 3 other assets (December 2019: £nil). Loan commitments and financial guarantee contracts have total ECL of £293m (December 2019: £70m).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK Group	Gross	ECL	Gross	ECL	Gross	ECL	Gross	ECL
	£m	£m	£m	£m	£m	£m	£m	£m
Home loans								
As at 1 January 2020	9,508	-	499	-	3	-	10,010	-
Net transfers between stages	(78)	-	74	-	4	-	-	-
Business activity in the year	7,862	-	-	-	-	-	7,862	-
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(5,332)	-	(27)	-	(6)	-	(5,365)	-
Limit management and final repayments	(223)	-	(33)	-	-	-	(256)	-
As at 31 December 2020	11,737	-	513	-	1	-	12,251	-
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	47,505	11	4,183	59	181	-	51,869	70
Net transfers between stages	(1,373)	36	1,143	(37)	230	1	-	-
Business activity in the year	580	-	30	3	-	-	610	3
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(2,140)	(29)	491	251	(117)	-	(1,766)	222
Limit management and final repayments	(433)	(2)	(20)	(1)	(98)	(1)	(551)	(4)
As at 31 December 2020	44,139	16	5,827	275	196	-	50,162	291
Wholesale loans								
As at 1 January 2020	2,738	-	395	-	47	-	3,180	-
Net transfers between stages	(276)	-	267	-	9	-	-	-
Business activity in the year	12	-	3	-	-	-	15	-
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	929	-	172	2	11	-	1,112	2
Limit management and final repayments	(153)	-	(7)	-	-	-	(160)	-
As at 31 December 2020	3,250	-	830	2	67	-	4,147	2

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2020	126,109	6	16,369	24	1,099	55	143,577	85
Transfers from Stage 1 to Stage 2	(8,187)	(1)	8,187	1	-	-	-	-
Transfers from Stage 2 to Stage 1	4,414	6	(4,414)	(6)	-	-	-	-
Transfers to Stage 3	(151)	-	(368)	(3)	519	3	-	-
Transfers from Stage 3	19	1	163	1	(182)	(2)	-	-
Business activity in the year	21,355	6	714	2	3	-	22,072	8
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[b]	(6,329)	10	(778)	15	(91)	7	(7,198)	32
Final repayments	(8,218)	(1)	(1,462)	(2)	(209)	(14)	(9,889)	(17)
Disposals[c]	-	-	-	-	-	-	-	-
Write-offs[d]	-	-	-	-	(4)	(4)	(4)	(4)
As at 31 December 2020[e]	129,012	27	18,411	32	1,135	45	148,558	104
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	16,470	180	6,309	1,223	1,275	864	24,054	2,267
Transfers from Stage 1 to Stage 2	(2,421)	(42)	2,421	42	-	-	-	-
Transfers from Stage 2 to Stage 1	2,080	342	(2,080)	(342)	-	-	-	-
Transfers to Stage 3	(230)	(6)	(639)	(209)	869	215	-	-
Transfers from Stage 3	55	28	8	4	(63)	(32)	-	-
Business activity in the year	1,279	23	130	36	24	16	1,433	75
Changes to models used for calculation[a]	-	13	-	296	-	-	-	309
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[b]	(4,492)	(242)	(1,449)	374	(44)	602	(5,985)	734
Final repayments	(918)	(37)	(97)	(13)	(129)	(69)	(1,144)	(119)
Disposals[c]	-	-	-	-	(113)	(86)	(113)	(86)
Write-offs[d]	-	-	-	-	(553)	(553)	(553)	(553)
As at 31 December 2020[e]	11,823	259	4,603	1,411	1,266	957	17,692	2,627
Wholesale loans								
As at 1 January 2020	28,827	27	2,917	68	1,196	164	32,940	259
Transfers from Stage 1 to Stage 2	(2,317)	(4)	2,317	4	-	-	-	-
Transfers from Stage 2 to Stage 1	1,216	13	(1,216)	(13)	-	-	-	-
Transfers to Stage 3	(364)	(1)	(231)	(7)	595	8	-	-
Transfers from Stage 3	281	22	213	12	(494)	(34)	-	-
Business activity in the year	9,212	2	381	5	241	18	9,834	25
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes[b]	10,346	(23)	787	95	(67)	113	11,066	185
Final repayments	(4,740)	-	(104)	(1)	(14)	-	(4,858)	(1)
Disposals[c]	-	-	-	-	-	-	-	-
Write-offs[d]	-	-	-	-	(50)	(50)	(50)	(50)
As at 31 December 2020[e]	42,461	36	5,064	163	1,407	219	48,932	418

Notes

a Changes to models used for calculation include a £309m adjustment which largely represents model remediation to correct for over recovery of debt in UK unsecured lending. Barclays continually reviews the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.

b Transfers and risk parameter changes has seen an ECL increase which is materially driven by stage migration in response to the macroeconomic scenario updates, partially offset by a net release in ECL of £0.6bn due to a reclassification of £2bn gross loans and advances from Stage 2 to Stage 1 in credit cards and unsecured loans. The reclassification followed a review of back-testing of results which indicated that origination probability of default characteristics were unnecessarily moving Stage 1 accounts into Stage 2.

c The £113m disposal reported within Credit cards, unsecured loans and other retail lending portfolio relates to debt sales undertaken during the year.

d In 2020, gross write-offs amounted to £607m (2019: £588m) and post write-off recoveries amounted to £31m (2019: £49m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £576m (2019: £539m).

e Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £30.7bn (December 2019: £24.5bn) and an impairment allowance of £12m (December 2019: £3m). This comprises £3m (December 2019: £3m) on £30.1bn Stage 1 assets (December 2019: £24.5bn), £1m (December 2019: £nil) on £577m Stage 2 assets (December 2019: £nil) and £8m (December 2019: £nil) on £10m Stage 3 other assets (December 2019: £nil). Loan commitments and financial guarantee contracts have total ECL of £293m (December 2019: £70m).

Reconciliation of ECL movement to impairment charge/(release) for the year ended 31 December 2020	£m
Home loans	*23*
Credit cards, unsecured loans and other retail lending	*999*
Wholesale loans	*209*
ECL movement excluding assets derecognised due to disposals and write-offs	*1,231*
Recoveries and reimbursements	(31)
Exchange and other adjustments[a]	(13)
Impairment charge on loan commitments and financial guarantees	224
Impairment charge on other financial assets[b]	10
Income statement charge for the period	1,421

Notes
a Includes interest and fees in suspense.
b Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £30.7bn (December 2019: £24.5bn) and an impairment allowance of £12m (December 2019: £3m). This comprises £3m (December 2019: £3m) on £30.1bn Stage 1 assets (December 2019: £24.5bn), £1m (December 2019: £nil) on £577m Stage 2 assets (December 2019: £nil) and £8m (December 2019: £nil) on £10m Stage 3 other assets (December 2019: £nil). Loan commitments and financial guarantee contracts have total ECL of £293m (December 2019: £70m).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2020	9,508	-	499	-	3	-	10,010	-
Net transfers between stages	(78)	-	74	-	4	-	-	-
Business activity in the year	7,862	-	-	-	-	-	7,862	-
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(5,332)	-	(27)	-	(6)	-	(5,365)	-
Limit management and final repayments	(223)	-	(33)	-	-	-	(256)	-
As at 31 December 2020	11,737	-	513	-	1	-	12,251	-
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	47,505	11	4,183	59	181	-	51,869	70
Net transfers between stages	(1,373)	36	1,143	(37)	230	1	-	-
Business activity in the year	580	-	30	3	-	-	610	3
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(2,140)	(29)	491	251	(117)	-	(1,766)	222
Limit management and final repayments	(433)	(2)	(20)	(1)	(98)	(1)	(551)	(4)
As at 31 December 2020	44,139	16	5,827	275	196	-	50,162	291
Wholesale loans								
As at 1 January 2020	2,755	-	395	-	47	-	3,197	-
Net transfers between stages	(276)	-	267	-	9	-	-	-
Business activity in the year	97	-	3	-	-	-	100	-
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	912	-	172	2	11	-	1,095	2
Limit management and final repayments	(153)	-	(7)	-	-	-	(160)	-
As at 31 December 2020	3,335	-	830	2	67	-	4,232	2

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2019	118,580	5	17,346	35	1,282	44	137,208	84
Transfers from Stage 1 to Stage 2	(8,731)	-	8,731	-	-	-	-	-
Transfers from Stage 2 to Stage 1	7,698	17	(7,698)	(17)	-	-	-	-
Transfers to Stage 3	(96)	-	(416)	(3)	512	3	-	-
Transfers from Stage 3	30	2	225	1	(255)	(3)	-	-
Business activity in the year	24,150	2	734	2	3	-	24,887	4
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(6,136)	(19)	(787)	9	(143)	25	(7,066)	15
Final repayments	(9,386)	(1)	(1,766)	(3)	(295)	(9)	(11,447)	(13)
Write-offs[c]	-	-	-	-	(5)	(5)	(5)	(5)
As at 31 December 2019[d]	126,109	6	16,369	24	1,099	55	143,577	85
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	16,223	172	7,303	1,332	1,682	1,078	25,208	2,582
Transfers from Stage 1 to Stage 2	(1,993)	(31)	1,993	31	-	-	-	-
Transfers from Stage 2 to Stage 1	2,387	388	(2,387)	(388)	-	-	-	-
Transfers to Stage 3	(272)	(5)	(740)	(204)	1,012	209	-	-
Transfers from Stage 3	140	100	12	6	(152)	(106)	-	-
Business activity in the year	3,656	45	393	67	44	29	4,093	141
Changes to models used for calculation[a]	-	-	-	(53)	-	-	-	(53)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(2,269)	(461)	(60)	459	31	819	(2,298)	817
Final repayments	(1,401)	(28)	(205)	(27)	(88)	(43)	(1,694)	(98)
Disposals[b]	-	-	-	-	(724)	(597)	(724)	(597)
Write-offs[c]	-	-	-	-	(525)	(525)	(525)	(525)
As at 31 December 2019[d]	16,471	180	6,309	1,223	1,280	864	24,060	2,267
Wholesale loans								
As at 1 January 2019	22,950	22	4,774	92	1,352	147	29,076	261
Transfers from Stage 1 to Stage 2	(953)	(4)	953	4	-	-	-	-
Transfers from Stage 2 to Stage 1	2,309	41	(2,309)	(41)	-	-	-	-
Transfers to Stage 3	(197)	(1)	(269)	(5)	466	6	-	-
Transfers from Stage 3	421	35	112	10	(533)	(45)	-	-
Business activity in the year	8,660	7	261	5	-	-	8,921	12
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(1,430)	(72)	(292)	15	(21)	114	(1,743)	57
Final repayments	(3,330)	(1)	(313)	(12)	(10)	-	(3,653)	(13)
Write-offs[c]	-	-	-	-	(58)	(58)	(58)	(58)
As at 31 December 2019[d]	28,430	27	2,917	68	1,196	164	32,543	259

Notes

a Changes to models used for calculation relate to a £53m movement in credit cards, unsecured loans and other retail lending which reflects methodology changes made during the year. Barclays continually reviews the output of models to determine accuracy of the ECL calculation including review of independent model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to accurately reflect the risks inherent across the businesses.

b The £724m disposal reported within Credit cards, unsecured loans and other retail lending portfolio relates to debt sales undertaken during the year.

c In 2019, gross write-offs amounted to £588m (2018: £435m) and post write-off recoveries of £51m (2018: £93m). Net write-offs after applying recoveries amounted to £537m (2018: £342m).

d Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £24.5bn (31 December 2018: £10.4bn) in Stage 1 and an impairment allowance of £3m (31 December 2018: £1m).

Reconciliation of ECL movement to impairment charge/(release) for the year ended 31 December 2019	£m
Home loans	*6*
Credit cards, unsecured loans and other retail lending	*807*
Wholesale loans	*56*
ECL movement excluding assets derecognised due to disposals and write-offs	*869*
Recoveries and reimbursements	(51)
Exchange and other adjustments[a]	(127)
Impairment charge on loan commitments and financial guarantees	16
Impairment charge on other financial assets[b]	2
Income statement charge for the period	709

Notes
a Includes interest and fees in suspense.
b Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £24.5bn (31 December 2018: £10.4bn) in Stage 1 and an impairment allowance of £3m (31 December 2018: £1m).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2019	6,932	-	545	-	13	-	7,490	-
Net transfers between stages	(38)	-	46	-	(8)	-	-	-
Business activity in the year	2,830	-	-	-	-	-	2,830	-
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	-	-	(39)	-	(1)	-	(40)	-
Limit management and final repayments	(216)	-	(53)	-	(1)	-	(270)	-
As at 31 December 2019	9,508	-	499	-	3	-	10,010	-
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	49,987	10	4,714	44	198	-	54,899	54
Net transfers between stages	(134)	39	(102)	(40)	236	1	-	-
Business activity in the year	1,285	1	45	1	1	-	1,331	2
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(2,306)	(36)	(365)	59	(153)	-	(2,824)	23
Limit management and final repayments	(1,327)	(3)	(109)	(5)	(101)	(1)	(1,537)	(9)
As at 31 December 2019	47,505	11	4,183	59	181	-	51,869	70
Wholesale loans								
As at 1 January 2019	4,478	-	427	-	51	-	4,956	-
Net transfers between stages	5	-	(5)	-	-	-	-	-
Business activity in the year	19	-	2	-	-	-	21	-
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(1,271)	-	(22)	-	(4)	-	(1,297)	-
Limit management and final repayments	(493)	-	(7)	-	-	-	(500)	-
As at 31 December 2019	2,738	-	395	-	47	-	3,180	-

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2019	118,580	5	17,346	35	1,282	44	137,208	84
Transfers from Stage 1 to Stage 2	(8,731)	-	8,731	-	-	-	-	-
Transfers from Stage 2 to Stage 1	7,698	17	(7,698)	(17)	-	-	-	-
Transfers to Stage 3	(96)	-	(416)	(3)	512	3	-	-
Transfers from Stage 3	30	2	225	1	(255)	(3)	-	-
Business activity in the year	24,150	2	734	2	3	-	24,887	4
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(6,136)	(19)	(787)	9	(143)	25	(7,066)	15
Final repayments	(9,386)	(1)	(1,766)	(3)	(295)	(9)	(11,447)	(13)
Disposals[b]	-	-	-	-	-	-	-	-
Write-offs[c]	-	-	-	-	(5)	(5)	(5)	(5)
As at 31 December 2019[d]	126,109	6	16,369	24	1,099	55	143,577	85
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	16,222	172	7,303	1,332	1,678	1,078	25,203	2,582
Transfers from Stage 1 to Stage 2	(1,993)	(31)	1,993	31	-	-	-	-
Transfers from Stage 2 to Stage 1	2,387	388	(2,387)	(388)	-	-	-	-
Transfers to Stage 3	(272)	(5)	(740)	(204)	1,012	209	-	-
Transfers from Stage 3	140	100	12	6	(152)	(106)	-	-
Business activity in the year	3,656	45	393	67	44	29	4,093	141
Changes to models used for calculation[a]	-	-	-	(53)	-	-	-	(53)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(2,269)	(461)	(60)	459	30	819	(2,299)	817
Final repayments	(1,401)	(28)	(205)	(27)	(88)	(43)	(1,694)	(98)
Disposals[b]	-	-	-	-	(724)	(597)	(724)	(597)
Write-offs[c]	-	-	-	-	(525)	(525)	(525)	(525)
As at 31 December 2019[d]	16,470	180	6,309	1,223	1,275	864	24,054	2,267
Wholesale loans								
As at 1 January 2019	22,996	22	4,774	92	1,352	147	29,122	261
Transfers from Stage 1 to Stage 2	(953)	(4)	953	4	-	-	-	-
Transfers from Stage 2 to Stage 1	2,309	41	(2,309)	(41)	-	-	-	-
Transfers to Stage 3	(197)	(1)	(269)	(6)	466	7	-	-
Transfers from Stage 3	421	35	112	10	(533)	(45)	-	-
Business activity in the year	8,660	7	261	5	-	-	8,921	12
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(1,440)	(72)	(292)	16	(21)	113	(1,753)	57
Final repayments	(2,969)	(1)	(313)	(12)	(10)	-	(3,292)	(13)
Disposals[b]	-	-	-	-	-	-	-	-
Write-offs[c]	-	-	-	-	(58)	(58)	(58)	(58)
As at 31 December 2019[d]	28,827	27	2,917	68	1,196	164	32,940	259

Notes
a Changes to models used for calculation relate to a £53m movement in credit cards, unsecured loans and other retail lending which reflects methodology changes made during the year. Barclays continually reviews the output of models to determine accuracy of the ECL calculation including review of independent model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to accurately reflect the risks inherent across the businesses.
b The £724m disposal reported within Credit cards, unsecured loans and other retail lending portfolio relates to debt sales undertaken during the year.
c In 2019, gross write-offs amounted to £588m (2018: £433m) and post write-off recoveries amounted to £49m (2018: £93m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £539m (2018: £340m).
d Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £24.5bn (31 December 2018: £10.4bn) in Stage 1 and an impairment allowance of £3m (31 December 2018: £1m).

Reconciliation of ECL movement to impairment charge/(release) for the year ended 31 December 2019	£m
Home loans	*6*
Credit cards, unsecured loans and other retail lending	*807*
Wholesale loans	*56*
ECL movement excluding assets derecognised due to disposals and write-offs	*869*
Recoveries and reimbursements	(49)
Exchange and other adjustments[a]	(127)
Impairment charge on loan commitments and financial guarantees	16
Impairment charge on other financial assets[b]	1
Income statement charge for the period	710

Notes
a Includes interest and fees in suspense.
b Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £24.5bn (31 December2018: £10.4bn) in Stage 1 and an impairment allowance of £3m (31 December 2018: £1m).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank UK PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2019	6,932	-	545	-	13	-	7,490	-
Net transfers between stages	(38)	-	46	-	(8)	-	-	-
Business activity in the year	2,830	-	-	-	-	-	2,830	-
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	-	-	(39)	-	(1)	-	(40)	-
Limit management and final repayments	(216)	-	(53)	-	(1)	-	(270)	-
As at 31 December 2019	9,508	-	499	-	3	-	10,010	-
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	49,987	10	4,714	44	198	-	54,899	54
Net transfers between stages	(134)	39	(102)	(40)	236	1	-	-
Business activity in the year	1,285	1	45	1	1	-	1,331	2
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(2,306)	(36)	(365)	59	(153)	-	(2,824)	23
Limit management and final repayments	(1,327)	(3)	(109)	(5)	(101)	(1)	(1,537)	(9)
As at 31 December 2019	47,505	11	4,183	59	181	-	51,869	70
Wholesale loans								
As at 1 January 2019	4,478	-	427	-	51	-	4,956	-
Net transfers between stages	5	-	(5)	-	-	-	-	-
Business activity in the year	19	-	2	-	-	-	21	-
Net drawdowns and repayments, net re-measurement and movement due to exposure and risk parameter changes	(1,254)	-	(22)	-	(4)	-	(1,280)	-
Limit management and final repayments	(493)	-	(7)	-	-	-	(500)	-
As at 31 December 2019	2,755	-	395	-	47	-	3,197	-

Stage 2 decomposition

Loans and advances at amortised cost[a]

	2020		2019	
	Gross exposure	Impairment allowance	Gross exposure	Impairment allowance
As at 31 December	£m	£m	£m	£m
Quantitative test	**18,953**	**1,522**	15,618	1,211
Qualitative test	**8,512**	**79**	9,368	97
30 days past due backstop	**613**	**5**	609	7
Total Stage 2	**28,078**	**1,606**	25,595	1,315

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

Stage 2 exposures are predominantly identified using quantitative tests where the lifetime PD has deteriorated more than a pre-determined amount since origination driven by changes in macro-economic variables during the year. This is augmented by inclusion of accounts meeting the designated high risk criteria (including watchlist) for the portfolio under the qualitative test. Qualitative tests include £7.1bn (2019: £7.4bn) relating to UK Home Finance, £1.0bn (2019: £1.1bn) relating to Business Banking and £0.1bn (2019: £0.4bn) relating to Barclaycard UK.

A small number of other accounts (2.2% of impairment allowances and 0.3% of gross exposure) are included in Stage 2. These accounts are not otherwise identified by the quantitative or qualitative tests but are more than 30 days past due. The percentage triggered by these backstop criteria is a measure of the effectiveness of the Stage 2 criteria in identifying deterioration prior to delinquency.

For further detail on the three criteria for determining a significant increase in credit risk required for Stage 2 classification, refer to Note 7 on page 139.

Stage 3 decomposition

Loans and advances at amortised cost

	2020		2019	
	Gross exposure	Impairment allowance	Gross exposure	Impairment allowance
As at 31 December	£m	£m	£m	£m
Exposures not charged-off including within cure period[a]	**2,461**	**420**	2,116	368
Exposures individually assessed or in recovery book[b]	**1,351**	**801**	1,459	715
Total Stage 3	**3,812**	**1,221**	3,575	1,083

Notes
a Includes £2bn (2019: £1.9bn) of gross exposure in a cure period that must remain in Stage 3 for a minimum of 12 months before moving to Stage 2.
b Exposures individually assessed or in recovery book cannot cure out of Stage 3.

Management adjustments to models for impairment (audited)

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

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

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

	2020		2019	
	Total management adjustments to impairment allowances	Proportion of total impairment allowances	Total management adjustments to impairment allowances	Proportion of total impairment allowances[b]
As at 31 December	£m	%	£m	%
Home loans	77	74.0	57	67.1
Credit cards, unsecured loans and other retail lending	247	8.5	305	13.1
Wholesale loans	102	24.3	15	5.8
Total	426	12.4	377	14.1

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

	Impairment allowance pre management adjustments[c]	Economic uncertainty adjustments	Other adjustments	Total impairment allowance
As at 31 December 2020	£m	%	£m	%
Home loans	27	-	77	104
Credit cards, unsecured loans and other retail lending	2,671	634	(387)	2,918
Wholesale loans	318	42	60	420
Total	3,016	676	(250)	3,442

Notes
a Positive values relate to an increase in impairment allowance.
b The 2019 comparative figures have been restated to include impairment allowance on both drawn and undrawn exposures.
c Includes £2.8bn of modelled ECL, £0.1bn of individually assessed impairments and £0.1bn ECL from non-modelled exposures.

Economic uncertainty adjustments: the pandemic impacted the global economy throughout 2020 and macroeconomic forecasts indicate longer term impacts will result in higher unemployment levels and customer and client stress. However, to date, little real credit deterioration has occurred, largely as a result of government and bank support. Observed 30 day arrears rates in consumer loans in particular have remained stable in UK cards (2020: 1.7%; 2019: 1.7%). A similar phenomenon is observed in wholesale, where the average risk profile of the portfolio has broadly remained stable during the year and has not deteriorated in line with the macro-economic crisis.

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

The Covid-19 adjustments of £0.7bn are broadly comprised as follows:

i) Use of expert judgement to adjust the probability of default by £0.7bn to pre-covid levels to reflect the impact of temporary support measures on underlying customer behaviour, partially offset by government guarantees £(0.1)bn which are materially against BBLs.
ii) Adjusting macro-economic variables deemed temporarily influenced by support measures, enabling models to consume the expected stress, £0.1bn.

Other adjustments:

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

Credit cards, unsecured loans and other retail lending: Transfers and risk parameter changes include a net release in ECL of £0.6bn due to a reclassification of £2bn gross loans and advances from Stage 2 to Stage 1 in credit cards and unsecured loans. The reclassification followed a review of back-testing of results which indicated that origination probability of default characteristics were unnecessarily moving Stage 1 accounts into Stage 2. This is partially offset by a number of smaller adjustments totalling £0.2bn, including for model inaccuracies informed by back-testing.

Wholesale loans: Reflects a number of small adjustments including for model inaccuracies informed by back-testing.

Management adjustments of £377m in 2019 comprises a £210m PMA to compensate for over-recovery of debt in UK unsecured lending, and subsequently fixed within the underlying model and £100m for UK economic uncertainty, now subsumed within managements' broader approach to economic uncertainty.

Measurement uncertainty and sensitivity analysis

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

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

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

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

Scenario weights (audited)

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

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

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

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

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

Baseline average macroeconomic variables used in the calculation of ECL

As at 31.12.20	2021 %	2022 %	2023 %	Expected Worst Point %
UK GDP[a]	**6.3**	**3.3**	**2.6**	**1.2**
UK unemployment[b]	**6.7**	**6.4**	**5.8**	**7.4**
UK HPI[c]	**2.4**	**2.3**	**5.0**	**0.6**
UK bank rate	**-**	**(0.1)**	**-**	**(0.1)**

As at 31.12.19	2020 %	2021 %	2022 %	Expected Worst Point %
UK GDP[a]	1.3	1.5	1.6	0.3
UK unemployment[b]	4.1	4.2	4.2	4.2
UK HPI[c]	1.9	3.1	3.6	0.3
UK bank rate	0.6	0.5	0.8	0.5

Downside 2 average macroeconomic variables used in the calculation of ECL

As at 31.12.20	2021 %	2022 %	2023 %	Expected Worst Point %
UK GDP[a]	**(3.9)**	**6.5**	**2.6**	**(11.0)**
UK unemployment[b]	**8.0**	**9.3**	**7.8**	**10.1**
UK HPI[c]	**(13.6)**	**(10.8)**	**0.5**	**(23.0)**
UK bank rate	**(0.2)**	**(0.2)**	**(0.1)**	**(0.2)**

As at 31.12.19	2020 %	2021 %	2022 %	Expected Worst Point %
UK GDP[a]	(2.3)	(2.7)	(0.3)	(5.7)
UK unemployment[b]	5.7	8.2	8.7	8.8
UK HPI[c]	(7.8)	(22.2)	(5.8)	(32.4)
UK bank rate	2.7	4.0	4.0	1.5

Downside 1 average macroeconomic variables used in the calculation of ECL

As at 31.12.20	2021 %	2022 %	2023 %	Expected Worst Point %
UK GDP[a]	**0.1**	**6.6**	**3.2**	**(7.0)**
UK unemployment[b]	**7.3**	**8.0**	**6.9**	**8.4**
UK HPI[c]	**(6.7)**	**(3.5)**	**1.7**	**(10.0)**
UK bank rate	**(0.1)**	**(0.1)**	**-**	**(0.1)**

As at 31.12.19	2020 %	2021 %	2022 %	Expected Worst Point %
UK GDP[a]	0.6	0.3	0.6	0.1
UK unemployment[b]	4.7	5.7	5.7	5.8
UK HPI[c]	(2.6)	(4.1)	(1.7)	(8.2)
UK bank rate	1.7	2.8	2.8	0.8

Upside 2 average macroeconomic variables used in the calculation of ECL

As at 31.12.20	2021 %	2022 %	2023 %	Expected Worst Point %
UK GDP[a]	12.2	5.3	3.9	5.0
UK unemployment[b]	6.2	5.5	4.8	7.4
UK HPI[c]	6.6	10.4	10.8	1.1
UK bank rate	0.1	0.3	0.3	0.1

As at 31.12.19	2020 %	2021 %	2022 %	Expected Worst Point %
UK GDP[a]	3.0	4.0	3.4	0.9
UK unemployment[b]	3.7	3.4	3.5	3.9
UK HPI[c]	6.8	10.8	9.9	1.0
UK bank rate	0.6	0.5	0.5	0.5

Upside 1 average macroeconomic variables used in the calculation of ECL

As at 31.12.20	2021 %	2022 %	2023 %	Expected Worst Point %
UK GDP[a]	9.3	3.9	3.4	3.5
UK unemployment[b]	6.4	6.0	5.2	7.4
UK HPI[c]	4.6	6.1	6.1	0.8
UK bank rate	0.1	0.1	0.3	0.1

As at 31.12.19	2020 %	2021 %	2022 %	Expected Worst Point %
UK GDP[a]	2.2	2.8	2.5	0.6
UK unemployment[b]	3.9	3.8	3.9	4.0
UK HPI[c]	5.0	7.0	6.8	0.7
UK bank rate	0.6	0.5	0.5	0.5

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

Scenario probability weighting (audited)

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

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

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

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	%	%	%	%	%
As at 31 December 2020					
UK GDP[b]	**14.2**	**8.8**	**0.7**	**(22.1)**	**(22.1)**
UK unemployment[c]	**4.0**	**4.0**	**5.7**	**8.4**	**10.1**
UK HPI[d]	**48.2**	**30.8**	**3.6**	**(4.5)**	**(18.3)**
UK bank rate[c]	**0.1**	**0.1**	**0.0**	**0.6**	**0.6**
As at 31 December 2019					
UK GDP[b]	15.4	11.7	1.5	0.2	(4.6)
UK unemployment[c]	3.4	3.8	4.1	5.8	8.8
UK HPI[d]	41.1	28.8	2.8	(6.3)	(31.1)
UK bank rate[c]	0.5	0.5	0.7	2.8	4.0

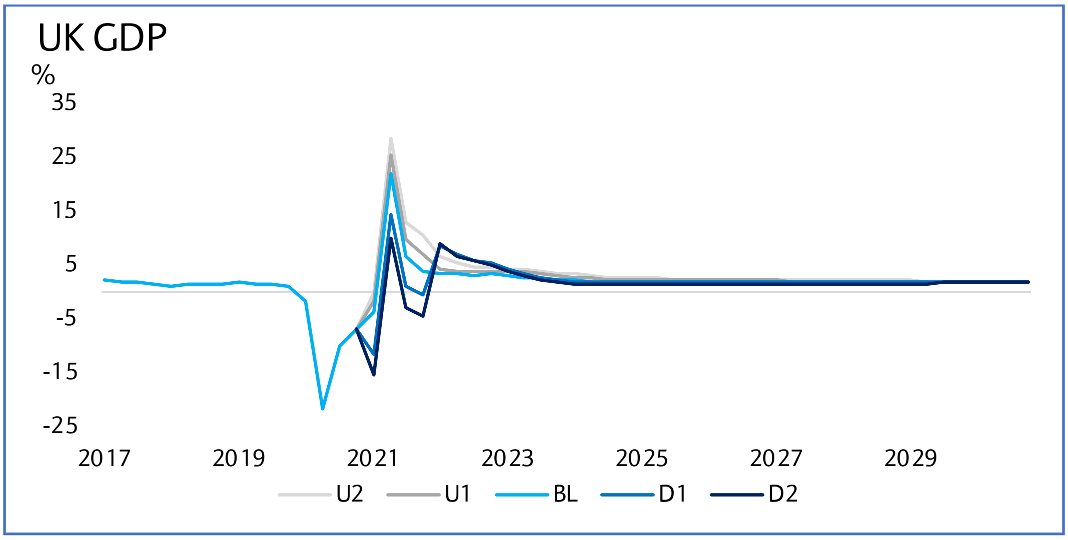
Average basis represents the average quarterly value of variables in the 20 quarter period with GDP and HPI based on yearly average and quarterly CAGRs respectively.

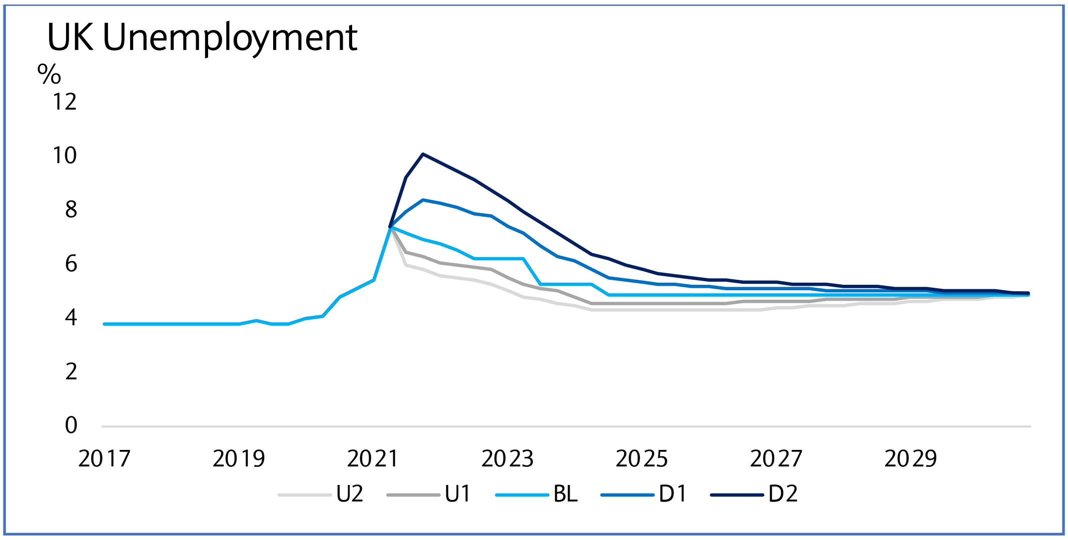
Macroeconomic variables used in the calculation of ECL (5-year averages) (audited)[a]

	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	%	%	%	%	%
As at 31 December 2020					
UK GDP[e]	**2.5**	**1.6**	**0.7**	**0.1**	**(0.9)**
UK unemployment[f]	**5.0**	**5.3**	**5.7**	**6.5**	**7.2**
UK HPI[g]	**8.2**	**5.5**	**3.6**	**(0.2)**	**(3.6)**
UK bank rate[f]	**0.3**	**0.2**	**-**	**-**	**(0.1)**
As at 31 December 2019					
UK GDP[e]	2.9	2.2	1.5	0.8	(0.6)
UK unemployment[f]	3.6	3.9	4.1	5.1	7.0
UK HPI[g]	7.1	5.2	2.8	(1.1)	(6.9)
UK bank rate[f]	0.6	0.6	0.7	(2.1)	3.1

Notes
a UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index.
b Maximum growth relative to Q419 (2019: Q418), based on 20 quarter period in Upside scenarios; 5-year yearly average CAGR in Baseline; minimum growth relative to Q419 (2019: Q418), based on 20 quarter period in Downside scenarios.
c Lowest quarter in Upside scenarios; 5-year average in Baseline; highest quarter in Downside scenarios. Period based on 20 quarters from Q120 (2019: Q119).
d Maximum growth relative to Q419 (2019: Q418), based on 20 quarter period in Upside scenarios; 5-year quarter end CAGR in Baseline; minimum growth relative to Q419 (2019: Q418), based on 20 quarter period in Downside scenarios.
e 5-year yearly average CAGR, starting 2019 (2019: 2018).
f 5-year average. Period based on 20 quarters from Q120 (2019: Q119).
g 5-year quarter end CAGR, starting Q419 (2019: Q418).

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





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

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

The table below shows the ECL assuming scenarios have been 100% weighted. Model exposures are allocated to a stage based on the individual scenario rather than through a probability-weighted approach as required for Barclays reported impairment allowances. As a result, it is not possible to back solve to the final reported weighted ECL from the individual scenarios as a balance may be assigned to a different stage dependent on the scenario.

All ECL using a Model are included, with the exception of Treasury assets (£3.7m of ECL), providing additional coverage as compared to the 2019 year end disclosure. Non-modelled exposures and management adjustments are excluded. Management adjustments can be found on page 70.

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

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

Under the Downside 2 scenario, model exposure moves between stages as the economic environment weakens. This can be seen in the movement of £10bn of model exposure into Stage 2 between the Weighted and Downside 2 scenario. ECL increases in Stage 2 predominantly due to unsecured portfolios as economic conditions deteriorate.

As at 31 December 2020	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
	Scenarios					
Stage 1 Model Exposure (£m)						
Home loans	127,018	129,678	128,830	128,007	126,160	124,004
Credit cards, unsecured loans and other retail lending	24,624	25,982	25,480	24,826	23,426	22,157
Wholesale loans	33,150	34,043	33,837	33,210	31,620	29,655
Stage 1 Model ECL (£m)						
Home loans	1	-	1	1	9	37
Credit cards, unsecured loans and other retail lending	141	115	122	128	142	137
Wholesale loans	44	4	27	44	61	69
Stage 1 Coverage (%)						
Home loans	-	-	-	-	-	-
Credit cards, unsecured loans and other retail lending	0.6	0.4	0.5	0.5	0.6	0.6
Wholesale loans	0.1	-	0.1	0.1	0.2	0.2
Stage 2 Model Exposure (£m)						
Home loans	18,623	15,963	16,810	17,634	19,480	21,637
Credit cards, unsecured loans and other retail lending	10,128	8,372	9,025	9,862	11,640	13,391
Wholesale loans	2,843	1,949	2,155	2,782	4,373	6,337
Stage 2 Model ECL (£m)						
Home loans	4	-	-	1	6	23
Credit cards, unsecured loans and other retail lending	1,683	1,282	1,445	1,645	2,054	2,502
Wholesale loans	52	30	37	49	88	160
Stage 2 Coverage (%)						
Home loans	-	-	-	-	-	0.1
Credit cards, unsecured loans and other retail lending	16.6	15.3	16.0	16.7	17.6	18.7
Wholesale loans	1.8	1.5	1.7	1.8	2.0	2.5
Stage 3 Model Exposure (£m)						
Home loans	1,050	1,050	1,050	1,050	1,050	1,050
Credit cards, unsecured loans and other retail lending	1,258	1,258	1,258	1,258	1,258	1,258
Wholesale loans[a]	1,349	1,349	1,349	1,349	1,349	1,349
Stage 3 Model ECL (£m)						
Home loans	9	4	5	6	13	23
Credit cards, unsecured loans and other retail lending	775	739	755	772	805	828
Wholesale loans[a]	121	109	114	118	128	144
Stage 3 Coverage (%)						
Home loans	0.9	0.4	0.5	0.6	1.2	2.2
Credit cards, unsecured loans and other retail lending	61.6	58.7	60.0	61.4	64.0	65.8
Wholesale loans[a]	9.0	8.1	8.5	8.7	9.5	10.7
Total Model ECL (£m)						
Home loans	14	4	6	8	28	83
Credit cards, unsecured loans and other retail lending	2,599	2,136	2,322	2,545	3,001	3,467
Wholesale loans[a]	217	143	178	211	277	373
Total ECL	2,830	2,283	2,506	2,764	3,306	3,923

Note
a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £67m is reported as individually assessed impairments in the table below.

Reconciliation to total ECL	£m
Total model ECL	2,830
ECL from individually assessed impairments	67
ECL from non-modelled and other management adjustments[a]	545
Total ECL	3,442

Note
a Includes £0.4bn of post model adjustments and £0.1bn ECL from non-modelled exposures.

The dispersion of results around the Baseline is an indication of uncertainty around the future projections. The disclosure highlights the results of the alternative scenarios enabling the reader to understand the extent of the impact on exposure and ECL from the upside/downside scenarios. Consequently, the use of five scenarios with associated weightings results in a total weighted ECL uplift from the Baseline ECL of 2%, largely driven by credit card losses which have more linear loss profiles than UK home loans and wholesale loan positions.

Home loans: Total weighted ECL of £14m represents a 75% increase over the Baseline ECL (£8m) mainly due to a significant increase in the Downside 2 scenario to £83m, driven by a significant fall in UK HPI (18.3%) reflecting the non-linearity of the UK portfolio. Coverage ratios remain steady across the Upside scenarios and Baseline scenarios.

Credit cards, unsecured loans and other retail lending: Total weighted ECL of £2,599m represents a 2% increase over the Baseline ECL (£2,545m) reflecting the range of economic scenarios used, mainly impacted by unemployment and other key retail variables. Total ECL increases to £3,467m under the Downside 2 scenario, mainly driven by Stage 2, where coverage rates increase to 18.7% from a weighted scenario approach of 16.6% and a £3bn increase in model exposure that meets the Significant Increase in Credit Risk criteria and transitions from Stage 1 to Stage 2.

Wholesale loans: Total weighted ECL of £217m represents a 3% increase over the Baseline ECL (£211m) reflecting the range of economic scenarios used.

	Scenarios					
As at 31 December 2019	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model Exposure (£m)						
Home loans	133,042	134,671	134,099	133,363	131,578	127,642
Credit cards, unsecured loans and other retail lending	31,020	31,829	31,478	31,119	30,389	28,601
Wholesale loans	19,271	20,325	19,932	19,305	18,493	16,441
Stage 1 Model ECL (£m)						
Home loans	1	-	-	-	2	14
Credit cards, unsecured loans and other retail lending	155	146	149	153	162	173
Wholesale loans	24	20	22	24	27	29
Stage 1 Coverage (%)						
Home loans	-	-	-	-	-	-
Credit cards, unsecured loans and other retail lending	0.5	0.5	0.5	0.5	0.5	0.6
Wholesale loans	0.1	0.1	0.1	0.1	0.1	0.2
Stage 2 Model Exposure (£m)						
Home loans	16,378	14,749	15,322	16,058	17,842	21,778
Credit cards, unsecured loans and other retail lending	9,177	8,099	8,568	9,050	10,048	12,411
Wholesale loans	2,848	1,794	2,187	2,814	3,626	5,678
Stage 2 Model ECL (£m)						
Home loans	5	-	1	1	6	123
Credit cards, unsecured loans and other retail lending	1,060	828	923	1,032	1,269	1,835
Wholesale loans	62	32	43	60	86	188
Stage 2 Coverage (%)						
Home loans	-	-	-	-	-	0.6
Credit cards, unsecured loans and other retail lending	11.6	10.2	10.8	11.4	12.6	14.8
Wholesale loans	2.2	1.8	2.0	2.1	2.4	3.3
Stage 3 Model Exposure (£m)						
Home loans	959	959	959	959	959	959
Credit cards, unsecured loans and other retail lending	1,312	1,312	1,312	1,312	1,312	1,312
Wholesale loans[a]	1,210	1,210	1,210	1,210	1,210	1,210
Stage 3 Model ECL (£m)						
Home loans	8	4	5	6	11	52
Credit cards, unsecured loans and other retail lending	816	788	800	815	840	874
Wholesale loans[a]	115	108	111	115	123	123
Stage 3 Coverage (%)						
Home loans	0.9	0.5	0.5	0.6	1.2	5.4
Credit cards, unsecured loans and other retail lending	62.2	60.1	61.0	62.1	64.0	66.7
Wholesale loans[a]	9.5	9.0	9.2	9.5	10.2	10.1
Total Model ECL (£m)						
Home loans	14	4	5	7	19	189
Credit cards, unsecured loans and other retail lending	2,031	1,762	1,872	2,000	2,271	2,882
Wholesale loans[a]	202	160	176	199	236	340
Total ECL	2,247	1,926	2,053	2,206	2,526	3,411

Note
a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £21m is reported as individually assessed impairments in the table below.

Reconciliation to total ECL[a]	£m
Total model ECL	2,247
ECL from individually assessed impairments	21
ECL from non-modelled and other management adjustments	413
Total ECL	**2,681**

Note
a The table has been re-presented to separately show the impact of individually assessed impairments of £21m. This was included in the Barclays Bank UK PLC Annual Report 2019 with non-modelled and other adjustments of £36m. Non-modelled and other adjustments are now disclosed within the other management adjustments category of £413m.

Staging sensitivity (audited)

An increase of 1% (£2,148m) of total gross exposure into Stage 2 (from Stage 1), would result in an increase in ECL impairment allowance of £118m based purely on applying the difference in Stage 2 and Stage 1 average impairment coverage ratios to the movement in gross exposure (refer to loans and advances at amortised cost by product on page 59).

Analysis of the concentration of credit risk

A concentration of credit risk exists when a number of counterparties are located in a common geographical region or are engaged in similar activities and have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Barclays Bank UK Group implements limits on concentrations in order to mitigate the risk. The analyses of credit risk concentrations presented below are based on the location of the counterparty or customer or the industry in which they are engaged. Further detail on Barclays Bank UK Group's policies with regard to managing concentration risk is presented on page 32.

Geographic concentrations
As at 31 December 2020, the geographic concentration of Barclays Bank UK Group's asset exposure is concentrated in the UK 91% (2019: 92%), Americas 3% (2019: 2%), Europe 2% (2019: 4%) and in Asia 4% (2019: 2%).

Credit risk concentrations by geography (audited)

Barclays Bank UK Group	United Kingdom £m	Americas £m	Europe £m	Asia £m	Africa and Middle East £m	Total £m
As at 31 December 2020						
On-balance sheet:						
Cash and balances at central banks	**35,218**	**-**	**-**	**-**	**-**	**35,218**
Cash collateral and settlement balances	**4,226**	**32**	**16**	**71**	**-**	**4,345**
Loans and advances at amortised cost	**203,813**	**691**	**1,004**	**5,831**	**310**	**211,649**
Reverse repurchase agreements and other similar secured lending	**83**	**-**	**50**	**-**	**-**	**133**
Trading portfolio assets	**52**	**-**	**245**	**1**	**-**	**298**
Financial assets at fair value through the income statement	**3,432**	**-**	**-**	**-**	**-**	**3,432**
Derivative financial instruments	**545**	**5**	**-**	**-**	**-**	**550**
Financial assets at fair value through other comprehensive income	**3,751**	**8,053**	**6,469**	**7,730**	**23**	**26,026**
Other assets	**322**	**-**	**-**	**-**	**-**	**322**
Total on-balance sheet	**251,442**	**8,781**	**7,784**	**13,633**	**333**	**281,973**
Off-balance sheet:						
Contingent liabilities	**650**	**-**	**-**	**-**	**-**	**650**
Loan commitments	**65,766**	**33**	**56**	**36**	**19**	**65,910**
Total off-balance sheet	**66,416**	**33**	**56**	**36**	**19**	**66,560**
Total	**317,858**	**8,814**	**7,840**	**13,669**	**352**	**348,533**
As at 31 December 2019						
On-balance sheet:						
Cash and balances at central banks	21,678	-	2,627	-	-	24,305
Cash collateral and settlement balances	4,242	2	28	59	-	4,331
Loans and advances at amortised cost	195,232	529	1,122	347	339	197,569
Reverse repurchase agreements and other similar secured lending	1,106	-	655	-	-	1,761
Trading portfolio assets	13	371	476	-	-	860
Financial assets at fair value through the income statement	3,571	-	-	-	-	3,571
Derivative financial instruments	185	7	-	-	-	192
Financial assets at fair value through other comprehensive income	1,060	6,960	6,559	4,720	23	19,322
Other assets	886	-	-	-	-	886
Total on-balance sheet	227,973	7,869	11,467	5,126	362	252,797
Off-balance sheet:						
Contingent liabilities	750	-	-	-	-	750
Loan commitments	64,144	39	76	37	14	64,309
Total off-balance sheet	64,894	39	76	37	14	65,059
Total	292,867	7,908	11,542	5,163	376	317,856

Credit risk concentrations by geography (audited)

Barclays Bank UK PLC	United Kingdom £m	Americas £m	Europe £m	Asia £m	Africa and Middle East £m	Total £m
As at 31 December 2020						
On-balance sheet:						
Cash and balances at central banks	35,218	-	-	-	-	35,218
Cash collateral and settlement balances	4,226	32	16	71	-	4,345
Loans and advances at amortised cost	204,197	691	1,004	5,831	310	212,033
Reverse repurchase agreements and other similar secured lending	83	-	50	-	-	133
Trading portfolio assets	52	-	245	1	-	298
Financial assets at fair value through the income statement	3,432	-	-	-	-	3,432
Derivative financial instruments	545	5	-	-	-	550
Financial assets at fair value through other comprehensive income	3,751	8,053	6,469	7,730	23	26,026
Other assets	331	-	-	-	-	331
Total on-balance sheet	251,835	8,781	7,784	13,633	333	282,366
Off-balance sheet:						
Contingent liabilities	650	-	-	-	-	650
Loan commitments	65,851	33	56	36	19	65,995
Total off-balance sheet	66,501	33	56	36	19	66,645
Total	318,336	8,814	7,840	13,669	352	349,011
As at 31 December 2019						
On-balance sheet:						
Cash and balances at central banks	21,678	-	2,627	-	-	24,305
Cash collateral and settlement balances	4,241	2	28	59	-	4,331
Loans and advances at amortised cost	195,623	529	1,122	347	339	197,960
Reverse repurchase agreements and other similar secured lending	1,106	-	655	-	-	1,761
Trading portfolio assets	13	371	476	-	-	860
Financial assets at fair value through the income statement	3,571	-	-	-	-	3,571
Derivative financial instruments	186	7	-	-	-	193
Financial assets at fair value through other comprehensive income	1,060	6,960	6,559	4,720	23	19,322
Other assets	870	-	-	-	-	870
Total on-balance sheet	228,348	7,869	11,466	5,126	362	253,173
Off-balance sheet:						
Contingent liabilities	750	-	-	-	-	750
Loan commitments	64,160	39	76	37	14	64,326
Total off-balance sheet	64,910	39	76	37	14	65,076
Total	293,258	7,908	11,542	5,163	376	318,249

Industry concentrations

As at 31 December 2020, total assets concentrated in home loans is 46% (2019: 48%) and cards, unsecured loans and other personal is 19% (2019: 23%). The proportion of the overall balance concentrated towards governments and central banks is 21% (2019: 16%), predominantly within cash and balances at central banks. Further details on material and emerging risks can be found on pages 34 to 43.

Credit risk concentrations by industry (audited)

Barclays Bank UK Group As at 31 December 2020	Banks £m	Other financial institutions £m	Manufacturing £m	Construction and property £m	Government and central bank £m	Energy and water £m	Wholesale and retail distribution and leisure £m	Business and other services £m	Home loans £m	Cards, unsecured loans and other personal lending £m	Other £m	Total £m
On-balance sheet:												
Cash and balances at central banks	54	84	-	-	35,080	-	-	-	-	-	-	35,218
Cash collateral and settlement balances	619	608	-	-	3,118	-	-	-	-	-	-	4,345
Loans and advances at amortised cost	867	2,693	933	13,160	14,670	116	4,572	5,636	148,454	14,979	5,569	211,649
Reverse repurchase agreements and other similar secured lending	133	-	-	-	-	-	-	-	-	-	-	133
Trading portfolio assets	1	-	-	-	297	-	-	-	-	-	-	298
Financial assets at fair value through the income statement	-	-	-	3,188	11	-	-	229	-	-	4	3,432
Derivative financial instruments	432	118	-	-	-	-	-	-	-	-	-	550
Financial assets at fair value through other comprehensive income	5,826	1,585	-	92	18,181	-	-	206	-	-	136	26,026
Other assets	213	40	1	9	-	-	14	11	-	29	5	322
Total on-balance sheet	8,145	5,128	934	16,449	71,357	116	4,586	6,082	148,454	15,008	5,714	281,973
Off-balance sheet:												
Contingent liabilities	-	-	-	-	650	-	-	-	-	-	-	650
Loan commitments	100	28	171	1,159	-	14	479	537	12,251	50,162	1,009	65,910
Total off-balance sheet	100	28	171	1,159	650	14	479	537	12,251	50,162	1,009	66,560
Total	8,245	5,156	1,105	17,608	72,007	130	5,065	6,619	160,705	65,170	6,723	348,533
As at 31 December 2019												
On-balance sheet:												
Cash and balances at central banks	820	72	-	-	23,413	-	-	-	-	-	-	24,305
Cash collateral and settlement balances	521	681	-	-	3,129	-	-	-	-	-	-	4,331
Loans and advances at amortised cost	442	1,891	383	10,793	10,051	68	1,805	2,537	143,492	21,669	4,438	197,569
Reverse repurchase agreements and other similar secured lending	114	1,647	-	-	-	-	-	-	-	-	-	1,761
Trading portfolio assets	67	-	-	-	793	-	-	-	-	-	-	860
Financial assets at fair value through the income statement	-	3	-	3,300	13	-	-	251	-	-	4	3,571
Derivative financial instruments	184	8	-	-	-	-	-	-	-	-	-	192
Financial assets at fair value through other comprehensive income	5,439	1,431	-	78	12,273	-	-	15	-	-	86	19,322
Other assets	835	19	1	4	-	-	2	3	-	16	6	886
Total on-balance sheet	8,422	5,752	384	14,175	49,672	68	1,807	2,806	143,492	21,685	4,534	252,797
Off-balance sheet:												
Contingent liabilities	-	-	-	-	750	-	-	-	-	-	-	750
Loan commitments	100	26	149	999	-	12	391	441	10,011	51,266	914	64,309
Total off-balance sheet	100	26	149	999	750	12	391	441	10,011	51,266	914	65,059
Total	8,522	5,778	533	15,174	50,422	80	2,198	3,247	153,503	72,951	5,448	317,856

Credit risk concentrations by industry (audited)

Barclays Bank UK PLC As at 31 December 2020	Banks £m	Other financial insti-tutions £m	Manu-facturing £m	Const-ruction and property £m	Govern-ment and central bank £m	Energy and water £m	Wholesale and retail distribution and leisure £m	Business and other services £m	Home loans £m	Cards, unsecured loans and other personal lending £m	Other £m	Total £m
On-balance sheet:												
Cash and balances at central banks	54	84	-	-	35,080	-	-	-	-	-	-	35,218
Cash collateral and settlement balances	619	608	-	-	3,118	-	-	-	-	-	-	4,345
Loans and advances at amortised cost	1,184	2,764	933	13,160	14,670	116	4,572	5,636	148,454	14,975	5,569	212,033
Reverse repurchase agreements and other similar secured lending	133	-	-	-	-	-	-	-	-	-	-	133
Trading portfolio assets	1	-	-	-	297	-	-	-	-	-	-	298
Financial assets at fair value through the income statement	-	-	-	3,188	11	-	-	229	-	-	4	3,432
Derivative financial instruments	305	245	-	-	-	-	-	-	-	-	-	550
Financial assets at fair value through other comprehensive income	5,826	1,585	-	92	18,181	-	-	206	-	-	136	26,026
Other assets	209	67	1	9	-	-	5	11	-	24	5	331
Total on-balance sheet	8,331	5,353	934	16,449	71,357	116	4,577	6,082	148,454	14,999	5,714	282,366
Off-balance sheet:												
Contingent liabilities	-	-	-	-	650	-	-	-	-	-	-	650
Loan commitments	185	28	171	1,159	-	14	479	537	12,251	50,162	1,009	65,995
Total off-balance sheet	185	28	171	1,159	650	14	479	537	12,251	50,162	1,009	66,645
Total	8,516	5,381	1,105	17,608	72,007	130	5,056	6,619	160,705	65,161	6,723	349,011
As at 31 December 2019												
On-balance sheet:												
Cash and balances at central banks	820	72	-	-	23,413	-	-	-	-	-	-	24,305
Cash collateral and settlement balances	521	681	-	-	3,129	-	-	-	-	-	-	4,331
Loans and advances at amortised cost	769	1,961	383	10,794	10,051	68	1,805	2,537	143,492	21,663	4,437	197,960
Reverse repurchase agreements and other similar secured lending	114	1,647	-	-	-	-	-	-	-	-	-	1,761
Trading portfolio assets	67	-	-	-	793	-	-	-	-	-	-	860
Financial assets at fair value through the income statement	-	3	-	3,300	13	-	-	251	-	-	4	3,571
Derivative financial instruments	67	126	-	-	-	-	-	-	-	-	-	193
Financial assets at fair value through other comprehensive income	5,439	1,431	-	78	12,273	-	-	15	-	-	86	19,322
Other assets	842	6	1	4	-	-	2	3	-	6	6	870
Total on-balance sheet	8,639	5,927	384	14,176	49,672	68	1,807	2,806	143,492	21,669	4,533	253,173
Off-balance sheet:												
Contingent liabilities	-	-	-	-	750	-	-	-	-	-	-	750
Loan commitments	117	26	149	999	-	12	391	441	10,011	51,267	913	64,326
Total off-balance sheet	117	26	149	999	750	12	391	441	10,011	51,267	913	65,076
Total	8,756	5,953	533	15,175	50,422	80	2,198	3,247	153,503	72,936	5,446	318,249

The Barclays Bank UK Group's approach to management and representation of credit quality

Asset credit quality

The credit quality distribution is based on the IFRS 9 12 month probability of default (PD) at the reporting date to ensure comparability with other ECL disclosures on pages 59 to 68.

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

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

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

For loans that are not past due, these descriptions can be summarised as follows:

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

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

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

Loans that are past due are monitored closely, with impairment allowances raised as appropriate and in line with the Barclays Bank UK Group's impairment policies. These loans are all considered higher risk for the purpose of this analysis of credit quality.

Debt securities

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

Balance sheet credit quality

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

Overview

As at 31 December 2020, the ratio of the Barclays Bank UK Group's on-balance sheet assets classified as strong (0.0 < 0.60%) remained stable at 90% (2019: 88%) of total assets exposed to credit risk.

Balance sheet credit quality (audited)

Barclays Bank UK Group As at 31 December 2020	PD Range	0.0 to <0.60% £m	0.60 to <11.35% £m	11.35% to 100% £m	Total £m	0.0 to <0.60% %	0.60 to <11.35% %	11.35% to 100% %	Total %
Cash and balances at central banks		35,218	-	-	35,218	100	-	-	100
Cash collateral and settlement balances		4,345	-	-	4,345	100	-	-	100
Loans and advances at amortised cost									
Home loans		143,252	3,470	1,732	148,454	97	2	1	100
Credit cards, unsecured loans and other retail lending		4,034	9,906	1,129	15,069	27	66	7	100
Wholesale loans		36,407	10,193	1,526	48,126	76	21	3	100
Total loans and advances at amortised cost		183,693	23,569	4,387	211,649	87	11	2	100
Reverse repurchase agreements and other similar secured lending		133	-	-	133	100	-	-	100
Trading portfolio assets:									
Debt securities		298	-	-	298	100	-	-	100
Total trading portfolio assets		298	-	-	298	100	-	-	100
Financial assets at fair value through the income statement:									
Loans and advances		3,293	137	-	3,430	96	4	-	100
Other financial assets		2	-	-	2	100	-	-	100
Total financial assets at fair value through the income statement		3,295	137	-	3,432	96	4	-	100
Derivative financial instruments		550	-	-	550	100	-	-	100
Financial assets at fair value through other comprehensive income - debt securities		26,026	-	-	26,026	100	-	-	100
Other assets		301	19	2	322	93	6	1	100
Total on-balance sheet		253,859	23,725	4,389	281,973	90	8	2	100

Balance sheet credit quality (audited)

Barclays Bank UK Group As at 31 December 2019	PD Range	0.0 to <0.60% £m	0.60 to <11.35% £m	11.35% to 100% £m	Total £m	0.0 to <0.60% %	0.60 to <11.35% %	11.35% to 100% %	Total %
Cash and balances at central banks		24,305	-	-	24,305	100	-	-	100
Cash collateral and settlement balances		4,331	-	-	4,331	100	-	-	100
Loans and advances at amortised cost									
Home loans		138,733	3,148	1,611	143,492	97	2	1	100
Credit cards, unsecured loans and other retail lending		7,120	13,405	1,268	21,793	32	62	6	100
Wholesale loans		22,306	8,435	1,543	32,284	69	26	5	100
Total loans and advances at amortised cost		168,159	24,988	4,422	197,569	85	13	2	100
Reverse repurchase agreements and other similar secured lending		1,761	-	-	1,761	100	-	-	100
Trading portfolio assets:									
Debt securities		860	-	-	860	100	-	-	100
Total trading portfolio assets		860	-	-	860	100	-	-	100
Financial assets at fair value through the income statement:									
Loans and advances		3,440	123	5	3,568	97	3	-	100
Other financial assets		3	-	-	3	100	-	-	100
Total financial assets at fair value through the income statement		3,443	123	5	3,571	97	3	-	100
Derivative financial instruments		192	-	-	192	100	-	-	100
Financial assets at fair value through other comprehensive income - debt securities		19,322	-	-	19,322	100	-	-	100
Other assets		868	18	-	886	98	2	-	100
Total on-balance sheet		223,241	25,129	4,427	252,797	88	10	2	100

Risk performance

Credit risk

Balance sheet credit quality (audited)

Barclays Bank UK PLC As at 31 December 2020	PD Range	0.0 to <0.60% £m	0.60 to <11.35% £m	11.35% to 100% £m	Total £m	0.0 to <0.60% %	0.60 to <11.35% %	11.35% to 100% %	Total %
Cash and balances at central banks		35,218	-	-	35,218	100	-	-	100
Cash collateral and settlement balances		4,345	-	-	4,345	100	-	-	100
Loans and advances at amortised cost									
Home loans		143,252	3,470	1,732	148,454	97	2	1	100
Credit cards, unsecured loans and other retail lending		4,034	9,906	1,125	15,065	27	66	7	100
Wholesale loans		36,795	10,193	1,526	48,514	76	21	3	100
Total loans and advances at amortised cost		184,081	23,569	4,383	212,033	87	11	2	100
Reverse repurchase agreements and other similar secured lending		133	-	-	133	100	-	-	100
Trading portfolio assets:									
Debt securities		298	-	-	298	100	-	-	100
Total trading portfolio assets		298	-	-	298	100	-	-	100
Financial assets at fair value through the income statement:									
Loans and advances		3,293	137	-	3,430	96	4	-	100
Other financial assets		2	-	-	2	100	-	-	100
Total financial assets at fair value through the income statement		3,295	137	-	3,432	96	4	-	100
Derivative financial instruments		550	-	-	550	100	-	-	100
Financial assets at fair value through other comprehensive income - debt securities		26,026	-	-	26,026	100	-	-	100
Other assets		329	-	2	331	99	-	1	100
Total on-balance sheet		254,275	23,706	4,385	282,366	90	8	2	100

Balance sheet credit quality (audited)

Barclays Bank UK PLC As at 31 December 2019	PD Range	0.0 to <0.60% £m	0.60 to <11.35% £m	11.35% to 100% £m	Total £m	0.0 to <0.60% %	0.60 to <11.35% %	11.35% to 100% %	Total %
Cash and balances at central banks		24,305	-	-	24,305	100	-	-	100
Cash collateral and settlement balances		4,331	-	-	4,331	100	-	-	100
Loans and advances at amortised cost									
Home loans		138,733	3,148	1,611	143,492	97	2	1	100
Credit cards, unsecured loans and other retail lending		7,121	13,403	1,263	21,787	32	62	6	100
Wholesale loans		22,703	8,435	1,543	32,681	69	26	5	100
Total loans and advances at amortised cost		168,557	24,986	4,417	197,960	85	13	2	100
Reverse repurchase agreements and other similar secured lending		1,761	-	-	1,761	100	-	-	100
Trading portfolio assets:									
Debt securities		860	-	-	860	100	-	-	100
Total trading portfolio assets		860			860	100	-	-	100
Financial assets at fair value through the income statement:									
Loans and advances		3,440	123	5	3,568	97	3	-	100
Other financial assets		3	-	-	3	100	-	-	100
Total financial assets at fair value through the income statement		3,443	123	5	3,571	97	3	-	100
Derivative financial instruments		193	-	-	193	100	-	-	100
Financial assets at fair value through other comprehensive income - debt securities		19,322	-	-	19,322	100	-	-	100
Other assets		870	-	-	870	100	-	-	100
Total on-balance sheet		223,642	25,109	4,422	253,173	88	10	2	100

Credit exposures by internal PD grade

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

Stage 1 higher risk assets, presented gross of associated collateral held, are of weaker credit quality but have not significantly deteriorated since origination.

IFRS 9 Stage 1 and Stage 2 classification is not dependent solely on the absolute probability of default but on elements that determine a Significant Increase in Credit Risk (see Note 7 on page 139), including relative movement in probability of default since initial recognition. There is therefore no direct relationship between credit quality and IFRS 9 stage classification.

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

As at 31 December 2020			Gross carrying amount				Allowance for ECL					
Barclays Bank UK Group			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	Credit quality description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	52,581	2,407	-	54,988	7	31	-	38	54,950	0.1
4-5	0.05 to < 0.15%	Strong	84,175	9,079	-	93,254	17	22	-	39	93,215	-
6-8	0.15 to < 0.30%	Strong	16,598	3,793	-	20,391	11	12	-	23	20,368	0.1
9-11	0.30 to < 0.60%	Strong	12,753	2,473	-	15,226	29	37	-	66	15,160	0.4
12-14	0.60 to < 2.15%	Satisfactory	11,330	3,361	-	14,691	76	234	-	310	14,381	2.1
15-19	2.15 to < 10%	Satisfactory	2,527	2,320	-	4,847	106	611	-	717	4,130	14.8
19	10 to < 11.35%	Satisfactory	2,463	2,738	-	5,201	47	96	-	143	5,058	2.7
20-21	11.35 to < 100%	Higher Risk	481	1,907	-	2,388	29	563	-	592	1,796	24.8
22	100%	Credit Impaired	-	-	3,812	3,812	-	-	1,221	1,221	2,591	32.0
Total			182,908	28,078	3,812	214,798	322	1,606	1,221	3,149	211,649	1.5

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

As at 31 December 2019			Gross carrying amount				Allowance for ECL					
Barclays Bank UK Group			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	Credit quality description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	54,630	1,052	-	55,682	1	2	-	3	55,679	-
4-5	0.05 to < 0.15%	Strong	75,569	6,921	-	82,490	6	11	-	17	82,473	-
6-8	0.15 to < 0.30%	Strong	14,167	3,863	-	18,030	7	3	-	10	18,020	0.1
9-11	0.30 to < 0.60%	Strong	10,030	1,987	-	12,017	20	10	-	30	11,987	0.2
12-14	0.60 to < 2.15%	Satisfactory	11,479	2,601	-	14,080	77	84	-	161	13,919	1.1
15-19	2.15 to < 10%	Satisfactory	1,550	3,740	-	5,290	47	642	-	689	4,601	13.0
19	10 to < 11.35%	Satisfactory	3,289	3,290	-	6,579	41	70	-	111	6,468	1.7
20-21	11.35 to < 100%	Higher Risk	296	2,141	-	2,437	14	493	-	507	1,930	20.8
22	100%	Credit Impaired	-	-	3,575	3,575	-	-	1,083	1,083	2,492	30.3
Total			171,010	25,595	3,575	200,180	213	1,315	1,083	2,611	197,569	1.3

Credit risk profile by internal PD grade for contingent liabilities (audited)

As at 31 December 2020			Gross carrying amount				Allowance for ECL					
Barclays Bank UK Group			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	Credit quality description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	650	-	-	650	-	-	-	-	650	-
4-5	0.05 to < 0.15%	Strong	-	-	-	-	-	-	-	-	-	-
6-8	0.15 to < 0.30%	Strong	-	-	-	-	-	-	-	-	-	-
9-11	0.30 to < 0.60%	Strong	-	-	-	-	-	-	-	-	-	-
12-14	0.60 to < 2.15%	Satisfactory	-	-	-	-	-	-	-	-	-	-
15-19	2.15 to < 10%	Satisfactory	-	-	-	-	-	-	-	-	-	-
19	10 to < 11.35%	Satisfactory	-	-	-	-	-	-	-	-	-	-
20-21	11.35 to < 100%	Higher Risk	-	-	-	-	-	-	-	-	-	-
22	100%	Credit Impaired	-	-	-	-	-	-	-	-	-	-
Total			650	-	-	650	-	-	-	-	650	-

Risk review
Risk performance
Credit risk

Credit risk profile by internal PD grade for contingent liabilities (audited)

As at 31 December 2019			Gross carrying amount				Allowance for ECL				Net	Coverage
Barclays Bank UK Group			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	exposure	ratio
Grading	PD range %	Credit quality description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	750	-	-	750	-	-	-	-	750	-
4-5	0.05 to < 0.15%	Strong	-	-	-	-	-	-	-	-	-	-
6-8	0.15 to < 0.30%	Strong	-	-	-	-	-	-	-	-	-	-
9-11	0.30 to < 0.60%	Strong	-	-	-	-	-	-	-	-	-	-
12-14	0.60 to < 2.15%	Satisfactory	-	-	-	-	-	-	-	-	-	-
15-19	2.15 to < 10%	Satisfactory	-	-	-	-	-	-	-	-	-	-
19	10 to < 11.35%	Satisfactory	-	-	-	-	-	-	-	-	-	-
20-21	11.35 to < 100%	Higher Risk	-	-	-	-	-	-	-	-	-	-
22	100%	Credit Impaired	-	-	-	-	-	-	-	-	-	-
Total			750	-	-	750	-	-	-	-	750	-

Credit risk profile by internal PD grade for loan commitments (audited)

As at 31 December 2020			Gross carrying amount				Allowance for ECL				Net	Coverage
Barclays Bank UK Group			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	exposure	ratio
Grading	PD range %	Credit quality description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	6,056	214	-	6,270	-	-	-	-	6,270	-
4-5	0.05 to < 0.15%	Strong	12,183	592	-	12,775	1	9	-	10	12,765	0.1
6-8	0.15 to < 0.30%	Strong	9,596	438	-	10,034	2	27	-	29	10,005	0.3
9-11	0.30 to < 0.60%	Strong	18,145	740	-	18,885	3	53	-	56	18,829	0.3
12-14	0.60 to < 2.15%	Satisfactory	10,257	2,930	-	13,187	6	113	-	119	13,068	0.9
15-19	2.15 to < 10%	Satisfactory	2,070	1,977	-	4,047	4	67	-	71	3,976	1.8
19	10 to < 11.35%	Satisfactory	108	157	-	265	-	-	-	-	265	-
20-21	11.35 to < 100%	Higher Risk	61	122	-	183	-	8	-	8	175	4.4
22	100%	Credit Impaired	-	-	264	264	-	-	-	-	264	-
Total			58,476	7,170	264	65,910	16	277	-	293	65,617	0.4

Credit risk profile by internal PD grade for loan commitments (audited)

As at 31 December 2019			Gross carrying amount				Allowance for ECL				Net	Coverage
Barclays Bank UK Group			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	exposure	ratio
Grading	PD range %	Credit quality description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	8,086	36	-	8,122	-	-	-	-	8,122	-
4-5	0.05 to < 0.15%	Strong	16,202	409	-	16,611	2	-	-	2	16,609	-
6-8	0.15 to < 0.30%	Strong	9,612	207	-	9,819	2	-	-	2	9,817	-
9-11	0.30 to < 0.60%	Strong	15,284	297	-	15,581	2	2	-	4	15,577	-
12-14	0.60 to < 2.15%	Satisfactory	8,997	1,890	-	10,887	4	17	-	21	10,866	0.2
15-19	2.15 to < 10%	Satisfactory	591	1,806	-	2,397	1	34	-	35	2,362	1.5
19	10 to < 11.35%	Satisfactory	207	292	-	499	-	-	-	-	499	-
20-21	11.35 to < 100%	Higher Risk	22	140	-	162	-	6	-	6	156	3.7
22	100%	Credit Impaired	-	-	231	231	-	-	-	-	231	-
Total			59,001	5,077	231	64,309	11	59	-	70	64,239	0.1

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

As at 31 December 2020 Barclays Bank UK PLC Grading	PD range %	Credit quality description	Gross carrying amount Stage 1 £m	 Stage 2 £m	 Stage 3 £m	 Total £m	Allowance for ECL Stage 1 £m	 Stage 2 £m	 Stage 3 £m	 Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	52,959	2,407	-	55,366	7	31	-	38	55,328	0.1
4-5	0.05 to < 0.15%	Strong	84,175	9,079	-	93,254	17	22	-	39	93,215	-
6-8	0.15 to < 0.30%	Strong	16,598	3,793	-	20,391	11	12	-	23	20,368	0.1
9-11	0.30 to < 0.60%	Strong	12,763	2,473	-	15,236	29	37	-	66	15,170	0.4
12-14	0.60 to < 2.15%	Satisfactory	11,330	3,361	-	14,691	76	234	-	310	14,381	2.1
15-19	2.15 to < 10%	Satisfactory	2,527	2,320	-	4,847	106	611	-	717	4,130	14.8
19	10 to < 11.35%	Satisfactory	2,463	2,738	-	5,201	47	96	-	143	5,058	2.7
20-21	11.35 to < 100%	Higher Risk	481	1,907	-	2,388	29	563	-	592	1,796	24.8
22	100%	Credit Impaired	-	-	3,808	3,808	-	-	1,221	1,221	2,587	32.1
Total			183,296	28,078	3,808	215,182	322	1,606	1,221	3,149	212,033	1.5

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

As at 31 December 2019 Barclays Bank UK PLC Grading	PD range %	Credit quality description	Gross carrying amount Stage 1 £m	 Stage 2 £m	 Stage 3 £m	 Total £m	Allowance for ECL Stage 1 £m	 Stage 2 £m	 Stage 3 £m	 Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	55,026	1,052	-	56,078	1	2	-	3	56,075	-
4-5	0.05 to < 0.15%	Strong	75,569	6,921	-	82,490	6	11	-	17	82,473	-
6-8	0.15 to < 0.30%	Strong	14,167	3,863	-	18,030	7	3	-	10	18,020	0.1
9-11	0.30 to < 0.60%	Strong	10,032	1,987	-	12,019	20	10	-	30	11,989	0.2
12-14	0.60 to < 2.15%	Satisfactory	11,477	2,601	-	14,078	77	84	-	161	13,917	1.1
15-19	2.15 to < 10%	Satisfactory	1,550	3,740	-	5,290	47	642	-	689	4,601	13.0
19	10 to < 11.35%	Satisfactory	3,289	3,290	-	6,579	41	70	-	111	6,468	1.7
20-21	11.35 to < 100%	Higher Risk	296	2,141	-	2,437	14	493	-	507	1,930	20.8
22	100%	Credit Impaired	-	-	3,570	3,570	-	-	1,083	1,083	2,487	30.3
Total			171,406	25,595	3,570	200,571	213	1,315	1,083	2,611	197,960	1.3

Credit risk profile by internal PD grade for contingent liabilities (audited)

As at 31 December 2020 Barclays Bank UK PLC Grading	PD range %	Credit quality description	Gross carrying amount Stage 1 £m	 Stage 2 £m	 Stage 3 £m	 Total £m	Allowance for ECL Stage 1 £m	 Stage 2 £m	 Stage 3 £m	 Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	650	-	-	650	-	-	-	-	650	-
4-5	0.05 to < 0.15%	Strong	-	-	-	-	-	-	-	-	-	-
6-8	0.15 to < 0.30%	Strong	-	-	-	-	-	-	-	-	-	-
9-11	0.30 to < 0.60%	Strong	-	-	-	-	-	-	-	-	-	-
12-14	0.60 to < 2.15%	Satisfactory	-	-	-	-	-	-	-	-	-	-
15-19	2.15 to < 10%	Satisfactory	-	-	-	-	-	-	-	-	-	-
19	10 to < 11.35%	Satisfactory	-	-	-	-	-	-	-	-	-	-
20-21	11.35 to < 100%	Higher Risk	-	-	-	-	-	-	-	-	-	-
22	100%	Credit Impaired	-	-	-	-	-	-	-	-	-	-
Total			650	-	-	650	-	-	-	-	650	-

Credit risk profile by internal PD grade for contingent liabilities (audited)

As at 31 December 2019			Gross carrying amount				Allowance for ECL					
Barclays Bank UK PLC			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	Credit quality description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	750	-	-	750	-	-	-	-	750	-
4-5	0.05 to < 0.15%	Strong	-	-	-	-	-	-	-	-	-	-
6-8	0.15 to < 0.30%	Strong	-	-	-	-	-	-	-	-	-	-
9-11	0.30 to < 0.60%	Strong	-	-	-	-	-	-	-	-	-	-
12-14	0.60 to < 2.15%	Satisfactory	-	-	-	-	-	-	-	-	-	-
15-19	2.15 to < 10%	Satisfactory	-	-	-	-	-	-	-	-	-	-
19	10 to < 11.35%	Satisfactory	-	-	-	-	-	-	-	-	-	-
20-21	11.35 to < 100%	Higher Risk	-	-	-	-	-	-	-	-	-	-
22	100%	Credit Impaired	-	-	-	-	-	-	-	-	-	-
Total			750	-	-	750	-	-	-	-	750	-

Credit risk profile by internal PD grade for loan commitments (audited)

As at 31 December 2020			Gross carrying amount				Allowance for ECL					
Barclays Bank UK PLC			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	Credit quality description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	6,141	214	-	6,355	-	-	-	-	6,355	-
4-5	0.05 to < 0.15%	Strong	12,183	592	-	12,775	1	9	-	10	12,765	0.1
6-8	0.15 to < 0.30%	Strong	9,596	438	-	10,034	2	27	-	29	10,005	0.3
9-11	0.30 to < 0.60%	Strong	18,145	740	-	18,885	3	53	-	56	18,829	0.3
12-14	0.60 to < 2.15%	Satisfactory	10,257	2,930	-	13,187	6	113	-	119	13,068	0.9
15-19	2.15 to < 10%	Satisfactory	2,070	1,977	-	4,047	4	67	-	71	3,976	1.8
19	10 to < 11.35%	Satisfactory	108	157	-	265	-	-	-	-	265	-
20-21	11.35 to < 100%	Higher Risk	61	122	-	183	-	8	-	8	175	4.4
22	100%	Credit Impaired	-	-	264	264	-	-	-	-	264	-
Total			58,561	7,170	264	65,995	16	277	-	293	65,702	0.4

Credit risk profile by internal PD grade for loan commitments (audited)

As at 31 December 2019			Gross carrying amount				Allowance for ECL					
Barclays Bank UK PLC			Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Net exposure	Coverage ratio
Grading	PD range %	Credit quality description	£m	£m	£m	£m	£m	£m	£m	£m	£m	%
1-3	0.0 to < 0.05%	Strong	8,103	36	-	8,139	-	-	-	-	8,139	-
4-5	0.05 to < 0.15%	Strong	16,202	409	-	16,611	2	-	-	2	16,609	-
6-8	0.15 to < 0.30%	Strong	9,612	207	-	9,819	2	-	-	2	9,817	-
9-11	0.30 to < 0.60%	Strong	15,284	297	-	15,581	2	2	-	4	15,577	-
12-14	0.60 to < 2.15%	Satisfactory	8,997	1,890	-	10,887	4	17	-	21	10,866	0.2
15-19	2.15 to < 10%	Satisfactory	591	1,806	-	2,397	1	34	-	35	2,362	1.5
19	10 to < 11.35%	Satisfactory	207	292	-	499	-	-	-	-	499	-
20-21	11.35 to <100%	Higher Risk	22	140	-	162	-	6	-	6	156	3.7
22	100%	Credit Impaired	-	-	231	231	-	-	-	-	231	-
Total			59,018	5,077	231	64,326	11	59	-	70	64,256	0.1

Analysis of specific portfolios and asset types

Secured home loans

The UK home loan portfolio primarily comprises first lien mortgages and accounts for 99% of the Barclays Bank UK Group's total home loans balance.

Home loans principal portfolios

As at 31 December	2020	2019
Gross loans and advances (£m)	148,343	143,259
90 day arrears rate, excluding recovery book (%)	0.2	0.2
Annualised gross charge-off rates - 180 days past due (%)	0.6	0.6
Recovery book proportion of outstanding balances (%)	0.6	0.5
Recovery book impairment coverage ratio (%)[a]	3.2	5.2

Note
a 2019 numbers have been restated to factor in Wealth accounts to align with 2020 figures.

Within the UK home loans portfolio:

- Gross loans and advances increased by £5.1bn (3.6%) following increases across both Residential (3.1%) and Buy to Let (BTL) (6.6%) books.
- Owner-occupied interest-only home loans comprised 22.1% (2019: 23.4%) of total balances.
- The average balance weighted LTV on owner occupied loans dropped to 49.9% (2019: 50.2%). The primary driver of the decrease in the LTV of the portfolio was strong UK house price growth through 2020 particularly following the buoyant purchase market in Q3 and Q4. In addition, new high LTV lending was greatly reduced.
- BTL home loans comprised 14.0% (2019: 13.6%) of total balances. In BTL, the average balance weighted LTV dropped to 55.3% (2019: 56.5%) primarily driven by positive house price growth in 2020.

Home loans principal portfolios - distribution of balances by LTV[a]

	Distribution of balances				Distribution of impairment allowance				Coverage ratio			
	Stage 1 %	Stage 2 %	Stage 3 %	Total %	Stage 1 %	Stage 2 %	Stage 3 %	Total %	Stage 1 %	Stage 2 %	Stage 3 %	Total %
As at 31 December 2020												
<=75%	75.7	11.6	0.6	87.9	17.9	15.0	19.0	51.9	-	0.1	1.8	-
>75% and <=90%	10.8	0.8	-	11.6	9.7	14.8	7.6	32.1	0.1	1.2	16.0	0.2
>90% and <=100%	0.4	-	-	0.4	0.8	1.5	2.2	4.5	0.1	2.6	35.7	0.7
>100%	0.1	-	-	0.1	0.7	3.4	7.4	11.5	0.7	10.3	69.1	8.0
As at 31 December 2019												
<=75%	76.0	10.7	0.7	87.4	4.2	15.4	28.5	48.1	-	0.1	2.2	-
>75% and <=90%	10.4	0.7	-	11.1	2.7	11.5	12.6	26.8	-	0.9	19.7	0.1
>90% and <=100%	1.3	0.1	-	1.4	0.8	2.5	4.9	8.2	-	1.8	54.4	0.3
>100%	0.1	-	-	0.1	0.2	4.1	12.6	16.9	0.2	8.7	107.4	9.0

Note
a Portfolio marked to market based on the most updated valuation including recovery book balances. Updated valuations reflect the application of the latest HPI available as at 31 December 2020.

Home loans principal portfolios - average LTV

As at 31 December	2020	2019
Overall portfolio LTV (%):		
Balance weighted	50.7	51.1
Valuation weighted[a]	37.6	37.9
For >100% LTVs:		
Balances (£m)	129	160
Marked to market collateral (£m)	112	140
Average LTV: balance weighted (%)	138.2	133.5
Average LTV: valuation weighted (%)	120.6	119.7
Balances in recovery book (%)	10.8	10.0

Home loans principal portfolios - new lending		
As at 31 December	2020	2019
New bookings (£m)	22,776	25,530
New home loan proportion above >90% LTV (%)	2.6	4.2
Average LTV on new home loans: balance weighted (%)	67.5	67.9
Average LTV on new home loans: valuation weighted (%)[a]	59.6	59.8

Note
a 2019 numbers have been restated to factor in Wealth accounts to align with 2020 figures.

New bookings reduced by 10.8% with a decrease in new flows across both portfolios: 6.1% decrease in owner occupied and 34.8% decrease in the BTL portfolio. This decrease was driven by supply and demand effects of the COVID-19 pandemic. Demand was impacted by a significant shrinking of the market in Q2 although this was partially offset by a resurgent Q3 and Q4. High LTV supply was reduced by credit management actions.

During 2020, a total of 128k payment holidays were provided to customers. At 31 December 2020, the book value of the portfolio where payment holidays remain in place was £2.2bn, representing 1.5% of the portfolio.

Credit cards, unsecured loans and other retail lending

The principal portfolios listed below accounted for 93% (2019: 94%) of Barclays Bank UK Group's total credit cards, unsecured loans and other retail lending.

Credit cards, unsecured loans and other retail lending principal portfolios	Gross loans and advances	30 day arrears, excluding recovery book	90 day arrears, excluding recovery book	Annualised gross write-off rate	Annualised net write-off rate
	£m	%	%	%	%
As at 31 December 2020					
UK cards	11,911	1.7	0.8	2.9	2.9
UK personal loans	4,591	2.3	1.2	3.4	3.1
As at 31 December 2019					
UK cards	16,457	1.7	0.8	1.6	1.6
UK personal loans	6,139	2.1	1.0	3.2	2.9

UK cards: 30 and 90 day arrears rates remained stable at 1.7% and 0.8% respectively, despite balances reducing by c.£4.5bn. Delinquency rates initially increased as some customers missed payments prior to payment holidays being initiated. Subsequently payment holidays and government support schemes were introduced which, coupled with significantly lower spend and balance growth activities, resulted in suppressed flows into delinquency cycles. Upon exit from payment holidays the majority of customers were able to resume making payments. During 2020 a total of 178k payment holidays were granted to customers. At 31 December 2020, the book value of the portfolio where payment holidays remain in place was £93m, representing 0.8% of the portfolio.

UK personal loans: 30 and 90 day arrears rates both increased by 0.2% to 2.3% and 1.2% respectively driven by a 25% reduction in overall balances, coupled with a higher flow in to delinquency of customers previously granted a payment holiday. During 2020, a total of 84k payment holidays were provided to customers. At 31 December 2020, the book value of the portfolio where payment holidays remain in place was £85.4m, representing 1.9% of the portfolio.

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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. This section provides an overview of Barclays Bank UK Group's liquidity risk.	▪ Overview ▪ Liquidity risk stress testing	93 93
Provides details on the contractual maturity of all financial instruments and other assets and liabilities.	▪ Contractual maturity of financial assets and liabilities	94
Capital risk performance		
Capital risk is the risk that the firm has an insufficient level or composition of capital to support its normal business activities and to meet its regulatory capital requirements under normal operating environments or stressed conditions (both actual and as defined for internal planning or regulatory testing purposes). This also includes the risk from the firm's pension plans. This section details Barclays Bank UK PLC's capital and leverage position.	▪ Capital risk overview – Capital ratios – Capital resources – Capital Requirements Regulation leverage ratio	100 100 100 101
Interest rate risk in the banking book performance		
A description of the non-traded market risk framework is provided. Barclays Bank UK Group discloses a sensitivity analysis on pre-tax net interest income for non-trading financial assets and liabilities. The analysis is carried out by currency. Barclays Bank UK Group discloses the overall impact of a parallel shift in interest rates on other comprehensive income and cash flow hedges. Barclays Bank UK Group measures the volatility of the value of the FVOCI instruments in the liquidity pool through non-traded market risk VaR.	▪ Interest rate risk in the banking book overview and summary of performance ▪ Net interest income sensitivity ▪ Analysis of equity sensitivity ▪ Volatility of the FVOCI portfolio in the liquidity pool	102 102 102 103

Liquidity risk

All disclosures in this section (pages 93 to 99) are unaudited unless otherwise stated.

Overview

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

Liquidity risk stress testing

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

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

As at 31 December 2020, Barclays Bank UK Group held eligible liquidity assets in excess of 100% of the net stress outflows to its internal and external regulatory requirements. A significant portion of the liquidity pool was held in cash and deposits with central banks. The liquidity pool was held entirely within Barclays Bank UK PLC.

The liquidity pool increased to £60bn (31 December 2019: £42bn) and the LCR to 160% (December 2019: 144%) driven by a 17% growth in customer deposits, partly offset by higher lending and repayment of Term Funding Scheme (TFS) borrowing. The growth in deposits was largely a consequence of the government and central bank policy response to the COVID-19 pandemic.

	As at 31.12.20 £bn	As at 31.12.19 £bn
Barclays Bank UK Group liquidity pool	60	42
	%	%
Barclays Bank UK Group liquidity coverage ratio	160	144

Barclays Bank UK Group maintains access to a variety of sources of wholesale funds in major currencies, including those available from term investors across a variety of distribution channels and geographies, short-term funding markets and repo markets. Key sources of wholesale funding include money markets, certificates of deposit, commercial paper, covered bonds and other securitisations. This funding capacity enables Barclays Bank UK Group maintain a stable and diversified funding base.

Barclays Bank UK Group also supports various central bank monetary initiatives, such as the Bank of England's TFS and Term Funding Scheme with additional incentives for SMEs (TFSME). These are reported under 'repurchase agreements and other similar secured borrowing' on the balance sheet. During 2020, Barclays Bank UK Group repaid £11.2bn of TFS drawings early. It also drew £3.0bn of TFSME, which was outstanding at the year-end.

Contractual maturity of financial assets and liabilities

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

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank UK Group As at 31 December 2020	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Assets											
Cash and balances at central banks	35,218	–	–	–	–	–	–	–	–	–	35,218
Cash collateral and settlement balances	43	4,302	–	–	–	–	–	–	–	–	4,345
Loans and advances at amortised cost	2,707	824	1,727	799	885	4,640	5,273	14,274	35,733	144,787	211,649
Reverse repurchase agreements and other similar secured lending	–	133	–	–	–	–	–	–	–	–	133
Trading portfolio assets	298	–	–	–	–	–	–	–	–	–	298
Financial assets at fair value through the income statement	–	37	1	2	6	15	37	147	458	2,729	3,432
Derivative financial instruments	237	–	–	–	–	42	40	227	4	–	550
Financial assets at fair value through other comprehensive income	–	6,569	1,890	1,242	853	3,406	1,796	4,811	4,459	1,000	26,026
Other financial assets	136	140	29	17	–	–	–	–	–	–	322
Total financial assets	38,639	12,005	3,647	2,060	1,744	8,103	7,146	19,459	40,654	148,516	281,973
Other assets											5,525
Total assets											287,498
Liabilities											
Deposits at amortised cost	230,920	3,043	2,398	1,409	799	1,555	411	–	–	–	240,535
Cash collateral and settlement balances	103	352	–	–	–	–	–	–	–	–	455
Repurchase agreements and other similar secured borrowing	–	4,177	–	–	–	–	–	3,001	–	–	7,178
Debt securities in issue	–	1,866	227	97	4	2,281	1,750	–	1,117	161	7,503
Subordinated liabilities	–	151	–	1,006	–	453	859	2,367	3,286	1,747	9,869
Trading portfolio liabilities	1,265	–	–	–	–	–	–	–	–	–	1,265
Derivative financial instruments	843	–	–	–	–	13	–	11	13	–	880
Other financial liabilities	30	1,110	16	16	17	134	57	96	62	21	1,559
Total financial liabilities	233,161	10,699	2,641	2,528	820	4,436	3,077	5,475	4,478	1,929	269,244
Other liabilities											1,227
Total liabilities											270,471
Cumulative liquidity gap	(194,522)	(193,216)	(192,210)	(192,678)	(191,754)	(188,087)	(184,018)	(170,034)	(133,858)	12,729	17,027

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank UK Group As at 31 December 2019	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Assets											
Cash and balances at central banks	24,305	–	–	–	–	–	–	–	–	–	24,305
Cash collateral and settlement balances	35	4,296	–	–	–	–	–	–	–	–	4,331
Loans and advances at amortised cost	3,469	990	3,395	831	1,032	4,255	5,121	11,490	26,137	140,849	197,569
Reverse repurchase agreements and other similar secured lending	–	1,761	–	–	–	–	–	–	–	–	1,761
Trading portfolio assets	860	–	–	–	–	–	–	–	–	–	860
Financial assets at fair value through the income statement	3	10	11	12	–	19	15	65	449	2,987	3,571
Derivative financial instruments	180	–	–	–	–	–	4	8	–	–	192
Financial assets at fair value through other comprehensive income	–	3,518	1,569	347	704	4,196	2,216	2,159	3,650	963	19,322
Other financial assets	588	271	27	–	–	–	–	–	–	–	886
Total financial assets	29,440	10,846	5,002	1,190	1,736	8,470	7,356	13,722	30,236	144,799	252,797
Other assets											5,601
Total assets											258,398
Liabilities											
Deposits at amortised cost	192,080	3,937	3,543	1,570	1,123	2,838	605	–	–	–	205,696
Cash collateral and settlement balances	111	103	–	–	–	–	–	–	–	–	214
Repurchase agreements and other similar secured borrowing	–	2,202	10	–	–	10,007	1,201	–	–	–	13,420
Debt securities in issue	–	376	1,202	563	87	917	2,262	1,751	294	819	8,271
Subordinated liabilities	–	–	–	–	–	1,457	429	1,882	3,469	451	7,688
Trading portfolio liabilities	1,704	–	–	–	–	–	–	–	–	–	1,704
Derivative financial instruments	739	–	–	–	–	–	1	–	–	–	740
Other financial liabilities	34	1,124	17	17	17	182	65	108	101	21	1,686
Total financial liabilities	194,668	7,742	4,772	2,150	1,227	15,401	4,563	3,741	3,864	1,291	239,419
Other liabilities											2,466
Total liabilities											241,885
Cumulative liquidity gap	(165,228)	(162,124)	(161,894)	(162,854)	(162,345)	(169,276)	(166,483)	(156,502)	(130,130)	13,378	16,513

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank UK PLC As at 31 December 2020	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Assets											
Cash and balances at central banks	35,218	–	–	–	–	–	–	–	–	–	35,218
Cash collateral and settlement balances	43	4,302	–	–	–	–	–	–	–	–	4,345
Loans and advances at amortised cost	2,714	1,142	1,728	799	928	4,641	5,275	14,276	35,736	144,794	212,033
Reverse repurchase agreements and other similar secured lending	–	133	–	–	–	–	–	–	–	–	133
Trading portfolio assets	298	–	–	–	–	–	–	–	–	–	298
Financial assets at fair value through the income statement	–	38	1	2	6	15	37	147	458	2,728	3,432
Derivative financial instruments	237	–	–	–	–	42	40	227	4	–	550
Financial assets at fair value through other comprehensive income	–	6,569	1,890	1,242	853	3,406	1,796	4,811	4,459	1,000	26,026
Other financial assets	122	132	60	17	–	–	–	–	–	–	331
Total financial assets	38,632	12,316	3,679	2,060	1,787	8,104	7,148	19,461	40,657	148,522	282,366
Other assets											5,605
Total assets											287,971
Liabilities											
Deposits at amortised cost	231,477	3,044	2,398	1,409	799	1,555	409	–	–	–	241,091
Cash collateral and settlement balances	103	352	–	–	–	–	–	–	–	–	455
Repurchase agreements and other similar secured borrowing	–	4,177	–	–	–	–	–	3,001	–	–	7,178
Debt securities in issue	–	1,866	227	97	4	2,281	1,750	–	1,117	161	7,503
Subordinated liabilities	–	151	–	1,006	–	453	859	2,367	3,286	1,747	9,869
Trading portfolio liabilities	1,265	–	–	–	–	–	–	–	–	–	1,265
Derivative financial instruments	843	–	–	–	–	13	–	11	13	–	880
Other financial liabilities	30	920	16	16	17	134	57	96	62	21	1,369
Total financial liabilities	233,718	10,510	2,641	2,528	820	4,436	3,075	5,475	4,478	1,929	269,610
Other liabilities											1,188
Total liabilities											270,798
Cumulative liquidity gap	(195,086)	(193,280)	(192,242)	(192,710)	(191,743)	(188,075)	(184,002)	(170,016)	(133,837)	12,756	17,173

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank UK PLC As at 31 December 2019	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than nine months £m	Over nine months but not more than one year £m	Over one year but not more than two years £m	Over two years but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Assets											
Cash and balances at central banks	24,305	–	–	–	–	–	–	–	–	–	24,305
Cash collateral and settlement balances	35	4,296	–	–	–	–	–	–	–	–	4,331
Loans and advances at amortised cost	3,462	1,319	3,395	832	1,075	4,257	5,122	11,493	26,142	140,863	197,960
Reverse repurchase agreements and other similar secured lending	–	1,761	–	–	–	–	–	–	–	–	1,761
Trading portfolio assets	860	–	–	–	–	–	–	–	–	–	860
Financial assets at fair value through the income statement	3	10	11	12	–	19	15	65	449	2,987	3,571
Derivative financial instruments	181	–	–	–	–	–	4	8	–	–	193
Financial assets at fair value through other comprehensive income	–	3,518	1,569	347	704	4,196	2,216	2,159	3,650	963	19,322
Other financial assets	581	249	40	–	–	–	–	–	–	–	870
Total financial assets	29,427	11,153	5,015	1,191	1,779	8,472	7,357	13,725	30,241	144,813	253,173
Other assets											5,748
Total assets											258,921
Liabilities											
Deposits at amortised cost	192,634	3,957	3,543	2,064	1,123	2,838	605	–	–	–	206,764
Cash collateral and settlement balances	111	103	–	–	–	–	–	–	–	–	214
Repurchase agreements and other similar secured borrowing	–	2,202	10	–	–	10,007	1,201	–	–	–	13,420
Debt securities in issue	–	376	1,202	71	87	917	2,262	1,751	294	818	7,778
Subordinated liabilities	–	–	–	–	–	1,457	429	1,882	3,469	451	7,688
Trading portfolio liabilities	1,704	–	–	–	–	–	–	–	–	–	1,704
Derivative financial instruments	739	–	–	–	–	–	1	–	–	–	740
Other financial liabilities	34	1,009	17	17	17	182	65	108	101	21	1,571
Total financial liabilities	195,222	7,647	4,772	2,152	1,227	15,401	4,563	3,741	3,864	1,290	239,879
Other liabilities											2,396
Total liabilities											242,275
Cumulative liquidity gap	(165,795)	(162,289)	(162,046)	(163,007)	(162,455)	(169,384)	(166,590)	(156,606)	(130,229)	13,294	16,646

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

- Trading portfolio assets and liabilities and derivative financial instruments, which may not be held to maturity as part of Barclays Bank UK Group's trading strategies
- Retail and business bank deposits, which are included within deposits at amortised cost, are repayable on demand or at short notice on a contractual basis. In practice, these instruments form a stable base for Barclays Bank UK Group's operations and liquidity needs because of the broad base of customers, both numerically and by depositor type
- Loans to retail and business bank customers, which are included within loans and advances at amortised cost and financial assets at fair value, may be repaid earlier in line with terms and conditions of the contract
- Debt securities in issue and subordinated liabilities may include early redemption features.

Contractual maturity of financial liabilities on an undiscounted basis

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

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

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

Contractual maturity of financial liabilities - undiscounted (audited)

Barclays Bank UK Group	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
As at 31 December 2020									
Deposits at amortised cost	230,920	3,043	2,398	2,208	1,967	–	–	–	240,536
Cash collateral and settlement balances	103	352	–	–	–	–	–	–	455
Repurchase agreements and other similar secured borrowing	–	4,178	–	–	–	3,002	–	–	7,180
Debt securities in issue	–	1,866	227	101	4,121	–	1,372	195	7,882
Subordinated liabilities	–	152	–	1,026	1,358	2,659	3,961	2,450	11,606
Trading portfolio liabilities	1,265	–	–	–	–	–	–	–	1,265
Derivative financial instruments	843	–	–	–	13	11	13	–	880
Other financial liabilities	30	1,114	20	39	211	110	75	36	1,635
Total financial liabilities	233,161	10,705	2,645	3,374	7,670	5,782	5,421	2,681	271,439
As at 31 December 2019									
Deposits at amortised cost	192,080	3,937	3,543	2,693	3,443	–	–	–	205,696
Cash collateral and settlement balances	111	103	–	–	–	–	–	–	214
Repurchase agreements and other similar secured borrowing	–	2,203	10	–	11,300	–	–	–	13,513
Debt securities in issue	–	377	1,207	651	3,582	1,848	363	1,039	9,067
Subordinated liabilities	–	–	–	–	1,960	2,182	4,146	859	9,147
Trading portfolio liabilities	1,704	–	–	–	–	–	–	–	1,704
Financial liabilities designated at fair value	–	–	–	–	–	–	–	–	–
Derivative financial instruments	739	–	–	–	1	–	–	–	740
Other financial liabilities	34	1,128	22	42	272	124	113	40	1,775
Total financial liabilities	194,668	7,748	4,782	3,386	20,558	4,154	4,622	1,938	241,856

Contractual maturity of financial liabilities - undiscounted (audited)

Barclays Bank UK PLC	On demand £m	Not more than three months £m	Over three months but not more than six months £m	Over six months but not more than one year £m	Over one year but not more than three years £m	Over three years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
As at 31 December 2020									
Deposits at amortised cost	231,477	3,043	2,398	2,208	1,965	–	–	–	241,091
Cash collateral and settlement balances	103	352	–	–	–	–	–	–	455
Repurchase agreements and other similar secured borrowing	–	4,178	–	–	–	3,002	–	–	7,180
Debt securities in issue	–	1,866	227	101	4,121	–	1,372	195	7,882
Subordinated liabilities	–	152	–	1,026	1,358	2,659	3,961	2,450	11,606
Trading portfolio liabilities	1,265	–	–	–	–	–	–	–	1,265
Derivative financial instruments	844	–	–	–	13	11	13	–	881
Other financial liabilities	30	924	20	39	211	110	75	36	1,445
Total financial liabilities	233,719	10,515	2,645	3,374	7,668	5,782	5,421	2,681	271,805
As at 31 December 2019									
Deposits at amortised cost	192,634	3,958	3,543	3,187	3,443	–	–	–	206,765
Cash collateral and settlement balances	111	103	–	–	–	–	–	–	214
Repurchase agreements and other similar secured borrowing	–	2,203	10	–	11,300	–	–	–	13,513
Debt securities in issue	–	377	1,207	158	3,582	1,848	363	1,039	8,574
Subordinated liabilities	–	–	–	–	1,960	2,182	4,146	859	9,147
Trading portfolio liabilities	1,704	–	–	–	–	–	–	–	1,704
Financial liabilities designated at fair value	–	–	–	–	–	–	–	–	–
Derivative financial instruments	739	–	–	–	1	–	–	–	740
Other financial liabilities	34	1,013	22	42	272	124	113	40	1,660
Total financial liabilities	195,222	7,654	4,782	3,387	20,558	4,154	4,622	1,938	242,317

Maturity of off-balance sheet commitments received and given (audited)

The maturity split of off-balance sheet commitments received (Guarantees, letters of credit and credit insurance Barclays Bank UK Group and PLC Dec 2020: £19,905m, Dec 2019: £7,886m), and given (see Note 23 on page 166) represents the undiscounted cash flows (i.e. nominal values) on the basis of the earliest opportunity at which they are available. All off-balance sheet commitments received and given for both Barclays Bank UK Group and Barclays Bank UK PLC are on demand.

Capital risk

All disclosures in this section (pages 100 to 101) are unaudited unless otherwise stated.

Overview

The disclosures below provide key capital metrics for Barclays Bank UK Group with further information on its risk profile included in the Barclays Bank UK PLC Pillar 3 Report 2020, due to be published on 18 February 2021 and which will be available at home.barclays/investor-relations/reports-and-events/annual-reports.

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

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

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

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

Capital ratios[a,b]	As at 31 December 2020	As at 31 December 2019
CET1	**15.6%**	13.5%
Tier 1 (T1)	**19.2%**	16.9%
Total regulatory capital	**23.9%**	21.3%

Capital resources (audited)	£m	£m
CET1 capital	**11,247**	10,128
T1 capital	**13,807**	12,688
Total regulatory capital	**17,178**	16,012
Total risk weighted assets (RWAs) (unaudited)	**72,025**	75,010

Notes

a Capital and RWAs are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.

b The fully loaded CET1 ratio was 14.6%, with £10,517m of CET1 capital and £72,039m of RWAs, calculated without applying the transitional arrangements of the CRR as amended by CRR II.

Risk performance

Treasury and Capital risk

Barclays Bank UK Group is required to disclose an average UK leverage ratio which is based on capital on the last day of each month in the quarter and an exposure measure for each day in the quarter. Barclays Bank UK Group is also required to disclose a UK leverage ratio based on capital and exposure on the last day of the quarter. Both approaches exclude qualifying claims on central banks from the leverage exposures and include the PRA's early adoption of CRR II settlement netting. The Financial Policy Committee intends to review the UK leverage framework in 2021.

As at 31 December 2020, Barclays Bank UK Group average UK leverage ratio was 5.6% which exceeded the 2020 minimum requirement.

Leverage ratios[a]	As at 31 December 2020 £m	As at 31 December 2019 £m
Average UK leverage ratio[b]	**5.6%**	5.2%
Average T1 Capital	**13,793**	12,598
Average UK leverage exposure	**245,992**	240,057
UK leverage ratio	**5.6%**	5.4%
T1 capital	**13,807**	12,688
UK leverage exposure	**245,176**	236,026

Notes
a Capital and leverage are calculated applying the IFRS 9 transitional arrangements of the CRR as amended by CRR II.
b The CET1 capital held against the 0.35% O-SII additional leverage ratio buffer was £0.9bn and against the 0.0% countercyclical leverage ratio buffer was £0.0bn.

Interest rate risk in the banking book

All disclosures in this section (pages 102 to 103) are unaudited.

Overview

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

Summary of performance in the period

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

Key metrics

-£141m

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

Analysis of net interest income and equity sensitivity

Equity sensitivity measures the overall impact of a +/- 25bps movement in interest rates on retained earnings, FVOCI, and cash flow hedge reserves. For non-NII items a DV01 metric is used which is an indicator of the shift in value for a 1 basis point in the yield curve.

Net interest income sensitivity is calculated for non-trading financial assets and liabilities, including the effect of any hedging. The sensitivity has been measured using the Annual Earnings at Risk (AEaR) metric. Note that this metric assumes an instantaneous parallel change to forward interest rate curves. The model does not apply floors to shocked market rates, but does 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 except for certain balances considered rate sensitive; (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.

Analysis of equity sensitivity (audited)	31 December 2020		31 December 2019	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
Barclays Bank UK Group	£m	£m	£m	£m
Net interest income	10	(141)	16	(57)
Taxation effects on the above	(3)	38	(4)	15
Effect on profit for the year	**7**	**(103)**	12	(42)
As percentage of net profit after tax	**2.0%**	**-27.1%**	7.7%	-26.9%
Effect on profit for the year (per above)	7	(103)	12	(42)
Fair value through other comprehensive income reserve	(20)	20	(27)	27
Cash flow hedge reserve	(186)	186	(177)	177
Taxation effects on the above	56	(56)	51	(51)
Effect on equity	**(143)**	**47**	(141)	111
As percentage of equity	**-0.8%**	**0.3%**	-0.9%	0.7%

Analysis of equity sensitivity (audited)	31 December 2020		31 December 2019	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
Barclays Bank UK PLC	£m	£m	£m	£m
Net interest income	10	(141)	16	(57)
Taxation effects on the above	(3)	38	(4)	15
Effect on profit for the year	**7**	**(103)**	12	(42)
As percentage of net profit after tax	**1.9%**	**-26.1%**	5.8%	-20.2%
Effect on profit for the year (per above)	7	(103)	12	(42)
Fair value through other comprehensive income reserve	(20)	20	(27)	27
Cash flow hedge reserve	(186)	186	(177)	177
Taxation effects on the above	56	(56)	51	(51)
Effect on equity	**(143)**	**47**	(141)	111
As percentage of equity	**-0.8%**	**0.3%**	-0.8%	0.7%

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. Movements in the FVOCI reserve impact CET1 capital, however the movement in the cash flow hedge reserve does not affect CET1 capital.

Volatility of the FVOCI portfolio in the liquidity pool

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

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

Analysis of volatility of the FVOCI portfolio in the liquidity pool

	2020			2019		
	Average	High	Low	Average	High	Low
For the year ended 31 December	£m	£m	£m	£m	£m	£m
Non-traded market value at risk (daily, 95%)	7	9	4	4	7	2

DVaR trended upwards in H1 2020 due to an increase in time series volatility caused by the Covid-19 pandemic stress and was stable in H2.

All disclosures in this section are unaudited unless otherwise stated.

Overview

Market Risk within the Barclays Bank UK Group arises from the risk management of the assets held within the liquidity pool. As a result, the market risk in the Barclays Bank UK Group is minimal. Transactions carrying market risk are executed by the Barclays Bank UK Group Treasury function.

Management VaR (audited)

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

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

Average management VaR in the Barclays Bank UK Group in 2020 was £1.2m (2019: £0.4m) and remained broadly stable throughout the period. Management VaR in the Barclays Bank UK Group in 2020 was driven by interest rate risk in Barclays Bank UK Group Treasury.

Barclays Bank UK PLC adopts a standardised methodology for calculating capital requirements and as a result regulatory VaR is not applicable while management VaR is used only for internal risk calculations.

Risk review

Risk performance

Operational risk

All disclosures in this section are unaudited unless otherwise stated.

Overview

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

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

For definitions of these risks refer to page 117 of the Barclays PLC Pillar 3 Report 2020. In order to provide complete coverage of the potential adverse impacts on the Barclays Bank UK Group arising from operational risk, the operational risk taxonomy extends beyond the risks listed above to cover operational risks associated with other principal risks too.

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

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

Summary of performance in the period

During 2020, total operational risk losses[a] increased to £102m (2019: £59m) while the number of recorded events for 2020 increased to 1,499 from 1,115 events recorded during the prior year. The total operational risk losses for the year were mainly driven by events falling within the Execution, Delivery & Process Management and External Fraud categories, which tend to be high volume but low impact events.

Note

a The data disclosed includes operational risk losses for reportable events impacting the Barclays Bank UK Group business areas, having impact of ≥ £10,000 and excludes events that are conduct or legal risk, aggregate and boundary events. A boundary event is an operational risk event that results in a credit risk impact. Due to the nature of risk events that keep evolving, prior year losses are updated.

Key metrics

84%

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

92%

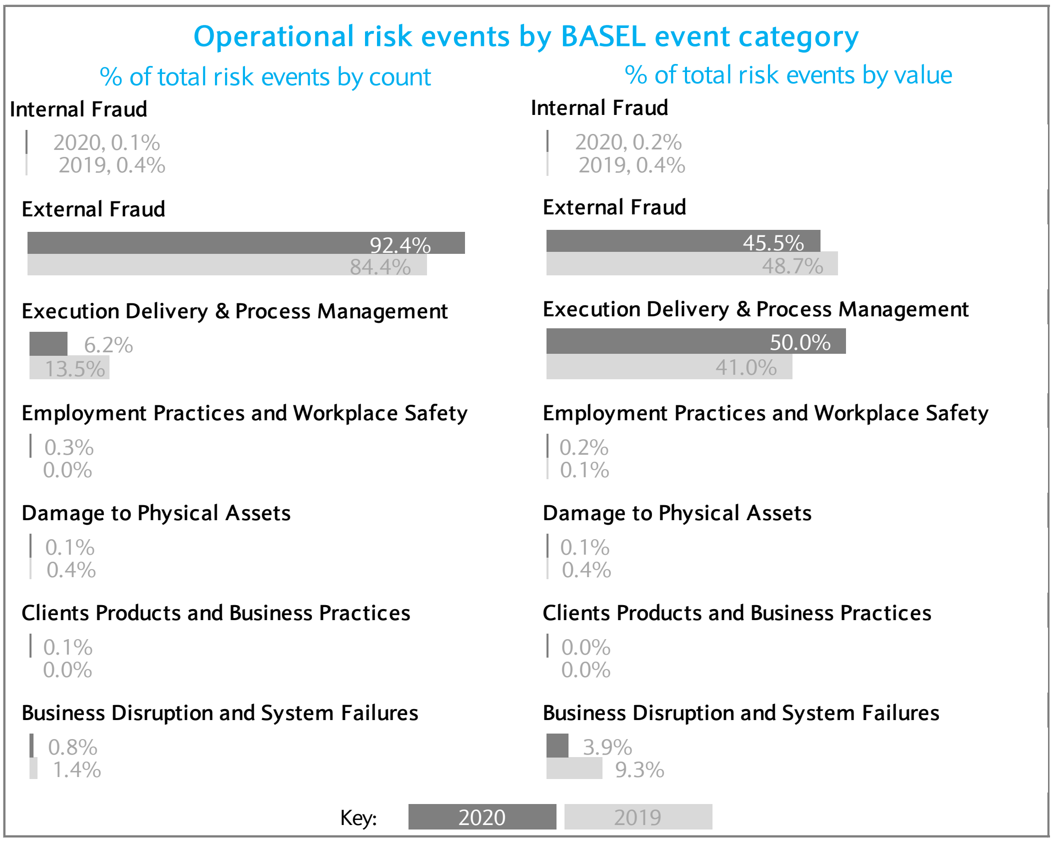
of events by number are due to External Fraud

Operational risk profile

Within operational risk, there are a large number of smaller value risk events. In 2020, 84% (2019: 88%) of the Barclays Bank UK 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 24% (2019: 31%) of the Barclays Bank UK Group's total net operational risk losses. A small proportion of operational risk events have a material impact on the financial results of the Barclays Bank UK Group.

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

Risk review
Risk performance
Operational risk



Note

a The data disclosed includes operational risk losses for reportable events impacting the Barclays Bank UK Group business areas, having impact of ≥ £10,000 and excludes events that are conduct or legal risk, aggregate and boundary events. A boundary event is an operational risk event that results in a credit risk impact. Due to the nature of risk events that keep evolving, prior year losses are updated.

- External Fraud remains the category with the highest frequency of events at 92% of total events in 2020 (2019: 84%) with number of events increasing to 1,385 (2019: 941). Losses increased to £46m accounting for 46% of total losses (2019: £29m / 49%). In this category, high volume, low value events are driven by transactional fraud often related to debit and credit card usage.
- Execution, Delivery and Process Management impacts increased to £51m (2019: £24m), accounting for 50% of overall operational risk losses (2019: 41%). 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 volume of events in this category fell year-on-year to 93 (2019: 150), accounting for 6% of total events (2019: 14%).

Investment continues to be made in improving the control environment across the Barclays Bank UK Group. Particular areas of focus include new and enhanced fraud prevention systems and tools to combat the increasing level of fraud attempts being made and to minimise any disruption to genuine transactions. Fraud remains an industry wide threat and the Barclays Bank UK Group continues to work closely with external partners on various prevention initiatives.

Operational Resilience is and has been a key area of focus for the Barclays Bank UK Group. The COVID-19 Pandemic is the most severe global health emergency the World Health Organization (WHO) has ever declared. While overall the Barclays Bank UK Group proved to be resilient, the COVID-19 pandemic has caused disruption to the Barclays Bank UK Group's customers, suppliers, and staff globally. The COVID-19 pandemic has reinforced our continued focus on resilience risk.

Due to the COVID-19 pandemic, the Barclays Bank UK Group experienced operational disruptions primarily during the Barclays Bank UK Group's and its suppliers' transition to a Work-from-Home environment. 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 Barclays Bank UK Group. The sophistication of threat actors continues to grow as noted by multiple external risk events observed throughout the year. Multiple ransomware attacks across the global Barclays supplier base were observed and we worked closely with the affected suppliers to manage potential impacts to the Barclays Bank UK Group and its clients and customers. The Barclays Bank UK Group's cyber-security events were managed within its risk tolerances and there were limited to no loss events associated with cyber-security recorded within the event categories above. For additional information on the Barclays Bank UK Group's cyber-security risk exposure, see the operational risk management section.

For further information, refer to the operational risk management section.

Risk performance

Model risk, Conduct risk, Reputation risk, Legal risk

All disclosures in this section are unaudited unless otherwise stated.

Model risk

Since the inception of model risk as a principal risk, key achievements to date include creating a firm wide model inventory, design and roll out of a robust Model Risk Management (MRM) framework and the validation of high materiality models. In 2020 the framework and governance of model risk was further improved by:

- strengthening the model inventory management infrastructure by moving onto a new strategic technology platform, which will enable future enhancements and automation of controls;
- progressing the validation of low materiality models to achieve 95% target for models under governance;
- enhancing model risk management oversight with the establishment of dedicated MRM forums which bring together model developers, model owners and model validators.

In 2021 MRM will continue to focus on the validation of low materiality models, further embedding of validation and governance activities and on expanding the coverage of the MRM framework to new model types.

Conduct risk

The Barclays Bank UK Group is committed to continuing to drive the right culture throughout all levels of the organisation. The Barclays Bank UK Group will continue to enhance effective management of Conduct Risk and appropriately consider the relevant tools, governance and management information in decision-making processes. Focus on the management of conduct risk is ongoing and, alongside other relevant business and control management information, the Barclays Bank UK Group Conduct Risk Dashboards are a key component of this.

The Barclays Bank UK Group continues to review the role and impact of conduct risk events and issues in the remuneration process at both the individual and business level.

During 2020, the coronavirus pandemic created new risks and heightened existing ones. To date, the Barclays Bank UK Group has focused on managing the heightened inherent conduct risks and continues to monitor these as the pandemic continues.

Businesses have continued to assess the potential customer, client and market impacts of strategic change. As part of the 2020 Medium-Term Planning Process and associated Strategic Risk Assessment, material conduct risks associated with strategic and financial plans were assessed.

Throughout 2020, conduct risks were raised by each business area for consideration by the Barclays Bank UK PLC Board Risk Committee. The Committee reviewed the risks raised and whether management's proposed actions were appropriate to mitigate the risks effectively.

The Barclays Bank UK Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 24 Legal, competition and regulatory matters and Note 22 Provisions, for further details. Costs include customer redress and remediation, as well as fines and settlements. Resolution of these matters remains a necessary and important part of delivering the Barclays Bank UK Group's strategy and an ongoing commitment to improve oversight of culture and conduct.

The Barclays Bank UK PLC Board Risk Committee and senior management received Conduct Dashboards setting out key indicators in relation to Conduct, Financial Crime, Culture and Complaints. These continue to be evolved and enhanced to allow effective oversight and decision-making. The Barclays Bank UK Group has operated at the overall set tolerance for Conduct Risk throughout 2020. The tolerance adherence is assessed by the business through key indicators which are aggregated to provide an overall risk profile rating and reported to the Barclays Bank UK PLC Board Risk Committee as part of the Conduct Risk Dashboard.

The Barclays Bank UK Group remains focused on the continuous improvements being made to manage risk effectively with an emphasis on enhancing governance and management information to identify risk at earlier stages.

For further details on the non-financial performance measures, please refer to section 8 of the Strategic Report.

Reputation risk

The Barclays Bank UK Group is committed to continuing to drive the right culture throughout all levels of the organisation. The Barclays Bank UK Group continues to enhance effective management of reputation risk and appropriately consider the relevant tools, governance and management information in decision-making processes.

The Barclays Bank UK PLC Board considers reputation risks raised by businesses. The Board has also considered whether management's proposed actions have been appropriate to mitigate the risks effectively.

The Barclays Bank UK Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 24 Legal, competition and regulatory matters and Note 22 Provisions, for further details. Costs include customer redress and remediation, as well as fines and settlements. Resolution of these matters is an ongoing commitment to improve oversight of culture and conduct and management of reputation risks arising.

The Barclays Bank UK Group remains focused on the continuous improvements being made to manage risk effectively, with an emphasis on enhancing governance and management information to help identify risks at earlier stages.

For further details on the non-financial performance measures, please refer to the Strategic Report.

Legal risk

Summary of performance in the period

The Barclays Bank UK Group remains committed to continuous improvements to manage legal risk effectively. A number of enhancements have been implemented during 2020, including a refresh of the Barclays Group-wide legal risk management framework and a review and update of the supporting legal risk policies, legal risk tolerances and risk appetite. Legal risk reporting has been enhanced both in terms of format and content.

There has also been a re-write of the Group-wide legal risk mandatory training, reinforced by ongoing engagement with and education of the Barclays Group's businesses and functions by Legal Function colleagues.

Throughout 2020, the Barclays Bank UK Group has operated within set tolerances for legal risk. Tolerance adherence is assessed through key indicators, which are also used to evaluate the legal risk profile and are reviewed, at least annually, through the relevant risk and control committees. Minimum mandatory controls to manage legal risks are set out in the legal risk standards and are subject to ongoing monitoring.

Supervision and regulation

Supervision of the Barclays Bank UK Group

The Barclays Bank UK Group's operations are subject to a large number of rules and regulations that are a condition for authorisation to conduct banking and financial services business. These apply to business operations, impact financial returns and include capital, leverage and liquidity requirements, authorisation, registration and reporting requirements, restrictions on certain activities, conduct of business regulations and many others.

The day-to-day regulation and supervision of the Barclays Bank UK Group is divided between the Prudential Regulation Authority (PRA) (a division of the Bank of England (BoE)) and the Financial Conduct Authority (FCA). In addition, the Financial Policy Committee (FPC) of the BoE has influence on the prudential requirements that may be imposed on the banking system through its powers of direction and recommendation.

Barclays Bank UK PLC is an authorised credit institution and subject to solo prudential regulation and supervision by the PRA and subject to conduct regulation and supervision by the FCA. The Barclays Group is subject to prudential supervision by the PRA on a group consolidated basis. The Barclays Bank UK Group is also subject to regulatory initiatives undertaken by the UK Payment Systems Regulator (PSR), as a participant in payment systems regulated by the PSR.

The PRA's supervision of the Barclays Bank UK Group is conducted through a variety of regulatory tools, including the collection of information by way of prudential returns or cross-firm reviews, reports obtained from skilled persons, regular supervisory visits to firms and regular meetings with management and directors to discuss issues such as strategy, governance, financial resilience, operational resilience, risk management, and recovery and resolution.

Both the PRA and the FCA apply standards that either anticipate or go beyond requirements established by global or EU standards, whether in relation to capital, leverage and liquidity, resolvability and resolution or matters of conduct.

The FCA's supervision of the Barclays Bank UK Group is carried out through a combination of proactive engagement, regular thematic work and project work based on the FCA's sector assessments, which analyse the different areas of the market and the risks that may lie ahead.

The FCA and the PRA also apply the Senior Managers and Certification Regime (the SMCR) which imposes a regulatory approval, individual accountability and fitness and propriety framework in respect of senior or key individuals within relevant firms.

FCA supervision has focused on conduct risk and customer/client outcomes, including product design, customer behaviour, market operations, LIBOR transition, fair pricing, affordability, access to cash, and fair treatment of vulnerable customers.

PRA supervision has focused on capital management, credit risk management, Board effectiveness, operational resilience and resolvability.

Both the PRA and the FCA have assessed the impact of Covid-19 and Brexit on UK financial markets and customers.

Brexit

The EU-UK Trade and Cooperation Agreement (TCA), which provides a new economic and social partnership between the EU and UK, came into force provisionally on 1 January 2021. The TCA does not cover the provision of financial services into the EU and there is no agreement on passporting, equivalence or regulatory cooperation. Therefore, Barclays Bank UK PLC is no longer able to rely on the EU passporting framework for the provision of financial services to EU customers.

The EU and the UK have agreed to establish structured regulatory cooperation on financial services, with the aim of establishing a durable and stable relationship, based on a shared commitment to preserve financial stability, market integrity, and the protection of investors and consumers. The EU and the UK have committed to agreeing a Memorandum of Understanding setting out a "framework" for regulatory cooperation in financial services by March 2021. We anticipate that consideration will be given to equivalence determinations as part of the discussions. However, equivalence decisions to date have not extended to the provision of services to retail customers and therefore Barclays Bank UK Group has not placed any reliance on equivalence decisions when determining its strategy for EEA customers. Only any equivalence determinations relating to prudential requirements are likely to impact Barclays Bank UK Group.

As a ring-fenced bank, Barclays Bank UK Group products are designed for customers within the UK. In light of the UK leaving the EU, Barclays Bank UK Group has continued to review the services offered to customers in the EEA, taking into account a number of factors, including the regulatory landscape across the EEA and, where relevant, feedback from EEA regulators. As a result, it has made the decision to exit certain products and services offered to EEA customers and closure processes are ongoing. Barclays Bank UK Group continues to keep its strategy under review for its remaining EEA customers.

'Onshoring' was the process of amending EU legislation and regulatory requirements in the UK so that they work in a UK-only context, including directly applicable EU legislation such as EU regulations and decisions that form part of UK law by virtue of the European Union (Withdrawal) Act 2018, now that the Brexit transition period has ended.

The onshoring process means that there are some areas where the requirements on UK firms and other regulated persons have changed. To help UK firms adapt to their new requirements, HM Treasury gave UK financial regulators the power to make transitional provisions to financial services legislation for a temporary period. This is known as the Temporary Transitional Power (TTP).

The FCA has applied the TTP on a broad basis from the end of the transition period until 31 March 2022. This means UK firms and other regulated persons do not generally need to adjust to the changes to their UK regulatory obligations brought about by onshoring straight away, although there are some exceptions to this and obligations which have changed and which took effect from 1 January 2021 include reporting obligations under various EU financial services directives and regulations, certain requirements under the Market Abuse Regulation, issuer rules, contractual recognition of bail-in, securitisation, use of credit ratings, mortgage lending after the transition period against land in the EEA, payments services and certain other matters.

On 28 December 2020, the PRA published a policy statement (PS30/20) on changes to its rules, as well as the use of temporary transitional directions. The PRA's transitional direction and the majority of the provisions in the rulebook instrument came into force at the end of the transition period on 31 December 2020. The transitional direction delays onshoring changes that fall within the PRA's remit. The PRA TTP will apply until 31 March 2022, unless otherwise stated in the direction or it is varied or revoked before then.

Risk review
Supervision and regulation

As a result of the onshoring of EU legislation in the UK and the exercise of the TTPs, Barclays Bank UK Group is currently subject to substantially the same rules and regulations as before Brexit. The UK intends to recast onshored EU legislation into PRA and FCA rules and to complete UK implementation of the remaining Basel III reforms. The regulatory regimes for EU and UK financial services may change further, and temporary permissions and equivalence decisions may expire, and not be replaced, which would result in further adjustments to the UK regulatory landscape.

Prudential regulation

Certain Basel III standards were implemented in EU law through the Capital Requirements Regulation (CRR) and the Capital Requirements Directive IV (CRD IV), as amended by CRR II and CRD V. Under the terms of the EU-UK Withdrawal Agreement of 24 January 2020, the Barclays Bank UK Group remained subject to the EU regulatory framework until the end of the transition period on 31 December 2020. Beyond the minimum standards required by CRR, the PRA has expected the Barclays Group, in common with other major UK banks and building societies, to meet a 7% Common Equity Tier 1 (CET1) ratio at the level of the consolidated group since 1 January 2016.

Global systemically important banks (G-SIBs), such as the Barclays Group, are subject to a number of additional prudential requirements, including the requirement to hold additional loss-absorbing capacity and additional capital buffers above the level required by Basel III standards. The level of the G-SIB buffer is set by the Financial Stability Board (FSB) according to a bank's systemic importance and can range from 1% to 3.5% of risk-weighted assets (RWAs). The G-SIB buffer must be met with CET1. In November 2020, the FSB published an update to its list of G-SIBs, maintaining the 1.5% G-SIB buffer that applies to the Barclays Group.

The Barclays Group is also subject to a 'combined buffer requirement' consisting of (i) a capital conservation buffer, and (ii) a countercyclical capital buffer (CCyB). The CCyB is based on rates determined by the regulatory authorities in each jurisdiction in which the Barclays Group maintains exposures. In March 2020, the FPC cut the UK CCyB rate to 0% with immediate effect in order to support the supply of credit expected as a result of the Covid-19 pandemic.

The PRA requires UK firms to hold additional capital to cover risks which the PRA assesses are not fully captured by the Pillar 1 capital requirement. The PRA sets this additional capital requirement (Pillar 2A) at least annually, derived from each firm's individual capital guidance. Under current PRA rules, the Pillar 2A must be met with at least 56% CET1 capital and no more than 25% tier 2 capital. In addition, the capital that firms use to meet their minimum requirements (Pillar 1 and Pillar 2A) cannot be counted towards meeting the combined buffer requirement.

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 Barclays Bank UK 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.

Stress testing

The Barclays Group and certain of its members, including Barclays Bank UK PLC, are subject to supervisory stress testing exercises pursuant to the annual stress testing programme of the BoE. These exercises are designed to assess the resilience of banks to adverse economic or financial developments and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. Assessment by regulators is on both a quantitative and qualitative basis, the latter focusing on such elements as data provision, stress testing capability including model risk management and internal management processes and controls.

Recovery and Resolution

Stabilisation and resolution framework

The UK framework for recovery and resolution was established by the Banking Act 2009, as amended. The EU framework was established by the 2014 Bank Recovery and Resolution Directive (BRRD), as amended by BRRD II.

The BoE, as the UK resolution authority, has the power to resolve a UK financial institution that is failing or likely to fail by exercising several stabilisation options, including transferring such institution's business or securities to a commercial purchaser or a 'bridge bank' owned by the BoE or transferring the institution into temporary public ownership. When exercising any of its stabilisation powers, the BoE must generally provide that shareholders bear first losses, followed by creditors in accordance with the priority of their claims in insolvency.

In order to enable the exercise of its stabilisation powers, the BoE may impose a temporary stay on the rights of creditors to terminate, accelerate or close out contracts, or override events of default or termination rights that might otherwise be invoked as a result of a resolution action and modify contractual arrangements in certain circumstances (including a variation of the terms of any securities). HM Treasury may also amend the law for the purpose of enabling it to use its powers under this regime effectively, potentially with retrospective effect.

In addition, the BoE has the power to permanently write-down, or convert into equity, tier 1 capital instruments, tier 2 capital instruments and internal eligible liabilities at the point of non-viability of the bank.

The BoE's preferred approach for the resolution of the Barclays Group is a bail-in strategy with a single point of entry at Barclays PLC. Under such a strategy, Barclays PLC's subsidiaries (including entities within Barclays Bank UK Group) would remain operational while Barclays PLC's capital instruments and eligible liabilities would be written down or converted to equity in order to recapitalise the Barclays Group and allow for the continued provision of services and operations throughout the resolution. The order in which the bail-in tool is applied reflects the hierarchy of capital instruments under CRD IV and otherwise respecting the hierarchy of claims in an ordinary insolvency. Accordingly, the more subordinated the claim, the more likely losses will be suffered by owners of the claim.

The PRA has made rules that require authorised firms to draw up recovery plans and resolution packs, as required by the BRRD. Recovery plans are designed to outline credible actions that authorised firms could implement in the event of severe stress in order to restore their business to a stable and sustainable condition. Removal of potential impediments to an orderly resolution of a banking group or one or more of its subsidiaries is considered as part of the BoE's and PRA's supervisory strategy for each firm, and the PRA can require firms to make significant changes in order to enhance resolvability. The Barclays Group currently provides the PRA with a recovery plan annually and with a resolution pack as requested.

In July 2019, the BoE and PRA published final policies on the Resolvability Assessment Framework (RAF), designed to increase transparency and accountability and clarify the responsibilities on firms with respect to resolution. Firms are required to develop capabilities by 1 January 2022 covering three resolvability outcomes: (i) adequate financial resources; (ii) being able to continue to do business through resolution and restructuring; and (iii) being able to communicate and co-ordinate within the firm and with authorities. The first self-assessment report on these capabilities is expected to be submitted to the PRA/BoE by October 2021 with public disclosures by both firms and the PRA/BoE in June 2022 (and every two years thereafter).

TLAC and MREL

The Barclays Group is subject to a Minimum Requirement for own funds and Eligible Liabilities (MREL), which includes a component reflecting the FSB's standards on total loss absorbency capacity (TLAC).

The MREL requirements will be fully implemented by 1 January 2022, at which time G-SIBs with resolution entities incorporated in the UK will be required to meet an MREL equivalent to the higher of: (i) two times the sum of their Pillar 1 and Pillar 2A requirements; or (ii) the higher of two times their leverage ratio or 6.75% of leverage exposures. Internal MREL for operating subsidiaries is subject to a scalar in the 75-90% range of the external requirement that would apply to the subsidiary if it were a resolution entity. The starting point for the scalar is 90% for ring-fenced bank sub-groups.

Bank Levy and FSCS

The BRRD established a requirement for EU member states to set up a pre-funded resolution financing arrangement with funding equal to 1% of covered deposits by 31 December 2024 to cover the costs of bank resolutions. The UK has implemented this requirement by way of a tax on the balance sheets of banks known as the 'Bank Levy'.

In addition, the UK has a statutory compensation fund called the Financial Services Compensation Scheme (FSCS), which is funded by way of annual levies on most authorised financial services firms.

Structural reform

In the UK, the Financial Services (Banking Reform) Act 2013 put in place a framework for ring-fencing certain operations of large banks. Ring-fencing requires, among other things, the separation of the retail and smaller deposit-taking business activities of UK banks into a legally distinct, operationally separate and economically independent entity, which is not permitted to undertake a range of activities.

Market infrastructure regulation

In recent years, regulators as well as global-standard setting bodies such as the International Organisation of Securities Commissions (IOSCO) have focused on improving transparency and reducing risk in markets, particularly risks related to over-the-counter (OTC) transactions. This focus has resulted in a variety of new regulations across the G20 countries and beyond that require or encourage on-venue trading, clearing, posting of margin and disclosure of information related to many derivatives transactions, which have impacts on the Wealth business. Focus is deepening and becoming increasingly transparent on the environmental and social disclosure requirements of financial products, in order to enable consumers to make more informed decisions as to the products they invest in. These new requirements may have an impact on Barclays Bank UK PLC both as an intermediary of financial products and as a product manufacturer.

The EU Benchmarks Regulation applies to the administration, contribution and use of benchmarks within the EU. Financial institutions within the EU are prohibited from using benchmarks unless their administrators are authorised, registered or otherwise recognised in the EU, subject to transitional provisions expiring on 1 January 2022 (or 31 December 2022 under the UK onshored Benchmarks Regulation). Amendments to extend these provisions are underway for both the EU and UK Benchmarks Regulations. The FCA has stated that it does not intend to support LIBOR after the end of 2021. International initiatives in conjunction with global regulators are therefore underway to develop alternative benchmarks and risk-free rate fallback arrangements, including updates to existing, as well as new, applicable legislation.

Other regulation

Culture

Our regulators have enhanced their focus on the promotion of cultural values as a key area for banks, although they generally view the responsibility for reforming culture as primarily sitting with the industry.

Data protection and PSD2

Most countries where Barclays Group operates have comprehensive laws requiring openness and transparency about the collection and use of personal information, and protection against loss and unauthorised or improper access. The EU's General Data Protection Regulation (GDPR) created a broadly harmonised privacy regime across EU member states, introducing mandatory breach notification, enhanced individual rights, a need to openly demonstrate compliance, and significant penalties for breaches. The extraterritorial effect of the GDPR means entities established outside the EU may fall within the Regulation's ambit when offering goods or services to European based customers or clients. Following the UK's withdrawal from the EU, the UK continues to apply the GDPR framework (as onshored into UK law and hence now referred to as the 'UK GDPR' - this sits alongside an amended version of the UK Data Protection Act 2018). Two years after its introduction the GDPR has become the global touchstone as countries around the world either usher in or contemplate similar data privacy laws, or align their existing legislation. During 2020 new privacy laws have been passed in Switzerland, took effect in Brazil and Dubai, and were proposed in India and China.

From 14 September 2019, new rules apply under the revised Payment Services Directive (PSD2) that affect the way banks and other payment services providers check that the person requesting access to an account or trying to make a payment is permitted to do so. This is referred to as strong customer authentication (SCA). In April 2020, the FCA provided an additional six months (to 14 September 2021) for the industry to implement SCA for e-commerce.

Cyber security and operational resilience

Our regulators continue to focus on cyber security risk management, organisational operational resilience and overall soundness across all financial services firms, with customer and market expectations of continuous access to financial services at an all-time high.

This is evidenced by the publication of a number of proposed laws and changes to regulatory frameworks. For example, the UK regulators published for consultation a new framework for operational resilience that focuses on the identification of important business services, setting impact tolerances for them, and then testing against them. The European Commission has proposed legislation on cyber security and operational resilience for the financial services sector, including oversight of third party service providers. The regulatory focus has been further heightened by the Covid-19 pandemic. The existing and anticipated requirements for increased controls will serve to improve industry standardisation and our resilience capabilities, enhancing our ability to deliver services during periods of potential disruption. However, such measures are likely to result in increased technology and compliance costs for the Barclays Bank UK Group.

Sanctions and financial crime

The UK Bribery Act 2010 introduced a new form of corporate criminal liability focused broadly on a company's failure to prevent bribery on its behalf. In practice, the legislation requires the Barclays Bank UK Group to have adequate procedures to prevent bribery which, due to the extraterritorial nature of the statute, makes this both complex and costly.

The Criminal Finances Act 2017 introduced new corporate criminal offences of failing to prevent the facilitation of UK and overseas tax evasion. It requires the Barclays Bank UK Group to have reasonable prevention procedures in place to prevent the criminal facilitation of tax evasion by persons acting for, or on behalf of, any entity in the Barclays Bank UK Group.

In May 2018, the Sanctions and Anti-Money Laundering Act became law in the UK. The Act allows for the adoption of an autonomous UK sanctions regime, as well as a more flexible licensing regime post-Brexit. On 6 July 2020, the UK Government announced the first sanctions that have been implemented independently by the UK outside the auspices of the UN and EU. The autonomous UK sanctions regime came into force on 1 January 2021. Those sanctions apply within the UK and in relation to the conduct of all UK persons wherever they are in the world; they also apply to overseas branches of UK companies.

In some cases, US state and federal regulations addressing sanctions, money laundering and other financial crimes may impact entities, persons or activities located or undertaken outside the US, including Barclays PLC and its subsidiaries. US government authorities have aggressively enforced these laws against financial institutions in recent years. Failure of a financial institution to ensure compliance with such laws could have serious legal, financial and reputational consequences for the institution.

Financial statements
Contents

Detailed analysis of our statutory accounts, independently audited and providing in-depth disclosure on the financial performance of the Barclays Bank UK Group.

Independent Auditor's report to the members of Barclays Bank UK PLC

1 Our opinion is unmodified

We have audited the financial statements of Barclays Bank UK PLC ("the Parent company") for the year ended 31 December 2020 which comprise the consolidated and Parent company balance sheets as at 31 December 2020 and the consolidated income statement and statement of comprehensive income, the consolidated and Parent company statements of changes in equity and cash flow statements for the year then ended, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 December 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union ("IFRSs as adopted by the EU");
- the Parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of, and as applied in accordance with the provisions of, the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation to the extent applicable.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were first appointed as auditor by the Directors on 21 March 2018 for the audit of the financial year ended 31 December 2017. The period of total uninterrupted engagement is for the four financial years ended 31 December 2020. We have fulfilled our ethical responsibilities under, and we remain independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non- audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We summarise below the key audit matters, in decreasing order of audit significance, in arriving at our audit opinion above, together with our key audit procedures to address those matters and, as required for public interest entities, our results from those procedures.

We have considered the impact of COVID-19 in our risk assessment and have adjusted our audit procedures accordingly. This has included increased focus on future economic assumptions used by the Group and Parent company in estimates such as the carrying value of goodwill (for which we have identified a new key audit matter) and expected credit losses ("ECL").

In the prior year, we reported a key audit matter in respect of conduct redress costs ("PPI"). As a result of developments since the prior year report which result in reduced estimation uncertainty as at 31 December 2020, we no longer consider this a key audit matter.

These matters were addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on these matters.

Independent Auditor's report to the members of Barclays Bank UK PLC

<table>
<tr><th colspan="2">Key audit matter</th><th>Our response to the risk</th></tr>
<tr>
<td>Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements

31 December 2020 £3.4bn, 31 December 2019 £2.7bn

See page 139 for the accounting policy on accounting for the impairment of financial assets under IFRS 9, page 52 for the credit risk disclosures, and page 139 for the financial disclosure note 7; Credit Impairment charges and other provisions.</td>
<td>Subjective estimate

Risk vs 2019: ▲
Our assessment is the risk increased since 2019 ("FY19"). This is due to the increased uncertainty around credit risk and the global economic environment brought about by COVID-19.

The estimation of expected credit losses on financial instruments, involves significant judgement and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Group and Parent company estimation of ECLs are:
Model estimations – Inherently judgemental modelling is used to estimate ECL which involves determining Probabilities of Default ("PD"), Probabilities of Survival ("PS"), Loss Given Default ("LGD") and Exposures at Default ("EAD"). The PD models and PS model relating to credit cards are the key drivers of complexity in the ECL and also impact the staging of assets and as a result are considered the most significant judgemental aspect of the Group's ECL modelling approach.
Economic scenarios – IFRS 9 requires the Group and Parent company to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the economic scenarios used and the probability weightings applied to them especially when considering the current uncertain economic environment as a result of COVID-19. This has a particular impact on the credit cards, mortgages, and consumer loans portfolios.
Qualitative adjustments – Adjustments to the model-driven ECL results are raised by management to address known impairment model limitations or emerging trends as well as risks not captured by models. They represent approximately 12% net of the ECL. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to economic uncertainty as a result of COVID-19, including the effectiveness of government assistance schemes. This has a particular impact on the credit cards portfolio.
The effect of these matters is that, as part of our risk assessment, we determined that the impairment of loans and advances to customers including off-balance sheet elements has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole, and possibly many times that amount. The credit risk section of the financial statements disclose the sensitivities estimated by the Group and Parent company.

Disclosure quality

The disclosures regarding the Group's and Parent company's application of IFRS 9 are key to explaining the key judgements and material inputs to the IFRS 9 ECL results.</td>
<td>Our procedures to address the risk included:

Controls testing: We performed end to end process walkthroughs to identify the key systems, applications and controls used in the ECL processes. We tested the relevant manual, general IT and applications controls over key systems used in the ECL process.

Key aspects of our controls testing involved the following:
Testing the design and operating effectiveness of the key controls over the completeness and accuracy of the key inputs, data and assumptions into the ECL models;
Testing the design and operating effectiveness of the key controls over the application of the staging criteria;
Evaluating controls over validation, implementation and model monitoring;
Evaluating controls over authorisation and calculation of post model adjustments and management overlays; and
Testing key controls relating to the selection and implementation of material macro-economic variables and the controls over the scenario selection and probabilities.
Our financial risk modelling expertise: We involved our own financial risk modelling specialists in the following:
Evaluating the appropriateness of the Group's and Parent company's IFRS 9 impairment methodologies (including the staging criteria used);
Reperforming and inspecting model code for the calculation of certain components of the ECL model (including the staging criteria);
For a sample of models which were changed or updated during the year, evaluating whether the changes (including the updated model code) were appropriate by assessing the updated model methodology;
For a sample of models evaluating the model output by inspecting the corresponding model functionality and independently implementing the model by rebuilding the model code; and
For a sample of material models, assessing the reasonableness of the model predictions by comparing them against actual results and evaluating the resulting differences.
Our economic scenario expertise: We involved our own economic specialists to assist us in assessing:
The appropriateness of the Group's methodology for determining the economic scenarios used and the probability weightings applied to them.</td>
</tr>
</table>

		▪ The key economic variables which included agreeing samples of economic variables to external sources. ▪ The overall reasonableness of the economic forecasts by comparing the Group's and Parent company's forecasts to our own modelled forecasts; and ▪ The reasonableness of the Group's and Parent company's considerations of the ECL impact of the current economic environment due to COVID-19. **Test of details:** Key aspects of our testing in addition to those set out above involved: ▪ Sample testing over key inputs, data and assumptions impacting ECL calculations to assess the reasonableness of economic forecasts, weights, and model assumptions applied; ▪ Selecting a sample of post model adjustments, considering the size and complexity of management overlays with a focus on COVID-19 related overlays, in order to assess the reasonableness of the adjustments by challenging key assumptions, inspecting the calculation methodology and tracing a sample of the data used back to source data. **Assessing transparency:** We assessed whether the disclosures appropriately disclose and address the uncertainty which exists when determining the ECL. As a part of this, we assessed the sensitivity analysis that is disclosed. In addition, we assessed whether the disclosure of the key judgements and assumptions made was sufficiently clear. **Our results:** The results of our testing were satisfactory and we considered the ECL charge, provision recognised and the related disclosures to be acceptable (2019 result: acceptable).
Recoverability of goodwill **Goodwill: 31 December 2020 £3.5bn, 31 December 2019 £3.5bn** **Impairment of goodwill: 31 December 2020 £nil, 31 December 2019 £nil** Refer to page 163 for the accounting policy on the impairment of goodwill and intangibles, and page 163 for the financial disclosure note 20; Goodwill and intangibles.	**Subjective assessment** **Risk vs 2019:** This is the first year we have considered the risk to be a Key Audit Matter. Goodwill may be misstated if the carrying value of this asset in the balance sheet is not supported by the estimated discounted future cash flows of the underlying businesses (the value in use). The determination of the carrying value and estimating value in use ("VIU") involves subjective judgements and uncertainties.	**Our procedures to address the risk included:** **Control testing:** We performed end to end process walkthroughs to identify the key systems, applications and controls used in the process of estimating value in use and allocating carrying values to specific CGUs for impairment testing purposes. We tested the design and operating effectiveness of key controls relating to the process. These included controls over application of the impairment methodology, preparation of the estimated future cash flows and review of the key assumptions in determining the value in use. **Methodology assessment:** We assessed the appropriateness of the Group's and Parent company's impairment methodology for the determination of the carrying value utilising the tangible equity of the individual CGU including the capital allocation rate as well as the assumptions in the calculation of VIU.

Independent Auditor's report to the members of Barclays Bank UK PLC

	The methodology for the determination of the tangible equity of the individual cash generating units' ("CGUs") utilises a capital allocation rate that reflects the relative risk profile of the CGU. The CGU-specific goodwill and intangible assets are subsequently added to the CGU-specific tangible equity to arrive at the carrying value subject to the impairment test. The Group and Parent company applies judgement in allocating carrying values to specific CGUs for impairment testing purposes. In particular, the determination of an appropriate allocation rate is subjective and can significantly affect the outcome of the impairment test. The calculation of VIU is dependent on certain key assumptions around the future cashflows which have been estimated using the Group's and Parent company's Medium Term Plan ("MTP"), adjustments to those MTP cash flows to reflect developments in macro-economic conditions and business developments, the discount rates and the terminal growth rates. These assumptions, which are judgemental, are derived from a combination of management estimates, market data and other information obtained from external sources. Our work focused on CGUs which have low or significantly reduced headroom, and a high sensitivity to the key assumptions including: Personal banking – goodwill of £2.7bn at 31 December 2020 (2019: £2.7bn) Business banking – goodwill of £0.6bn at 31 December 2020 (2019: £0.6bn) The effect of these matters is that, as part of our risk assessment, we determined that the recoverability of goodwill and intangibles has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. **Disclosure quality** The disclosures are key to explaining the sensitivity of the outcome of the impairment assessment to changes in key assumptions.	**Sensitivity analysis:** We performed breakeven analysis on the discount rate, terminal growth rate and the future cash flows to understand which CGUs were most sensitive to changes in the key assumptions. **Benchmarking assumptions:** We compared key assumptions including those underlying certain estimated future cash flows, the discount rate and the terminal growth rate to externally derived data including peer bank data and projected economic growth. **Our valuations expertise:** We involved our own valuations specialists in the following ▪ Evaluating the appropriateness of the discount rate used by independently developing discount rate ranges using external data sources and peer bank data; and ▪ Assessing whether the methodology over the determination of the carrying value of each CGU on the basis of capital allocation as well as management's calculation of the VIU are compliant with the requirements of the accounting standard. **Our business understanding:** We used our business understanding to evaluate the reasonableness of certain key assumptions and considerations made when (1) determining the capital allocation rate to reflect the relative risk profile of the CGU (2) developing the Group's and Parent company's MTP estimated future cash flows and (3) adjusting from these forecasts for supportable circumstances that did not exist when the MTP was developed. **Historical comparison:** We performed a retrospective review by comparing the MTP from previous years to actual results to assess the Group's and Parent company's ability to accurately prepare cash flow forecasts at the individual CGU level. **Consistency comparison:** We assessed the consistency of pre-adjusted forecasted future cash flows used within management's impairment assessment to the Board approved MTP. **Assessing transparency:** We assessed whether the group's disclosures about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risks inherent in the valuation of goodwill and intangible assets as well as the resulting impact on headroom of the adjustments made to the Group's and Parent company's MTP for purposes of the impairment assessment.

Independent Auditor's report to the members of Barclays Bank UK PLC

<table>
<tr><td></td><td></td><td>As set out in the disclosures on page 163, the available headroom for the Personal Banking CGU has been adversely impacted by changes in the operating environment, resulting in a material reduction compared to the prior year. This has significantly increased the sensitivity of the impairment assessment to certain key assumptions such that a small movement in the key assumptions could have a material impact on the carrying value of the Personal Banking CGU. We therefore exercised judgement, based on our assessment of reasonably possible assumptions, as to whether it is acceptable or not to record an impairment, and we exercised judgement to determine the appropriateness of disclosures of the risk that a reasonable change in assumptions could lead to an impairment.

Our results: The results of our testing were satisfactory and we considered the value of goodwill to be acceptable (2019 result: acceptable).</td></tr>
<tr><td>Valuation of financial instruments held at fair value

31 December 2020 £3.3bn, 31 December 2019 £3.5bn

Refer to page 133 (accounting policy on accounting for financial assets and liabilities) and page 153 (financial disclosure note 15 Fair value of financial instruments)</td><td>Subjective valuation

Risk vs 2019: ◄►

Our assessment is the risk is similar to FY19.

The fair value of the Group's and Parent company's financial instruments is determined through the application of valuation techniques which can involve the exercise of significant judgement by management in relation to the choice of the valuation models, pricing inputs and post-model pricing adjustments, including fair value adjustments ("FVAs") and credit and funding adjustments (together referred to as XVAs)

Where significant pricing inputs are unobservable, management has no reliable, relevant market data available in determining the fair value and hence estimation uncertainty can be high. These financial instruments are classified as Level 3, with management having controls in place over the boundary between Level 2 and 3 positions. Our significant audit risk is therefore over the significant Level 3 portfolio, which is the Education, Social Housing and Local Authority ("ESHLA") loan portfolio. As at 31 December 2020 the Group and Parent company have outstanding ESHLA loans which require significant judgement in the valuation due to the long dated nature of the portfolio, the lack of a secondary market in the relevant loans and unobservable loan spreads.

At 31 December 2020, Level 3 instruments (£3.3bn) represented 11% of the Group's and Parent company's financial instrument assets carried at fair value.

Disclosure quality

The IFRS 13 fair value measurement disclosures are key to explaining the valuation techniques, key judgements, assumptions and material inputs.</td><td>Our procedures to address the risk included:

Control testing: We tested the design and operating effectiveness of key controls relating specifically to these portfolios. These included controls over:
▪ independent price verification ("IPV"), performed by a control function, of key market pricing inputs, including completeness of positions and valuation inputs subject to the IPV process.
▪ controls over FVAs and XVAs; and
▪ the validation, completeness, implementation and usage of valuation models. This included controls over assessment of model limitations and assumptions.

Our valuations expertise:

We involved our own valuations specialists in the following:
▪ Independently re-pricing a selection of trades and challenging management on the valuations where they were outside our tolerance.
▪ Challenging the appropriateness of significant models and methodologies used in calculating fair values, risk exposures and in calculating FVAs, including comparison to industry practice.

Inspection of movements: We inspected movements in unobservable inputs throughout the period to assess whether gains or losses generated were in line with the accounting standards.

Historical comparison: We performed a retrospective review by inspecting significant gains and losses on a selection trade exits or restructurings and evaluated whether these data points indicated elements of fair value not incorporated in the current valuation methodologies.</td></tr>
</table>

Independent Auditor's report to the members of Barclays Bank UK PLC

		Assessing transparency: We assessed the adequacy of the Group's and Parent company's financial statements disclosures in the context of the relevant accounting standards. **Our results:** The results of our testing were satisfactory and we considered the fair value of Level 3 financial assets recognised to be acceptable (2019 result: acceptable).
User access management	**Control performance** **Risk vs 2019: ◄►** Our assessment of the risk is similar to FY19. The Group's and Parent company's accounting and reporting processes are dependent on automated controls enabled by IT systems. User access management controls are an important component of the General IT Control environment assuring that unauthorised access to systems does not impact the effective operation of the automated controls in the financial reporting processes. Some user access management controls continue to be reported as not consistently implemented and effectively operated across the Group and Parent company. Ineffective controls included privileged access management and monitoring of privileged database activities on certain technology types. A series of remediation programmes were in place during the year to address previously identified control deficiencies. The Group and Parent company have also enhanced compensating controls to address the issues raised, most of them relating to user access management. If the above controls for user access management are deficient and not remediated or adequately mitigated, the pervasive nature of these controls may undermine our ability to place reliance on automated and IT dependent controls in our audit.	**Our procedures to address the risk included:** **Control testing:** We tested the design and operating effectiveness of the relevant controls over user access management including: ▪ Authorising access rights for new joiners; ▪ Timely removal of user access rights; ▪ Logging and monitoring of user activities; ▪ Privileged user and developer access to production systems, the procedures to assess granting, potential use, and the removal of these access rights; ▪ Segregation of duties including access to multiple systems that could circumvent segregation controls; ▪ Re-certification of user access rights. We tested the implementation and operating effectiveness of management's remediated access management controls and found them to be effective in 2020. **Control re-performance:** To assess whether additional detective compensating controls adequately address the risk of unauthorised access, we re-performed on a sample basis management's assessment of potential unauthorised access by privileged accounts and users that were not managed by the strategic access management tools, or whose database level activities were not logged and monitored. **Our results:** Our testing did not identify unauthorised user activities in the systems relevant to financial reporting which would have required us to expand the extent of our planned detailed testing.

3 Our application of materiality and an overview of the scope of our audit

Materiality for the Group financial statements as a whole was set at £75 million (2019: £100 million), determined with reference to a benchmark of Group profit before tax from continuing operations (of which it represents 4.9%, 2019: 4.8%), normalised for 2020 to exclude the incremental charge related to post model adjustments made to the ECL allowance to reflect COVID-19 related economic uncertainty of £0.6 billion and by averaging over the last three years. In the prior year materiality was determined with reference to a benchmark of Group profit before tax, normalised to exclude the charge related to PPI of £1.4 billion.

Materiality for the Parent company financial statements as a whole was set at £70 million (2019: £97 million), determined with reference to a benchmark of profit before tax from continuing operations (of which it represents 4.6%, 2019: 4.8%), normalised for 2020 to exclude the incremental charge related to post model adjustments made to the ECL allowance to reflect COVID-19 related economic uncertainty of £0.6 billion and by averaging over the last three years. In the prior year materiality was determined with reference to a benchmark of profit before tax, normalised to exclude the charge related to PPI of £1.4 billion.

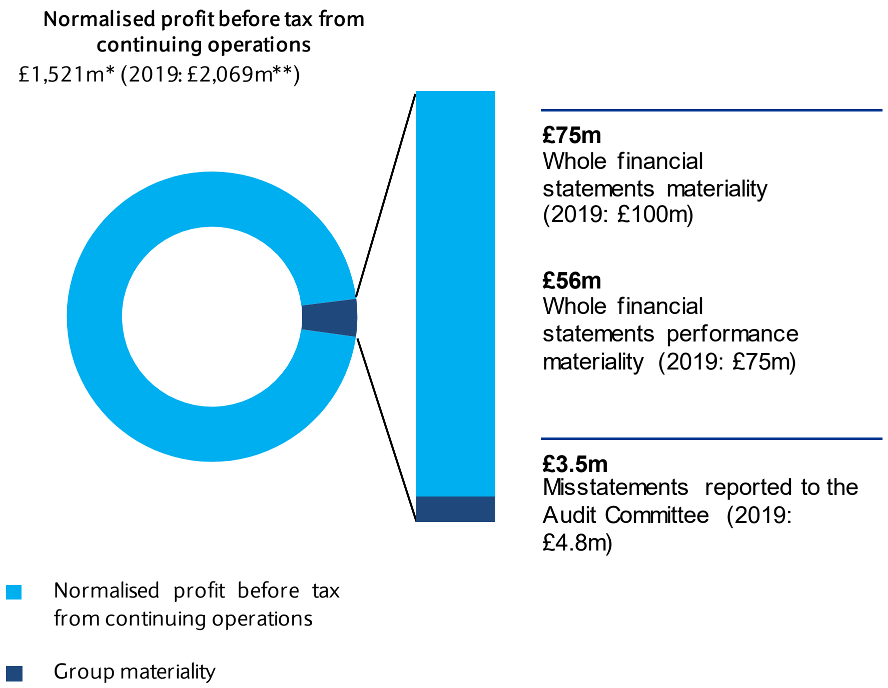
In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Independent Auditor's report to the members of Barclays Bank UK PLC

Performance materiality for the group and parent company was set at 75% (2019: 75%) of materiality for the financial statements as a whole, which equates to £56 million (2019: £75 million) for the group and £52.5 million (2019: £73 million) for the parent company. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £3.5 million (2019: £4.8m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Group materiality



*normalised to exclude the incremental charge related to post model adjustments made to the ECL allowance to reflect COVID-19 related economic uncertainty and by averaging over the last three years

**normalised to exclude charges related to PPI

Scope – general

The Group engagement team performed the audit of the Group as it if was a single aggregated set of financial information, using the materiality levels set out above.

The Group has certain centralised processes in India, the outputs of which are also included in the aggregated set of financial information. These services are subject to specified audit procedures, predominantly the testing of transaction processing and controls. We evaluated the work which the participating audit team performed in these areas. We communicated with the participating audit team throughout the audit by holding regular telephone conference meetings.

4 Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Parent company or the Group or to cease their operations, and as they have concluded that the Parent company's and the Group's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We used our knowledge of the Group and Parent company, the financial services industry, and the general economic environment to identify the inherent risks to its business model and analysed how those risks might affect the Group's and Company's financial resources or ability to continue operations over the going concern period. The risks that management considered most likely to adversely affect the Group's and Parent company's available financial resources, and we challenged on, over this period were:

- the availability of funding and liquidity in the event of a market wide stress scenario including the impact in which the global COVID-19 pandemic continues to unfold and the impact of the UK withdrawal from the European Union; and
- the impact on regulatory capital requirements in the event of an economic slowdown or recession.

We considered whether these risks could plausibly affect the availability of financial resources in the going concern period by assessing and comparing severe, but plausible downside scenarios prepared by the Group, that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's and Parent company's financial forecasts.

Independent Auditor's report to the members of Barclays Bank UK PLC

Our procedures also included an assessment of whether the going concern disclosure in note 1 to the financial statements gives a complete and accurate description of the Directors' assessment of going concern.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's or Parent Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Parent company will continue in operation.

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. In this risk assessment we considered the following:

- Our meetings throughout the year with the Group and Parent company Head of Risk, Group and Parent company Head of Compliance and Group and Parent company Head of Legal and reviews of Barclays' internal ethics and compliance reporting summaries, including those concerning investigations;
- Enquiries of operational managers, internal audit, and the Board Audit Committee, including obtaining and reviewing supporting documentation, concerning the Group's and Parent company's policies and procedures relating to:
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud, including the appropriateness and impact of changes made to these controls in response to COVID-19;
- The Group's and Parent company's remuneration policies, key drivers for remuneration and bonus levels;
- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. The engagement team includes audit partners and staff who have extensive experience of working with banks, and this experience was relevant to the discussion about where fraud risks may arise. The discussions also involved our own forensic specialists to assist us in identifying fraud risks based on discussions of the circumstances of the Group and Parent company.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, which we isolate to Effective Interest Rate ("EIR") recognition related to the mortgages portfolio and the risk that management may be in a position to make inappropriate accounting entries.

We also identified a fraud risk related to qualitative adjustments to the model-driven ECL results given these adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts, and the valuation of level 3 ESHLA loans held at fair value given there is significant management judgement around the valuation. Further detail in respect of these is set out in the key audit matter disclosures in section 2 of this report.

Our audit procedures included evaluating the design and implementation and operating effectiveness of relevant internal controls, assessing significant accounting estimates for bias as well as substantive procedures to address the fraud risks. These procedures also included identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements. For this risk assessment, matters considered included the following:

- our general commercial and sector experience;
- discussion with the Directors and other management (as required by auditing standards);
- inspection of the Group's and Parent company's regulatory and legal correspondence;
- inspection of the policies and procedures regarding compliance with laws and regulations;
- relevant discussions with the Group's and Parent company's external legal counsel; and
- relevant discussions with the Group's and Parent company's key regulatory supervisors including the Prudential Regulation Authority and Financial Conduct Authority.

As the Group and Parent company operates in a highly regulated environment, our assessment of risks of material misstatement also considered the control environment, including the Group and Parent company's higher level procedures for complying with regulatory requirements. Our assessment included inspection of key frameworks, policies and standards in place, understanding and evaluating the role of the compliance function in establishing these and monitoring compliance and testing of related controls around whistleblowing and complaints.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

Independent Auditor's report to the members of Barclays Bank UK PLC

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group and Parent company is subject to laws and regulations that directly impact the financial statements including:

- financial reporting legislation (including related companies' legislation);
- distributable profits legislation; and
- taxation legislation (direct and indirect).

We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group and Parent company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect:

- Specific aspects of regulatory capital and liquidity
- Customer conduct rules
- Money laundering
- Sanctions list and financial crime
- Market abuse regulations
- Certain aspects of company legislation recognising the financial and regulated nature of the Group's activities.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. If a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

In relation to the legal, competition and regulatory matters disclosed in note 24 we performed audit procedures which included making enquiries of Barclays internal counsel and inspection of minutes of meetings and regulatory correspondence. For a subset of these matters which we deem to be more significant we also made enquiries of external counsel and obtained legal confirmations from Barclays' external counsel.

In respect of regulatory matters relating to conduct risk our procedures included inspection of regulatory correspondence, independent enquiry of the Group's and Parent company's main regulators and performing audit procedures to respond to risks of material misstatement identified in recognised conduct provisions.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and Directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

7 We have nothing to report on the other matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's report to the members of Barclays Bank UK PLC

We have nothing to report in these respects.

8 Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 29, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and Parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

9 The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the terms of our engagement by the Parent company. Our audit work has been undertaken so that we might state to the Parent company's members those matters we are required to state to them in an auditor's report and the further matters we are required to state to them in accordance with the terms agreed with the Parent company, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent company and the Parent company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michael McGarry (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

17 February 2021

Consolidated financial statements
Consolidated income statement

For the year ended 31 December	Notes	2020 £m	2019 £m
Interest and similar income	3	**6,201**	7,218
Interest and similar expense	3	**(1,021)**	(1,413)
Net interest income		**5,180**	5,805
Fee and commission income	4	**1,375**	1,674
Fee and commission expense	4	**(310)**	(368)
Net fee and commission income		**1,065**	1,306
Net trading income	5	**53**	33
Net investment income	6	**106**	172
Other income		**20**	6
Total income		**6,424**	7,322
Credit impairment charges	7	**(1,427)**	(709)
Net operating income		**4,997**	6,613
Staff costs	28	**(1,311)**	(1,252)
Infrastructure costs	8	**(444)**	(382)
Administration and general expenses	8	**(2,848)**	(2,724)
Provisions for litigation and conduct	22	**(43)**	(1,586)
Operating expenses		**(4,646)**	(5,944)
Profit on disposal of subsidiaries, associates and joint ventures		**16**	-
Profit before tax		**367**	669
Taxation	9	**12**	(513)
Profit after tax		**379**	156
Attributable to:			
Equity holders of the parent		**199**	3
Other equity instrument holders		**180**	153
Profit after tax		**379**	156

Note
a As permitted by section 408(3) of the Companies Act 2006 an income statement for the parent company has not been presented.

Consolidated financial statements

Consolidated statement of comprehensive income

For the year ended 31 December	2020 £m	2019 £m
Profit after tax	**379**	156
Other comprehensive income/(loss) that may be recycled to profit or loss:		
Fair value through other comprehensive income reserve movement relating to debt securities		
Net gains from changes in fair value	**499**	438
Net (losses) due to fair value hedging	**(361)**	(391)
Net (gains) transferred to net profit on disposal	**(43)**	(48)
Net losses transferred to net profit due to impairment	**2**	-
Tax	**(25)**	5
Cash flow hedging reserve		
Net gains from changes in fair value	**414**	143
Net (gains) transferred to net profit	**(111)**	(6)
Tax	**(85)**	(34)
Other	**1**	-
Other comprehensive income that may be recycled to profit or loss	**291**	107
Other comprehensive income not/(loss) recycled to profit or loss:	**-**	-
Other comprehensive income for the year	**291**	107
Total comprehensive (loss)/income for the year, net of tax from discontinued operation		
Total comprehensive income for the year	**670**	263

Consolidated financial statements
Consolidated balance sheet

As at 31 December	Notes	2020 £m	2019 £m
Assets			
Cash and balances at central banks		**35,218**	24,305
Cash collateral and settlement balances		**4,345**	4,331
Loans and advances at amortised cost	17	**211,649**	197,569
Reverse repurchase agreements and other similar secured lending		**133**	1,761
Trading portfolio assets	11	**298**	860
Financial assets at fair value through the income statement	12	**3,432**	3,571
Derivative financial instruments	13	**550**	192
Financial assets at fair value through other comprehensive income	14	**26,026**	19,322
Goodwill and intangible assets	20	**3,527**	3,530
Property, plant and equipment	18	**737**	893
Current tax assets		**75**	-
Deferred tax assets	9	**780**	810
Other assets		**728**	1,254
Total assets		**287,498**	258,398
Liabilities			
Deposits at amortised cost	17	**240,535**	205,696
Cash collateral and settlement balances		**455**	214
Repurchase agreements and other similar secured borrowing		**7,178**	13,420
Debt securities in issue		**7,503**	8,271
Subordinated liabilities	25	**9,869**	7,688
Trading portfolio liabilities	11	**1,265**	1,704
Derivative financial instruments	13	**880**	740
Current tax liabilities		**-**	458
Other liabilities	21	**1,906**	2,034
Provisions	22	**880**	1,660
Total liabilities		**270,471**	241,885
Equity			
Called up share capital and share premium	26	**5**	5
Other equity instruments	26	**2,560**	2,560
Other reserves	27	**473**	183
Retained earnings		**13,989**	13,765
Total equity		**17,027**	16,513
Total liabilities and equity		**287,498**	258,398

The Board of Directors approved the financial statements on pages 124 to 182 on 17 February 2021.

Crawford Gillies
Chair

Matt Hammerstein
Chief Executive

James Mack
Chief Financial Officer

Consolidated statement of changes in equity

	Called up share capital and share premium[a] £m	Other equity instruments[a] £m	Other reserves[b] £m	Retained earnings £m	Total equity £m
Balance as at 1 January 2020	**5**	**2,560**	**183**	**13,765**	**16,513**
Profit after tax	**-**	**180**	**-**	**199**	**379**
Financial assets at fair value through other comprehensive income	**-**	**-**	**72**	**-**	**72**
Cash flow hedges	**-**	**-**	**218**	**-**	**218**
Other	**-**	**-**	**-**	**1**	**1**
Total comprehensive income for the year	**-**	**180**	**290**	**200**	**670**
Equity settled share schemes	**-**	**-**	**-**	**31**	**31**
Other equity instruments coupons paid	**-**	**(180)**	**-**	**-**	**(180)**
Vesting of employee share schemes	**-**	**-**	**-**	**(12)**	**(12)**
Dividends paid	**-**	**-**	**-**	**(220)**	**(220)**
Capital contribution from Barclays PLC	**-**	**-**	**-**	**220**	**220**
Other reserve movements	**-**	**-**	**-**	**5**	**5**
Balance as at 31 December 2020	**5**	**2,560**	**473**	**13,989**	**17,027**
Balance as at 1 January 2019	5	2,070	76	14,792	16,943
Profit after tax	-	153	-	3	156
Financial assets at fair value through other comprehensive income	-	-	4	-	4
Cash flow hedges	-	-	103	-	103
Total comprehensive income for the year	-	153	107	3	263
Issue and exchange of other equity instruments	-	490	-	-	490
Equity settled share schemes	-	-	-	32	32
Other equity instruments coupons paid	-	(153)	-	-	(153)
Vesting of employee share schemes	-	-	-	(12)	(12)
Dividends paid	-	-	-	(1,050)	(1,050)
Balance as at 31 December 2019	5	2,560	183	13,765	16,513

Notes
a For further details, refer to Note 26.
b For further details, refer to Note 27.

Consolidated financial statements
Consolidated cash flow statement

For the year ended 31 December	2020 £m	2019[a] £m
Reconciliation of profit before tax to net cash flows from operating activities:		
Profit before tax	367	669
Adjustment for non-cash items:		
Credit impairment charges	1,427	709
Depreciation, amortisation and impairment of property, plant, equipment and intangibles	175	150
Other provisions	427	1,665
Other non-cash movements	(1,217)	110
Changes in operating assets and liabilities		
Cash collateral and settlement balances	227	(654)
Loans and advances at amortised cost	(15,513)	(10,117)
Repurchase and reverse repurchase agreements	(4,614)	1,440
Deposits at amortised cost	34,839	8,211
Debt securities in issue	(768)	(2,901)
Derivative financial instruments	(218)	370
Trading assets and liabilities	123	(274)
Financial assets and liabilities at fair value	139	309
Other assets and liabilities	(821)	(1,835)
Corporate income tax paid	(597)	(1,086)
Net cash from operating activities	13,976	(3,234)
Purchase of financial assets at fair value through other comprehensive income	(5,557)	(11,846)
Purchase of property, plant and equipment and intangibles	(17)	(30)
Net cash from investing activities	(5,574)	(11,876)
Dividends paid and coupon payments on other equity instruments	(400)	(1,203)
Capital contribution from Barclays PLC	220	-
Net issue of shares and other equity instruments	-	490
Issuance of subordinated debt	3,694	157
Redemption of subordinated debt	(1,425)	-
Vesting of employee share schemes	(12)	(12)
Net cash from financing activities	2,077	(568)
Effect of exchange rates on cash and cash equivalents	428	(737)
Net increase in cash and cash equivalents	10,907	(16,415)
Cash and cash equivalents at beginning of year	27,510	43,925
Cash and cash equivalents at end of year	38,417	27,510
Cash and cash equivalents comprise:		
Cash and balances at central banks	35,218	24,305
Loans and advances to banks with original maturity less than three months	81	87
Cash collateral at central banks[b]	3,118	3,118
	38,417	27,510

Notes

a 2019 comparative figures have been restated to make the cash flow statement more relevant following a review of the disclosure and the accounting policies applied. Amendments have been made to the classification of cash collateral reported within cash and cash equivalents. Footnote b below quantifies the impact of the change in the prior period and provides further detail.

b Cash collateral at central banks' was previously labelled 'Cash collateral and settlement balances with banks with original maturity less than three months'. This line item has been restated to include only balances that the Barclays Bank UK Group holds at central banks related to payment schemes. Previously, cash collateral and settlement balances with non-central bank counterparties were also classified as cash equivalents and included within this balance. Comparatives have been restated. The effect of this change decreased cash and cash equivalents by £532m as at 31 December 2019 and £409m as at 31 December 2018. As a result, net cash from operating activities decreased by £123m in 2019 representing the movement in cash collateral and settlement balances line item in that period.

Interest received by Barclays Bank UK Group was £6,201m (2019: £7,218m) and interest paid by Barclays Bank UK Group was £1,021m (2019: £1,413m).

As at 31 December 2020, the Barclays Bank UK Group was required to maintain balances with central banks in respect of interbank payment schemes of £458m (2019: £388m).

For the purposes of the cash flow statement, cash comprises cash on hand and demand deposits and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. Repurchase and reverse repurchase agreements are not considered to be part of cash equivalents.

Financial statements of Barclays Bank UK PLC
Parent company accounts

Balance sheet

As at 31 December	Notes	2020 £m	2019 £m
Assets			
Cash and balances at central banks		**35,218**	24,305
Cash collateral and settlement balances		**4,345**	4,331
Loans and advances at amortised cost	17	**212,033**	197,960
Reverse repurchase agreements and other similar secured lending		**133**	1,761
Trading portfolio assets	11	**298**	860
Financial assets at fair value through the income statement	12	**3,432**	3,571
Derivative financial instruments	13	**550**	193
Financial assets at fair value through other comprehensive income	14	**26,026**	19,322
Investment in subsidiaries	36	**441**	454
Goodwill and intangible assets	20	**3,379**	3,382
Property, plant and equipment	18	**737**	893
Current tax assets		**77**	-
Deferred tax assets	9	**780**	810
Other assets		**522**	1,079
Total assets		**287,971**	258,921
Liabilities			
Deposits at amortised cost	17	**241,091**	206,764
Cash collateral and settlement balances		**455**	214
Repurchase agreements and other similar secured borrowing		**7,178**	13,420
Debt securities in issue		**7,503**	7,778
Subordinated liabilities	25	**9,869**	7,688
Trading portfolio liabilities	11	**1,265**	1,704
Derivative financial instruments	13	**880**	740
Current tax liabilities		**-**	451
Other liabilities	21	**1,700**	1,903
Provisions	22	**857**	1,613
Total liabilities		**270,798**	242,275
Equity			
Called up share capital and share premium	26	**5**	5
Other equity instruments	26	**2,560**	2,560
Other reserves	27	**575**	285
Retained earnings[a]		**14,033**	13,796
Total equity		**17,173**	16,646
Total liabilities and equity		**287,971**	258,921

Note
a As permitted by section 408(3) of the Companies Act 2006 an income statement for the parent company has not been presented. Included in shareholders' equity for the Bank is a profit after tax for the year ended 31 December 2020 of £393m (2019: £208m).

The Board of Directors approved the financial statements on pages 129 to 131 on 17 February 2021.

Crawford Gillies
Chair

Matthew Hammerstein
Chief Executive

James Mack
Chief Financial Officer

Financial statements of Barclays Bank UK PLC
Parent company accounts

Statement of changes in equity

	Called up share capital and share premium[a]	Other equity instruments[a]	Other reserves[b]	Retained earnings[c]	Total equity
	£m	£m	£m	£m	£m
Balance as at 1 January 2020	**5**	**2,560**	**285**	**13,796**	**16,646**
Profit after tax	-	180	-	213	393
Financial assets at fair value through other comprehensive income	-	-	72	-	72
Cash flow hedges	-	-	218	-	218
Other	-	-	-	1	1
Total comprehensive income for the year	-	180	290	214	684
Equity settled share schemes	-	-	-	31	31
Other equity instruments coupons paid	-	(180)	-	-	(180)
Vesting of employee share schemes	-	-	-	(12)	(12)
Capital contribution from Barclays PLC	-	-	-	220	220
Dividends paid	-	-	-	(220)	(220)
Other movements	-	-	-	4	4
Balance as at 31 December 2020	**5**	**2,560**	**575**	**14,033**	**17,173**
Balance as at 1 January 2019	5	2,070	178	14,771	17,024
Profit after tax	-	153	-	55	208
Financial assets at fair value through other comprehensive income	-	-	4	-	4
Cash flow hedges	-	-	103	-	103
Total comprehensive income for the year	-	153	107	55	315
Issue and exchange of other equity instruments	-	490	-	-	490
Equity settled share schemes	-	-	-	32	32
Other equity instruments coupons paid	-	(153)	-	-	(153)
Vesting of employee share schemes	-	-	-	(12)	(12)
Dividends paid	-	-	-	(1,050)	(1,050)
Balance as at 31 December 2019	5	2,560	285	13,796	16,646

Notes
a For further details, refer to Note 26.
b For further details, refer to Note 27.

Cash flow statement

For the year ended 31 December	2020 £m	2019[a] £m
Reconciliation of profit before tax to net cash flows from operating activities:		
Profit before tax	**381**	703
Adjustment for non-cash items:		
Credit impairment charges	**1,421**	710
Depreciation, amortisation and impairment of property, plant, equipment and intangibles	**175**	150
Other provisions	**406**	1,611
Other non-cash movements	**(1,202)**	113
Changes in operating assets and liabilities		
Cash collateral and settlement balances	**227**	(639)
Loans and advances at amortised cost	**(15,510)**	(9,797)
Reverse repurchase agreements and other similar lending	**(4,614)**	1,440
Deposits at amortised cost	**34,327**	7,733
Debt securities in issue	**(275)**	(2,134)
Derivative financial instruments	**(217)**	352
Trading assets and liabilities	**123**	(274)
Financial assets and liabilities at fair value	**139**	309
Other assets and liabilities	**(819)**	(1,753)
Corporate income tax paid	**(592)**	(1,083)
Net cash from operating activities	**13,970**	**(2,559)**
Purchase of financial assets at fair value through other comprehensive income	**(5,557)**	(11,846)
Purchase of property, plant and equipment and intangibles	**(21)**	(28)
Net cash from investing activities	**(5,578)**	(11,874)
Dividends paid and other coupon payments on equity instruments	**(400)**	(1,203)
Capital contribution from Barclays PLC	**220**	-
Net issue of shares and other equity instruments	**-**	490
Issuance of subordinated debt	**3,694**	157
Redemption of subordinated debt	**(1,425)**	-
Vesting of employee share schemes	**(12)**	(12)
Net cash from financing activities	**2,077**	(568)
Effect of exchange rates on cash and cash equivalents	**428**	(737)
Net increase in cash and cash equivalents	**10,897**	(15,738)
Cash and cash equivalents at beginning of year	**27,837**	43,575
Cash and cash equivalents at end of year	**38,734**	27,837
Cash and cash equivalents comprise:		
Cash and balances at central banks	**35,218**	24,305
Loans and advances to banks with original maturity less than three months	**398**	414
Cash collateral at central banks[b]	**3,118**	3,118
	38,734	27,837

Notes

a 2019 comparative figures have been restated to make the cash flow statement more relevant following a review of the disclosure and the accounting policies applied. Amendments have been made to the classification of cash collateral reported within cash and cash equivalents. Footnote b below quantifies the impact of the change in the prior period and provides further detail.

b Cash collateral at central banks' was previously labelled 'Cash collateral and settlement balances with banks with original maturity less than three months'. This line item has been restated to include only balances that Barclays Bank UK holds at central banks related to payment schemes. Previously, cash collateral and settlement balances with non-central bank counterparties were also classified as cash equivalents and included within this balance. Comparatives have been restated. The effect of this change decreased cash and cash equivalents by £532m as at 31 December 2019 and £409m as at 31 December 2018. As a result, net cash from operating activities decreased by £123m in 2019 representing the movement in cash collateral and settlement balances line item in that period.

Interest received by Barclays Bank UK PLC was £6,006m (2019: £7,026m) and interest paid by Barclays Bank UK PLC was £830m (2019: £1,233m).

As at 31 December 2020, Barclays Bank UK PLC was required to maintain balances with central banks in respect of interbank payment schemes of £458m (2019: £388m).

For the purposes of the cash flow statement, cash comprises cash on hand and demand deposits and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. Repurchase and reverse repurchase agreements are not considered to be part of cash equivalents.

Notes to the financial statements
For the year ended 31 December 2020

This section describes Barclays Bank UK Group's significant policies and critical accounting estimates that relate to the financial statements and notes as a whole. If an accounting policy or a critical accounting estimate relates to a particular note, the accounting policy and/or critical accounting estimate is contained with the relevant note.

1 Significant accounting policies

1. Reporting entity
Barclays Bank UK PLC is a public limited company, registered in England under company number 9740322.

These financial statements are prepared for Barclays Bank UK PLC and its subsidiaries (the Barclays Bank UK Group) under Section 399 of the Companies Act 2006. The Barclays Bank UK Group is a major UK financial services provider engaged in retail banking, credit cards, wholesale banking, wealth management and investment management services. In addition, separate financial statements have been presented for the parent company.

2. Compliance with International Financial Reporting Standards
The consolidated financial statements of the Barclays Bank UK Group, and the separate financial statements of Barclays Bank UK PLC, have been prepared in accordance with international accounting standards in conformity with the requirements of the Company Act 2006 and in accordance with International Financial Reporting Standards (IFRS) and interpretations (IFRICs) as issued by the IASB and adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union. These standards have also been endorsed by the UK. The principal accounting policies applied in the preparation of the consolidated and separate financial statements are set out below, and in the relevant notes to the financial statements. These policies have been consistently applied with the exception of the early adoption of *Interest Rate Benchmark Reform – Phase 2* (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) which was applied from 1 January 2020.

3. Basis of preparation
The consolidated and separate financial statements have been prepared under the historical cost convention modified to include the fair valuation of particular financial instruments, to the extent required or permitted under IFRS as set out in the relevant accounting policies. They are stated in millions of pounds Sterling (£m), the functional currency of Barclays Bank UK PLC.

The financial statements have been prepared on a going concern basis, in accordance with the Companies Act 2006 as applicable to companies using IFRS. The financial statements are prepared on a going concern basis, as the Board is satisfied that the Barclays Bank UK Group and parent company have the resources to continue in business for a period of at least 12 months from approval of the financial statements. In making this assessment, the Board has considered a wide range of information relating to present and future conditions.

This involved a review of a working capital report (WCR) for the Group. The WCR is used by the Barclays Bank UK Group and the Board to assess the future performance of the business and that it has the resources in place that are required to meet its ongoing regulatory requirements. The assessment is based upon business plans which contain future forecasts of profitability taken from the Barclays Bank UK Group's three year medium term plan as well as projections of future regulatory capital requirements and business funding needs. The WCR also includes details of the impact of internally generated stress testing scenarios on the liquidity and capital requirement forecasts. The stress tests used were based an assessment of reasonably possible downside economic scenarios that the Barclays Bank UK Group could experience.

The WCR showed that the Barclays Bank UK Group had sufficient capital in place to support its future business requirements and remained above its regulatory minimum requirements in the stress scenarios. It also showed that the Barclays Bank UK Group has an expectation that it can continue to meet its funding requirements during the scenarios. Accordingly, the Board concluded that there was a reasonable expectation that the Barclays Bank UK Group has adequate resources to continue as a going concern for a period of at least 12 months from the date of approval of the financial statements.

4. Accounting policies
The Barclays Bank UK Group prepares financial statements in accordance with IFRS. The Barclays Bank UK Group's significant accounting policies relating to specific financial statement items, together with a description of the accounting estimates and judgements that were critical to preparing them, are set out under the relevant notes. Accounting policies that affect the financial statements as a whole are set out below.

(i) Consolidation
The Barclays Bank UK Group applies IFRS 10 *Consolidated financial statements*.

The consolidated financial statements combine the financial statements of Barclays Bank UK PLC and all its subsidiaries. Subsidiaries are entities over which Barclays Bank UK PLC has control. The Barclays Bank UK Group has control over another entity when the Barclays Bank UK Group has all of the following:

1) power over the relevant activities of the investee, for example through voting or other rights
2) exposure to, or rights to, variable returns from its involvement with the investee and
3) the ability to affect those returns through its power over the investee.

The assessment of control is based on the consideration of all facts and circumstances. The Barclays Bank UK Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Intra-group transactions and balances are eliminated on consolidation. Consistent accounting policies are used throughout the Barclays Bank UK Group for the purposes of the consolidation.

Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and they do not result in loss of control.

1 Significant accounting policies continued

None of the Barclays Bank UK Group's subsidiaries are significant in the context of the Barclays Bank UK Group's business, results or financial position. A complete list of all subsidiaries is presented in Note 36.

In the individual financial statements of Barclays Bank UK PLC, investments in subsidiaries are stated at cost less impairment.

(ii) Foreign currency translation

The Barclays Bank UK Group applies IAS 21 *The Effects of Changes in Foreign Exchange Rates*. Transactions in foreign currencies are translated into Sterling at the rate ruling on the date of the transaction. Foreign currency monetary balances are translated into Sterling at the period end exchange rates. Exchange gains and losses on such balances are taken to the income statement. Non-monetary foreign currency balances in relation to items measured in terms of historical cost are carried at historical transaction date exchange rates. Non-monetary foreign currency balances in relation to items measured at fair value are translated using the exchange rate at the date when the fair value was measured.

(iii) Financial assets and liabilities

The Barclays Bank UK Group applies IFRS 9 *Financial Instruments* to the recognition, classification and measurement, and derecognition of financial assets and financial liabilities and the impairment of financial assets. The Barclays Bank UK Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes.

Recognition

The Barclays Bank UK Group recognises financial assets and liabilities when it becomes a party to the terms of the contract. Trade date or settlement date accounting is applied depending on the classification of the financial asset.

Classification and measurement

Financial assets are classified on the basis of two criteria:
i) the business model within which financial assets are managed; and
ii) their contractual cash flow characteristics (whether the cash flows represent 'solely payments of principal and interest' (SPPI)).

The Barclays Bank UK Group assesses the business model criteria at a portfolio level. Information that is considered in determining the applicable business model includes (i) policies and objectives for the relevant portfolio, (ii) how the performance and risks of the portfolio are managed, evaluated and reported to management, and (iii) the frequency, volume and timing of sales in prior periods, sales expectation for future periods, and the reasons for such sales.

The contractual cash flow characteristics of financial assets are assessed with reference to whether the cash flows represent SPPI. In assessing whether contractual cash flows are SPPI compliant, interest is defined as consideration primarily for the time value of money and the credit risk of the principal outstanding. The time value of money is defined as the element of interest that provides consideration only for the passage of time and not consideration for other risks or costs associated with holding the financial asset. Terms that could change the contractual cash flows so that it would not meet the condition for SPPI are considered, including: (i) contingent and leverage features, (ii) non-recourse arrangements and (iii) features that could modify the time value of money.

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent SPPI.

Financial assets are measured at fair value through other comprehensive income if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and their contractual cash flows represent SPPI.

Other financial assets are measured at fair value through profit and loss. There is an option to make an irrevocable election on initial recognition for non traded equity investments to be measured at fair value through other comprehensive income, in which case dividends are recognised in profit or loss, but gains or losses are not reclassified to profit or loss upon derecognition, and the impairment requirements of IFRS 9 do not apply.

The accounting policy for each type of financial asset or liability is included within the relevant note for the item. The Barclays Bank UK Group's policies for determining the fair values of the assets and liabilities are set out in Note 15.

Derecognition

The Barclays Bank UK Group derecognises a financial asset, or a portion of a financial asset, from its balance sheet where the contractual rights to cash flows from the asset have expired, or have been transferred, usually by sale, and with them either substantially all the risks and rewards of the asset or significant risks and rewards, along with the unconditional ability to sell or pledge the asset.

Financial liabilities are de-recognised when the liability has been settled, has expired or has been extinguished. An exchange of an existing financial liability for a new liability with the same lender on substantially different terms – generally a difference of 10% or more in the present value of the cash flows or a substantive qualitative amendment – is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

Transactions in which the Barclays Bank UK Group transfers assets and liabilities, portions of them, or financial risks associated with them can be complex and it may not be obvious whether substantially all of the risks and rewards have been transferred. It is often necessary to perform a quantitative analysis. Such an analysis compares the Barclays Bank UK Group's exposure to variability in asset cash flows before the transfer with its retained exposure after the transfer.

1 Significant accounting policies continued

A cash flow analysis of this nature may require judgement. In particular, it is necessary to estimate the asset's expected future cash flows as well as potential variability around this expectation. The method of estimating expected future cash flows depends on the nature of the asset, with market and market-implied data used to the greatest extent possible. The potential variability around this expectation is typically determined by stressing underlying parameters to create reasonable alternative upside and downside scenarios. Probabilities are then assigned to each scenario. Stressed parameters may include default rates, loss severity, or prepayment rates.

Accounting for reverse repurchase and repurchase agreements including other similar lending and borrowing

Reverse repurchase agreements (and stock borrowing or similar transaction) are a form of secured lending whereby the Barclays Bank UK Group provides a loan or cash collateral in exchange for the transfer of collateral, generally in the form of marketable securities subject to an agreement to transfer the securities back at a fixed price in the future. Repurchase agreements are where the Barclays Bank UK Group obtains such loans or cash collateral, in exchange for the transfer of collateral.

The Barclays Bank UK Group purchases (a reverse repurchase agreement) or borrows securities subject to a commitment to resell or return them. The securities are not included in the balance sheet as the Barclays Bank UK Group does not acquire the risks and rewards of ownership. Consideration paid (or cash collateral provided) is accounted for as a loan asset at amortised cost, unless it is designated or mandatorily at fair value through profit and loss.

The Barclays Bank UK Group may also sell (a repurchase agreement) or lend securities subject to a commitment to repurchase or redeem them. The securities are retained on the balance sheet as the Barclays Bank UK Group retains substantially all the risks and rewards of ownership. Consideration received (or cash collateral provided) is accounted for as a financial liability at amortised cost, unless it is designated at fair value through profit and loss.

(iv) Issued debt and equity instruments

The Barclays Bank UK Group applies IAS 32, *Financial Instruments: Presentation*, to determine whether funding is either a financial liability (debt) or equity.

Issued financial instruments or their components are classified as liabilities if the contractual arrangement results in the Barclays Bank UK Group having an obligation to either deliver cash or another financial asset, or a variable number of equity shares, to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and the proceeds included in equity, net of transaction costs. Dividends and other returns to equity holders are recognised when paid or declared by the members at the AGM and treated as a deduction from equity.

Where issued financial instruments contain both liability and equity components, these are accounted for separately. The fair value of the debt is estimated first and the balance of the proceeds is included within equity.

5. New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, with the exception of the early adoption of *Interest Rate Benchmark Reform – Phase 2* (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) which was applied from 1 January 2020.

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Amendments relating to Interest Rate Benchmark Reform (Phase 2 amendments)

IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 were amended in August 2020, which are effective for periods beginning on or after 1 January 2021 with earlier adoption permitted. The Barclays Bank UK Group elected to early adopt the amendments with effect from 1 January 2020. The amendments have been endorsed by the EU and by the UK.

IFRS 9 allows companies when they first apply IFRS 9, to make an accounting policy choice to continue to apply the hedge accounting requirements of IAS 39. The Barclays Bank UK Group made the election to continue to apply the IAS 39 hedge accounting requirements, and consequently, the amendments to IAS 39 in respect of hedge accounting have been adopted by the Barclays Bank UK Group.

The objective of the amendments is to provide certain reliefs to companies when changes are made to the contractual cash flows or hedging relationships resulting from interest rate benchmark reform. The reliefs adopted by the Barclays Bank UK Group have been described below.

Changes in the basis for determining contractual cash flows

A change in the basis of determining the contractual cash flows of a financial instrument that are required by the reform is accounted for by updating the effective interest rate, without the recognition of an immediate gain or loss. This practical expedient is only applied where (1) the change to the contractual cash flows is necessary as a direct consequence of the reform and (2) the new basis for determining the contractual cash flows is economically equivalent to the previous basis. For changes made in addition to those required by the reform, the practical expedient is applied first, after which the normal IFRS 9 requirements for modifications of financial instruments is applied.

Hedge accounting

The IAS 39 requirements in respect of hedge accounting have been amended in two phases. The Phase 1 amendments, which were adopted by the Barclays Bank UK Group in 2019, provide relief to the hedge accounting requirements prior to changing a hedge relationship due to the interest rate benchmark reform (refer Note 15). The Phase 2 amendments provide relief when changes are made to hedge relationships as a result of the interest rate benchmark reform. The Phase 2 amendments adopted by the Barclays Bank UK Group are described below.

- Under a temporary exception, changes to the hedge designation and hedge documentation due to the interest rate benchmark reform would not constitute the discontinuation of the hedge relationship nor the designation of a new hedging relationship.
- In respect of the retrospective hedge effectiveness assessment, the Barclays Bank UK Group may elect on a hedge-by-hedge basis to reset the cumulative fair value changes to zero when the exception to the retrospective assessment ends (Phase 1 relief). Any hedge ineffectiveness will continue to be measured and recognised in full in profit or loss.

1 Significant accounting policies continued

- Amounts accumulated in the cash flow hedge reserve would be deemed to be based on the alternative benchmark rate (on which the hedge future cash flows are determined) when there is a change in basis for determining the contractual cash flows.
- For hedges of groups of items (such as those forming part of a macro cash flow hedging strategy), the amendments provide relief for items within a designated group of items that are amended for changes directly required by the reform.
- In respect of whether a risk component of a hedged item is separately identifiable, the amendments provide temporary relief to entities to meet this requirement when an alternative risk free rate (RFR) financial instrument is designated as a risk component. These amendments allow entities upon designation of the hedge to assume that the separately identifiable requirement is met if the entity reasonably expects the RFR risk will become separately identifiable within the next 24 months. This relief applies to each RFR on a rate-by-rate basis and starts when the entity first designates the RFR as a non-contractually specified risk component.

The amendments to IFRS 7 require certain disclosures to be made to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. Refer Note 35 where these disclosures have been included.

Future accounting developments
The following accounting standards have been issued by the IASB but are not yet effective.

IFRS 17 – Insurance contracts
In May 2017, the IASB issued IFRS 17 *Insurance Contracts*, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* that was issued in 2005.

IFRS 17 applies to all types of insurance contracts (i.e. life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

In June 2020, the IASB published amendments to IFRS 17. The amendments that are relevant to the Barclays Bank UK Group are the scope exclusion for credit card contracts and similar contracts that provide insurance coverage, the optional scope exclusion for loan contracts that transfer significant insurance risk, and the clarification that only financial guarantees issued are in scope of IFRS 9.

The amendments also defer the effective date of IFRS 17, including the above amendments, to annual reporting periods beginning on or after 1 January 2023.

IFRS 17, including the amendments to IFRS 17, has not yet been endorsed by the EU as of the date that the financial statements are authorised for issue.

Following the UK's withdrawal from the EU on 31 December 2020, the UK-adopted international accounting standards will be applicable. IFRS 17, including the amendments to IFRS 17, has not yet been endorsed by the UK. The Barclays Bank UK Group is currently assessing the expected impact of adopting this standard.

6. Critical accounting estimates and judgements
The preparation of financial statements in accordance with IFRS requires the use of estimates. It also requires management to exercise judgement in applying the accounting policies. The key areas involving a higher degree of judgement or complexity or areas where assumptions are significant to the consolidated and individual financial statements are highlighted under the relevant note. Critical accounting estimates and judgements are disclosed in:

- Credit impairment charges on page 139
- Fair value of financial instruments on page 153
- Goodwill and intangible assets on page 163
- Provisions including conduct and legal, competition and regulatory matters on page 166.

7. Other disclosures
To improve transparency and ease of reference, by concentrating related information in one place, certain disclosures required under IFRS have been included within the Risk review section as follows:

- Credit risk on page 46 and the tables on pages 53 to 91
- Market risk on page 48 and the tables on page 104
- Treasury and capital risk – capital on page 100 and the tables on pages 100 to 103
- Treasury and capital risk – liquidity on page 93 and the tables on pages 93 to 99.

These disclosures are covered by the Audit opinion (included on pages 115 to 123) where referenced as audited.

Notes to the financial statements
Financial performance/return

The notes included in this section focus on the results and performance of the Barclays Bank UK Group. Information on the income generated, expenditure incurred, segmental performance, tax and dividends are included here.

2 Segmental reporting

Presentation of segmental reporting

The Barclays Bank UK Group's segmental reporting is in accordance with IFRS 8 *Operating Segments*. Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the chief operating decision maker. All transactions between business segments are conducted on an arm's-length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

For segmental reporting purposes, the Barclays Bank UK Group divisions are defined as:

- **Personal Banking** which comprises Personal and Premier banking, Mortgages, Savings, Investments and Wealth management.
- **Barclaycard Consumer UK** which comprises the Barclaycard UK consumer credit cards business.
- **Business Banking** which offers products, services and specialist advice to clients ranging from start-ups to medium-sized businesses and is where the ESHLA loan portfolio is held.

The below table also includes Head Office which includes central support functions.

Analysis of results by business

	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Barclays Bank UK Group £m
For the year ended 31 December 2020					
Total income	3,649	1,528	1,308	(61)	6,424
Credit impairment (charges)	(340)	(881)	(206)	-	(1,427)
Net operating income/(expenses)	3,309	647	1,102	(61)	4,997
Operating costs	(3,262)	(530)	(766)	(45)	(4,603)
Litigation and conduct	(62)	38	(7)	(12)	(43)
Total operating expenses	(3,324)	(492)	(773)	(57)	(4,646)
Other net income	16	-	-	-	16
Profit/(loss) before tax	1	155	329	(118)	367
Total assets	£201.0bn	£10.6bn	£75.8bn	£0.1bn	£287.5bn
Number of employees (full time equivalent)[a]	18,500	100	2,700	200	21,500
Average number of employees (full time equivalent)					21,800
For the year ended 31 December 2019					
Total income	4,112	1,997	1,361	(148)	7,322
Credit impairment (charges)/releases	(196)	(472)	(45)	4	(709)
Net operating income/(expenses)	3,916	1,525	1,316	(144)	6,613
Operating costs	(3,036)	(585)	(717)	(20)	(4,358)
Litigation and conduct	(705)	(876)	(2)	(3)	(1,586)
Total operating expenses	(3,741)	(1,461)	(719)	(23)	(5,944)
Profit/(loss) before tax	175	64	597	(167)	669
Total assets (£bn)	£187.3bn	£16.1bn	£55.0bn	-	£258.4bn
Number of employees (full time equivalent)[a]	17,800	500	3,100	200	21,600
Average number of employees (full time equivalent)					22,000

Note

a Barclays Bank UK Group has transformed its business this year and consolidated several teams into centres of excellence in our Personal Banking segment, to better service our customers and create efficiencies. Costs are recharged to the other segments, while full time equivalent (FTE) are reported within Personal Banking. As a result, fewer FTE are reported in Barclaycard Consumer UK and Business Banking.

Income by geographic region

The Barclays Bank UK Group generates income from business activities in the United Kingdom.

3 Net interest income

Accounting for interest income and expenses

Interest income on loans and advances at amortised cost and financial assets at fair value through other comprehensive income, and interest expense on financial liabilities held at amortised cost, are calculated using the effective interest method which allocates interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest method requires the Barclays Bank UK Group to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities.

Notes to the financial statements
Financial performance/return

The Barclays Bank UK Group derives certain fees and incurs certain costs in the origination of mortgage products. Such fees and costs where directly attributable and incremental to the origination of the instrument, are deferred on the balance sheet and subsequently included within the calculation of the effective interest rate. They are amortised to interest income over the period of expected life.

Similarly, for mortgage products with distinct periods (initial and follow-on) and contractual margins over the original term wherein the initial contractual margin varies from the average calculated return, additional interest is deferred on the balance sheet and released to interest income over the remaining expected life. This adjustment results in a constant rate of return over contractual rate(s) recognised in the income statement.

There is judgement involved in application of the effective interest rate (EIR) method for loans measured at amortised cost, in particular developing repayment expectations for long dated instruments such as mortgages. Application of the EIR method adjusts the timing and amount of interest recognition, with qualifying revenue and expenses deferred and recognised through the life of the instrument as well as the deferred or accelerated recognition of interest where instruments have contractually specified decreases or increases in the calculation of interest.

EIR is subject to judgements regarding the rate at which loans are repaid, the key judgement being the prepayment rate following the end of the initial discount period, which is informed by internal modelling and reviewed quarterly. The review considers prepayment estimates against recent observed customer behaviour, with the carrying value of the EIR asset adjusted accordingly.

EIR calculations are performed at a portfolio level, aggregating financial instruments with similar characteristics and contractual terms. The values in the table below reflect net interest income post application of the EIR method.

	2020 £m	2019[a] £m
Cash and balances at central banks	49	172
Loans and advances at amortised cost	5,943	6,783
Fair value through other comprehensive income	172	202
Other	37	61
Interest and similar income	6,201	7,218
Deposits at amortised cost	(446)	(658)
Debt securities in issue	(209)	(284)
Subordinated liabilities	(321)	(288)
Negative interest on assets	(19)	(28)
Other	(26)	(155)
Interest and similar expense	(1,021)	(1,413)
Net interest income	5,180	5,805

Note
a The comparatives for negative interest expense on assets have been re-presented from Other interest expense.

Interest and similar income presented above represents interest revenue calculated using the effective interest method. Interest and similar income includes £31m (2019: £39m) accrued on impaired loans. Other interest expense includes £17m (2019: £19m) relating to IFRS 16 lease interest expenses.

4 Net fee and commission income

Accounting for net fee and commission income

The Barclays Bank UK Group applies IFRS 15 Revenue from Contracts with Customers. IFRS 15 establishes a five-step model governing revenue recognition. The five-step model requires the Barclays Bank UK Group to (i) identify the contract with the customer, (ii) identify each of the performance obligations included in the contract, (iii) determine the amount of consideration in the contract, (iv) allocate the consideration to each of the identified performance obligations and (v) recognise revenue as each performance obligation is satisfied.

The Barclays Bank UK Group recognises fee and commission income charged for services provided by the Barclays Bank UK Group as the services are provided, for example, on completion of the underlying transaction. Where the contractual arrangements also result in the Barclays Bank UK Group recognising financial instruments in scope of IFRS 9, such financial instruments are initially recognised at fair value in accordance with IFRS 9 before applying the provisions of IFRS 15.

	2020				
	Personal Banking £m	Barclaycard Consumer UK £m	Business Banking £m	Head Office £m	Total £m
Fee type					
Transactional	586	97	127	-	810
Advisory	159	-	-	-	159
Other	258	8	140	-	406
Total revenue from contracts with customers	1,003	105	267	-	1,375
Other non-contract fee income	-	-	-	-	-
Fee and commission income	1,003	105	267	-	1,375
Fee and commission expense	(276)	(23)	(11)	-	(310)
Net fee and commission income	727	82	256	-	1,065

	2019				
	Personal Banking	Barclaycard Consumer UK	Business Banking	Head Office	Total
	£m	£m	£m	£m	£m
Fee type					
Transactional	706	208	160	-	1,074
Advisory	177	-	-	-	177
Other	260	5	158	-	423
Total revenue from contracts with customers	1,143	213	318	-	1,674
Other non-contract fee income	-	-	-	-	-
Fee and commission income	1,143	213	318	-	1,674
Fee and commission expense	(322)	(31)	(15)	-	(368)
Net fee and commission income	821	182	303	-	1,306

Fee types

Transactional

Transactional fees are service charges on deposit accounts, cash management services and transactional processing fees. These include interchange and merchant fee income generated from credit and bank card usage. Transaction and processing fees are recognised at the point in time the transaction occurs or service is performed. Interchange and merchant fees are recognised upon settlement of the card transaction payment.

The Barclays Bank UK Group incurs certain card related costs including those related to cardholder reward programmes. Cardholder reward programmes costs related to customers that settle their outstanding balance each period (transactors) are expensed when incurred and presented in fee and commission expense, while costs related to customer that continuously carry an outstanding balance (revolvers) are included in the effective interest rate of the receivable (refer to Note 3).

Advisory

Advisory fees are generated from wealth management services. Wealth management advisory are earned over the period the services are provided and are generally recognised quarterly when the market value of client assets is determined.

Contract assets and contract liabilities

The Barclays Bank UK Group had no material contract assets or contract liabilities as at 31 December 2020 (2019: nil).

Impairment of fee receivables and contract assets

During 2020, there have been no material impairments recognised in relation to fees receivable and contract assets (2019: nil). Fees in relation to transactional business can be added to outstanding customer balances. These amounts may be subsequently impaired as part of the overall loans and advances balance.

Remaining performance obligations

The Barclays Bank UK Group applies the practical expedient of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less or because the Barclays Bank UK Group has a right to consideration that corresponds directly with the value of the service provided to the client or customer.

Costs incurred in obtaining or fulfilling a contract

The Barclays Bank UK Group expects that incremental costs of obtaining a contract such as success fee and commission fees paid are recoverable and therefore capitalised such contract costs in the amount of £6m at 31 December 2020 (2019: £6m).

Capitalised contract costs are amortised based on the transfer of services to which the asset relates which typically ranges over the expected life of the relationship. In 2020, the amount of amortisation was £1m (2019: £1m) and there was no impairment loss recognised in connection with the capitalised contract costs (2019: nil).

5 Net trading income

Accounting for net trading income

In accordance with IFRS 9, trading positions are held at fair value, and the resulting gains and losses are included in the income statement, together with interest arising from long and short positions and funding costs relating to trading activities.

Income arises from both the sale and purchase of trading positions and from changes in fair value caused by movements in interest and exchange rates and other market variables.

Gains or losses on non-trading financial instruments designated or mandatorily at fair value with changes in fair value recognised in the income statement are included in net trading income where the business model is to manage assets and liabilities on a fair value basis which includes use of derivatives or where an instrument is designated at fair value to eliminate an accounting mismatch and the related instrument's gain and losses are reported in trading income.

	2020 £m	2019 £m
Net gains from assets and liabilities held for trading[a]	**48**	18
Net gains from financial instruments designated at fair value	**5**	15
Net trading income	**53**	33

Note
a Net trading income within Barclays Bank UK Group includes foreign exchange revaluations and mark-to-market gains on derivatives in Treasury.

6 Net investment income

Accounting for net investment income

Dividends are recognised when the right to receive the dividend has been established. Other accounting policies relating to net investment income are set out in Note 12 and Note 14.

	2020 £m	2019 £m
Net gains from disposal of debt instruments at fair value through other comprehensive income	**43**	48
Net gains from disposal of financial assets and liabilities measured at amortised cost	**68**	124
Net (losses) on other investments	**(5)**	-
Net investment income	**106**	172

7 Credit impairment charges

Accounting for the impairment of financial assets

Impairment

The Barclays Bank UK Group is required to recognise expected credit losses (ECLs) based on unbiased forward-looking information for all financial assets at amortised cost, lease receivables, debt financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts. Intercompany exposures in the individual financial statements, including loan commitments and financial guarantee contracts, are also in scope of IFRS 9 for ECL purposes.

At the reporting date, an allowance (or provision for loan commitments and financial guarantees) is required for the 12 month (Stage 1) ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance (or provision) should be recognised for the lifetime ECLs.

The measurement of ECL is calculated using three main components: (i) probability of default (PD) (ii) loss given default (LGD) and (iii) the exposure at default (EAD).

The 12 month and lifetime ECLs are calculated by multiplying the respective PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively. The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event together with any expected drawdowns of committed facilities. The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money.

Determining a significant increase in credit risk since initial recognition:

The Barclays Bank UK Group assesses when a significant increase in credit risk has occurred based on quantitative and qualitative assessments. The credit risk of an exposure is considered to have significantly increased when:

i) Quantitative test

The annualised lifetime PD has increased by more than an agreed threshold relative to the equivalent at origination.

PD deterioration thresholds are defined as percentage increases, and are set at an origination score band and segment level to ensure the test appropriately captures significant increases in credit risk at all risk levels. Generally, thresholds are inversely correlated to the origination PD, i.e. as the origination PD increases, the threshold value reduces.

The assessment of the point at which a PD increase is deemed 'significant', is based upon analysis of the portfolio's risk profile against a common set of principles and performance metrics (consistent across both retail and wholesale businesses), incorporating expert credit judgement where appropriate. Application of quantitative PD floors does not represent the use of the low credit risk exemption as exposures can separately move into stage 2 via the qualitative route described below.

Wholesale assets apply a 100% increase in PD and 0.2% PD floor to determine a significant increase in credit risk.

Retail assets apply bespoke relative increase and absolute PD thresholds based on product type and origination PD. Thresholds are subject to maximums defined by Barclays Bank UK Group policy including absolute PD floor maximum of 0.3% and maximum relative PD increase of 400% (applied to strongest credit quality customers only).

For existing/historical exposures where origination point scores or data are no longer available or do not represent a comparable estimate of lifetime PD, a proxy origination score is defined, based upon:

- back-population of the approved lifetime PD score either to origination date or, where this is not feasible, as far back as possible (subject to a data start point no later than 1 January 2015); or
- use of available historical account performance data and other customer information, to derive a comparable 'proxy' estimation of origination PD.

ii) Qualitative test
This is relevant for accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, including industry and Group wide customer level data wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

iii) Backstop criteria
This is relevant for accounts that are more than 30 calendar days past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

The criteria for determining a significant increase in credit risk for assets with bullet repayments follows the same principle as all other assets, i.e. quantitative, qualitative and backstop tests are all applied.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. This means that, at minimum all payments must be up-to-date, the PD deterioration test is no longer met, the account is no longer classified as high risk, and the customer has evidenced an ability to maintain future payments.

Exposures are only removed from Stage 3 and re-assigned to Stage 2 once the original default trigger event no longer applies. Exposures being removed from Stage 3 must no longer qualify as credit impaired, and:
a) the obligor will also have demonstrated consistently good payment behaviour over a 12-month period, by making all consecutive contractual payments due and, for forborne exposures, the relevant EBA defined probationary period has also been successfully completed or;
b) (for non-forborne exposures) the performance conditions are defined and approved within an appropriately sanctioned restructure plan, including 12 months' payment history have been met.

Management overlays and other exceptions to model outputs are applied only if consistent with the objective of identifying significant increases in credit risk.

Forward-looking information
The measurement of ECL involves complexity and judgement, including estimation of PD, LGD, a range of unbiased future economic scenarios, estimation of expected lives (where contractual life is not appropriate), and estimation of EAD and assessing significant increases in credit risk.

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate (EIR). ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions.

The Barclays Bank UK Group uses a five-scenario model to calculate ECL. An external consensus forecast is assembled from key sources, including HM Treasury (short and medium term forecasts) and Bloomberg (based on median of economic forecasters) which forms the baseline scenario. In addition, two adverse scenarios (Downside 1 and Downside 2) and two favourable scenarios (Upside 1 and Upside 2) are derived, with associated probability weightings. The adverse scenarios are calibrated to a similar severity to internal stress tests, whilst also considering IFRS 9 specific sensitivities and non-linearity. Downside 2 is benchmarked to the Bank of England's annual cyclical scenarios and to the most severe scenario from Moody's inventory, but is not designed to be the same. The favourable scenarios are calibrated to be symmetric to the adverse scenarios, subject to a ceiling calibrated to relevant recent favourable benchmark scenarios. The scenarios include four economic variables (GDP, unemployment, House Price Index (HPI) and base rate in the UK market) and expanded variables using statistical models based on historical correlations. The upside and downside shocks are designed to evolve over a five-year stress horizon, with all five scenarios converging to a steady state after approximately eight years.

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

Definition of default, credit impaired assets, write-offs, and interest income recognition
The definition of default for the purpose of determining ECLs, and for internal credit risk management purposes, has been aligned to the Regulatory Capital CRR Article 178 definition of default, to maintain a consistent approach with IFRS 9 and associated regulatory guidance. The Regulatory Capital CRR Article 178 definition of default considers indicators that the debtor is unlikely to pay, includes exposures in forbearance and is no later than when the exposure is more than 90 days past due or 180 days past due in the case of UK mortgages. When exposures are identified as credit impaired at the time when they are purchased or originated interest income is calculated on the carrying value net of the impairment allowance.

An asset is considered credit impaired when one or more events occur that have a detrimental impact on the estimated future cash flows of the financial asset. This comprises assets defined as defaulted and other individually assessed exposures where imminent default or actual loss is identified.

Uncollectible loans are written off against the related allowance for loan impairment on completion of the Barclays Bank UK Group's internal processes and when all reasonably expected recoverable amounts have been collected. Subsequent recoveries of amounts previously written off are credited to the income statement. The timing and extent of write-offs may involve some element of subjective judgement. Nevertheless, a write-off will often be prompted by a specific event, such as the inception of insolvency proceedings or other formal recovery action, which makes it possible to establish that some or the entire advance is beyond realistic prospect of recovery.

Accounting for purchased financial guarantee contracts

The Barclays Bank UK Group may enter into a financial guarantee contract which requires the issuer of such contract to reimburse the Barclays Bank UK Group for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. For these separate financial guarantee contracts, the Barclays Bank UK Group recognises a reimbursement asset aligned with the recognition of the underlying ECLs, if it is considered virtually certain that a reimbursement would be received if the specified debtor fails to make payment when due in accordance with the terms of the debt instrument.

Loan modifications and renegotiations that are not credit-impaired

When modification of a loan agreement occurs as a result of commercial restructuring activity rather than due to the credit risk of the borrower, an assessment must be performed to determine whether the terms of the new agreement are substantially different from the terms of the existing agreement. This assessment considers both the change in cash flows arising from the modified terms as well as the change in overall instrument risk profile. In respect of payment holidays granted to borrowers which are not due to forbearance, if the revised cash flows on a present value basis (based on the original EIR) are not substantially different from the original cash flows, the loan is not considered to be substantially modified.

Where terms are substantially different, the existing loan will be derecognised and new loan recognised at fair value, with any difference in valuation recognised immediately within the income statement, subject to observability criteria.

Where terms are not substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

Note 1 sets out details for changes in the basis of determining the contractual cash flows of a financial instrument that are required by interest rate benchmark reform.

Expected life

Lifetime ECLs must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options. The exceptions are certain revolver financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. For revolving facilities, expected life is analytically derived to reflect behavioural life of the asset, i.e. the full period over which the business expects to be exposed to credit risk. Behavioural life is typically based upon historical analysis of the average time to default, closure or withdrawal of facility. Where data is insufficient or analysis inconclusive, an additional 'maturity factor' may be incorporated to reflect the full estimated life of the exposures, based upon experienced judgement and/or peer analysis. Potential future modifications of contracts are not taken into account when determining the expected life or EAD until they occur.

Discounting

ECLs are discounted at the EIR at initial recognition or an approximation thereof and consistent with income recognition. For loan commitments the EIR is the rate that is expected to apply when the loan is drawn down and a financial asset is recognised. Issued financial guarantee contracts are discounted at the risk free rate. Lease receivables are discounted at the rate implicit in the lease. For variable/floating rate financial assets, the spot rate at the reporting date is used and projections of changes in the variable rate over the expected life are not made to estimate future interest cash flows or for discounting.

Modelling techniques

ECLs are calculated by multiplying three main components, being the PD, LGD and the EAD, discounted at the original EIR. The regulatory Basel Committee of Banking Supervisors (BCBS) ECL calculations are leveraged for IFRS 9 modelling but adjusted for key differences which include:

- BCBS requires 12 month through the economic cycle losses whereas IFRS 9 requires 12 months or lifetime point in time losses based on conditions at the reporting date and multiple forecasts of the future economic conditions over the expected lives;
- IFRS 9 models do not include certain conservative BCBS model floors and downturn assessments and require discounting to the reporting date at the original EIR rather than using the cost of capital to the date of default;
- Management adjustments are made to modelled output to account for situations where known or expected risk factors and information have not been considered in the modelling process, for example forecast economic scenarios for uncertain political events; and
- ECL is measured at the individual financial instrument level, however a collective approach where financial instruments with similar risk characteristics are grouped together, with apportionment to individual financial instruments, is used where effects can only be seen at a collective level, for example for forward-looking information.

For the IFRS 9 impairment assessment, the Barclays Bank UK Group's risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, the Barclays Bank UK Group applies lifetime PDs but uses 12 month PDs for Stage 1. The ECL drivers of PD, EAD and LGD are modelled at an account level which considers vintage, among other credit factors. Also, the assessment of significant increase in credit risk is based on the initial lifetime PD curve, which accounts for the different credit risk underwritten over time.

Forbearance

A financial asset is subject to forbearance when it is modified due to the credit distress of the borrower. A modification made to the terms of an asset due to forbearance will typically be assessed as a non-substantial modification that does not result in derecognition of the original loan, except in circumstances where debt is exchanged for equity.

Both performing and non-performing forbearance assets are classified as Stage 3 except where it is established that the concession granted has not resulted in diminished financial obligation and that no other regulatory definitions of default criteria have been triggered, in which case the asset is classified as Stage 2. The minimum probationary period for non-performing forbearance is 12 months and for performing forbearance, 24 months. Hence, a minimum of 36 months is required for non-performing forbearance to move out of a forborne state.

No financial instrument in forbearance can transfer back to Stage 1 until all of the Stage 2 thresholds are no longer met and can only move out of Stage 3 when no longer credit impaired.

Critical accounting estimates and judgements

IFRS 9 impairment involves several important areas of judgement, including estimating forward looking modelled parameters (PD, LGD and EAD), developing a range of unbiased future economic scenarios, estimating expected lives and assessing significant increases in credit risk, based on the Barclays Bank UK Group's experience of managing credit risk. The determination of expected life is most material for Barclays credit card portfolios which is obtained via behavioural life analysis to materially capture the risk of these facilities.

Within the retail and small businesses portfolios, which comprise large numbers of small homogenous assets with similar risk characteristics where credit scoring techniques are generally used, the impairment allowance is calculated using forward looking modelled parameters which are typically run at account level. There are many models in use, each tailored to a product, line of business or customer category. Judgement and knowledge is needed in selecting the statistical methods to use when the models are developed or revised. The impairment allowance reflected in the financial statements for these portfolios is therefore considered to be reasonable and supportable.

For individually significant assets in Stage 3, impairment allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows across a range of economic scenarios are taken into account. These considerations can be particularly subjective and can include the business prospects for the customer, the realisable value of collateral, the Barclays Bank UK Group's position relative to other claimants, the reliability of customer information and the likely cost and duration of the work-out process. The level of the impairment allowance is the difference between the value of the discounted expected future cash flows (discounted at the loan's original effective interest rate), and its carrying amount. Furthermore, judgements change with time as new information becomes available or as work-out strategies evolve, resulting in frequent revisions to the impairment allowance as individual decisions are taken. Changes in these estimates would result in a change in the allowances and have a direct impact on the impairment charge.

Temporary adjustments to calculated IFRS9 impairment allowances may be applied in limited circumstances to account for situations where known or expected risk factors or information have not been considered in the ECL assessment or modelling process. For further information, please see page 70 in credit risk performance section.

	2020			2019		
	Impairment charges	Recoveries and reimbursements[a]	Total	Impairment charges	Recoveries and reimbursements	Total
	£m	£m	£m	£m	£m	£m
Loans and advances	1,222	(31)	1,191	742	(51)	691
Provision for undrawn contractually committed facilities and guarantees provided	224	-	224	16	-	16
Loans impairment	1,446	(31)	1,415	758	(51)	707
Financial instruments at fair value through OCI	2	-	2	1	-	1
Other financial assets measured at cost	10	-	10	1	-	1
Credit impairment charges	1,458	(31)	1,427	760	(51)	709

Note
a Cash recoveries of previously written off amounts £31m.

Write-off subject to enforcement activity

The contractual amount outstanding on financial assets that were written off during the period ended 31 December 2020 and that are still subject to enforcement activity is £409m (2019: £541m). This is lower than the write-offs presented in the movement in gross exposures and impairment allowance table due to assets sold during the year post write-offs and post write-off recoveries.

Modification of financial assets

Financial assets with a loss allowance measured at an amount equal to life time ECL of £494m (2019: £73m) were subject to non-substantial modifications during the period, with a resulting loss of £12m (2019: £2m). There is no material movement in financial assets for which the loss allowance has changed to a 12 month ECL.

8 Operating expenses

	2020 £m	2019 £m
Infrastructure costs		
Property and equipment	**245**	216
Depreciation and amortisation	**140**	134
Lease payments	**24**	16
Impairment of property, equipment and intangible assets	**35**	16
Total infrastructure costs	**444**	382
Administration and general expenses		
Consultancy, legal and professional fees	**55**	52
Marketing and advertising	**97**	100
UK bank levy	**50**	41
Other administration and general expenses	**2,646**	2,531
Total administration and general expenses	**2,848**	2,724
Staff costs[a]	**1,311**	1,252
Provisions for litigation and conduct	**43**	1,586
Operating expenses	**4,646**	5,944

Note
a For further details on staff costs including accounting policies, refer to Note 28.

9 Tax

Accounting for income taxes

The Barclays Bank UK Group applies IAS 12 *Income Taxes* in accounting for taxes on income. Income tax payable on taxable profits (current tax) is recognised as an expense in the periods in which the profits arise. Withholding taxes are also treated as income taxes. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offsetting against taxable profits arising in the current or prior periods. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except in certain circumstances where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the balance sheet date which are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled. Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

The Barclays Bank UK Group considers an uncertain tax position to exist when it considers that ultimately, in the future, the amount of profit subject to tax may be greater than the amount initially reflected in the Barclays Bank UK Group's tax returns.

A current tax provision is recognised when it is considered probable that the outcome of a review by a tax authority of an uncertain tax position will alter the amount of cash tax due to, or from, a tax authority in the future. From recognition, the current tax provision is then measured at the amount the Barclays Bank UK Group ultimately expects to pay the tax authority to resolve the position.

	2020 £m	2019 £m
Current tax charge		
Current year	**58**	484
Adjustments in respect of prior years	**3**	9
	61	493
Deferred tax (credit)/charge		
Current year	**(57)**	11
Adjustments in respect of prior years	**(16)**	9
	(73)	20
Tax (credit)/charge	**(12)**	513

The table below shows the reconciliation between the actual tax charge and the tax charge that would result from applying the standard UK corporation tax rate to the Barclays Bank UK Group's profit before tax.

	2020 £m	2020 %	2019 £m	2019 %
Profit before tax	**367**		669	
Tax charge based on the standard UK corporation tax rate of 19% (2019: 19%)	**70**	**19.0%**	127	19.0%
Recurring items:				
Non-deductible expenses	**16**	**4.4%**	9	1.3%
Impact of UK bank levy being non-deductible	**9**	**2.4%**	8	1.2%
Banking surcharge and other items	**7**	**1.9%**	127	19.0%
Tax adjustments in respect of share-based payments	**5**	**1.4%**	-	-
Non-taxable gains and income	**(3)**	**(0.8%)**	(10)	(1.5%)
Adjustments in respect of prior years	**(13)**	**(3.5%)**	18	2.7%
AT1 tax credit	**(34)**	**(9.3%)**	(29)	(4.3%)
Non-recurring items:				
One-off remeasurement of UK deferred tax assets due to rate change cancellation	**(67)**	**(18.3%)**	-	-
Non-deductible provisions for UK customer redress	**(7)**	**(1.9%)**	263	39.3%
Non-deductible provisions for investigations and litigations	**5**	**1.4%**	-	-
Total tax (credit)/charge	**(12)**	**(3.3%)**	513	76.7%

Factors driving the effective tax rate

The negative effective tax rate of 3.3% is lower than the UK corporation tax rate of 19% primarily due to the tax benefit recognised for a remeasurement of UK deferred tax assets as a result of the UK corporation tax rate being maintained at 19% and tax relief for payments made under AT1 instruments. These amounts have been partially offset by the impact of non-deductible expenses including UK bank levy.

Barclays Bank UK Group's future tax charge will be sensitive to the tax rates in force and changes to the tax rules in the UK.

Tax in the consolidated statement of comprehensive income

Tax relating to each component of other comprehensive income can be found on page 125 in the consolidated statement of comprehensive income which includes within Other a tax credit of £1m (2019: £nil) on other items including share-based payments.

Deferred tax assets and liabilities

The deferred tax asset on the balance sheet for Barclays Bank UK Group is £780m (2019: £810m) and for Barclays Bank UK PLC is £780m (2019: £810m). All of these deferred tax assets are in the UK Tax Group and relate entirely to temporary differences. Business profit forecasts indicate these amounts will be fully recovered.

Of the deferred tax asset of £780m (2019: £810m), an amount of £nil (2019: £nil) relates to entities which have suffered a loss in either the current or prior year. This has been taken into account in reaching the above conclusion that these deferred tax assets will be fully recovered in the future.

The table below shows movements on deferred tax assets and liabilities during the year. The amounts are different from those disclosed on the balance sheet as they are presented before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

Barclays Bank UK Group	Fixed asset timing differences £m	Cash flow hedges £m	Loan impairment allowance £m	Other temporary differences £m	Total £m
Assets	**610**	**-**	**219**	**63**	**892**
Liabilities	**-**	**(41)**	**-**	**(41)**	**(82)**
At 1 January 2020	**610**	**(41)**	**219**	**22**	**810**
Income statement	**86**	**-**	**(13)**	**-**	**73**
Other comprehensive income and reserves	**-**	**(85)**	**-**	**(24)**	**(109)**
Other movements	**6**	**-**	**-**	**-**	**6**
	702	**(126)**	**206**	**(2)**	**780**
Assets	**702**	**-**	**206**	**14**	**922**
Liabilities	**-**	**(126)**	**-**	**(16)**	**(142)**
At 31 December 2020	**702**	**(126)**	**206**	**(2)**	**780**
Assets	517	-	249	33	799
Liabilities	-	(7)	-	-	(7)
At 1 January 2019	517	(7)	249	33	792
Income statement	(3)	-	-	(17)	(20)
Other comprehensive income and reserves	-	(34)	(30)	6	(58)
Other movements	96	-	-	-	96
	610	(41)	219	22	810
Assets	610	-	219	63	892
Liabilities	-	(41)	-	(41)	(82)
At 31 December 2019	610	(41)	219	22	810

Barclays Bank UK PLC	Fixed asset timing differences £m	Cash flow hedges £m	Loan impairment allowance £m	Other temporary differences £m	Total £m
Assets	610	-	219	63	892
Liabilities	-	(41)	-	(41)	(82)
At 1 January 2020	**610**	**(41)**	**219**	**22**	**810**
Income statement	86	-	(13)	-	73
Other comprehensive income and reserves	-	(85)	-	(24)	(109)
Other movements	6	-	-	-	6
	702	(126)	206	(2)	780
Assets	702	-	206	14	922
Liabilities	-	(126)	-	(16)	(142)
At 31 December 2020	**702**	**(126)**	**206**	**(2)**	**780**
Assets	517	-	249	31	797
Liabilities	-	(7)	-	-	(7)
At 1 January 2019	517	(7)	249	31	790
Income statement	(3)	-	-	(15)	(18)
Other comprehensive income and reserves	-	(34)	(30)	6	(58)
Other movements	96	-	-	-	96
	610	(41)	219	22	810
Assets	610	-	219	63	892
Liabilities	-	(41)	-	(41)	(82)
At 31 December 2019	610	(41)	219	22	810

The amount of deferred tax asset expected to be recovered after more than 12 months for the Barclays Bank UK Group is £887m (2019: £855m) and for Barclays Bank UK PLC is £887m (2019: £855m). The amount of deferred tax liability expected to be settled after more than 12 months for the Barclays Bank UK Group is £142m (2019: £80m) and for Barclays Bank UK PLC is £142m (2019: £80m). These amounts are before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

Unrecognised deferred tax

Tax losses and temporary differences

Deferred tax assets have not been recognised in respect of gross tax losses of £960m (2019: £1,000m) in Barclays Bank UK Group and Barclays Bank UK PLC. These tax losses are comprised entirely of capital losses which can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable gains will be available against which they can be utilised.

The amount of unrecognised deferred tax assets and liabilities relating to temporary differences on investments in subsidiaries, branches and associates in both Barclays Bank UK Group and Barclays Bank UK PLC is £nil (2019: £nil).

10 Dividends on ordinary shares

The 2020 financial statements include £220m (2019: £1,050m) of dividend paid. This is the final dividend declared in relation to the prior year of £220m (2019: £700m) and half year dividends of £nil (2019: £350m). This results in a total dividend for the year of 44p (2019: 208p) per ordinary share. A dividend of £220m was paid on 25 March 2020 by Barclays Bank UK PLC to its parent Barclays PLC. This was prior to the announcement made by the PRA on 31 March 2020 that capital be preserved for use in serving Barclays customers and clients through the extraordinary challenges presented by the Covid-19 pandemic. As part of a response to this announcement, Barclays PLC took steps to provide additional capital of £220m to Barclays Bank UK PLC in the form of a capital contribution. No full year 2020 dividend is to be paid to Barclays PLC.

Dividends paid on other equity instruments amounted to £180m (2019: £153m). For further detail on other equity instruments, please refer to Note 26.

Notes to the financial statements
Assets and liabilities held at fair value

The notes included in this section focus on assets and liabilities the Barclays Bank UK Group holds and recognises at fair value. Fair value refers to the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date, which may be an observable market price or, where there is no quoted price for the instrument, may be an estimate based on available market data. Detail regarding the Barclays Bank UK Group's approach to managing market risk can be found on page 49.

11 Trading portfolio

Accounting for trading portfolio assets and liabilities

In accordance with IFRS 9, all assets and liabilities held for trading purposes are held at fair value with gains and losses in the changes in fair value taken to the income statement in net trading income (Note 5).

	Barclays Bank UK Group and PLC	
	2020	2019
	£m	£m
Debt securities and other eligible bills	**298**	860
Trading portfolio assets	**298**	860
Debt securities and other eligible bills	**(1,265)**	(1,704)
Trading portfolio liabilities	**(1,265)**	(1,704)

Trading debt securities (assets) are part of managed assets within treasury. Trading debt securities (liabilities) relate to short positions held for hedging fair value loans and managed assets within treasury.

12 Financial assets at fair value through the income statement

Accounting for financial assets mandatorily at fair value

Financial assets that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling.

Accounting for financial assets designated at fair value

Financial assets, other than those held for trading, are classified in this category if they are so irrevocably designated at inception and the use of the designation removes or significantly reduces an accounting mismatch.

Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

The details on how the fair value amounts are arrived at for financial assets at fair value are described in Note 15.

	Barclays Bank UK Group and PLC	
	2020	2019
	£m	£m
Loans and advances	**3,430**	3,568
Financial assets designated at fair value	**3,430**	3,568
Other financial assets	**2**	3
Financial assets mandatorily at fair value	**2**	3
Total	**3,432**	3,571

Credit risk of financial assets designated at fair value and related credit derivatives

The following table shows the maximum exposure to credit risk, the changes in fair value attributable to changes in credit risk, and the cumulative changes in fair value since initial recognition for loans and advances.

	Barclays Bank UK Group and PLC					
	Maximum exposure as at 31 December		Changes in fair value during the year ended		Cumulative changes in fair value from inception	
	2020	2019	2020	2019	2020	2019
	£m	£m	£m	£m	£m	£m
Loans and advances designated at fair value, attributable to credit risk	**3,430**	3,568	**(1)**	2	**(22)**	(21)

13 Derivative financial instruments

Accounting for derivatives

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. They include swaps, forward-rate agreements, futures, options and combinations of these instruments and primarily affect the Barclays Bank UK Group's net interest income, net trading income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet.

All derivative instruments are held at fair value through profit or loss, except for derivatives that are in a designated cash flow hedge accounting relationship. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes terms included in a contract or financial liability (the host), which, had it been a standalone contract, would have met the definition of a derivative. If these are separated from the host, i.e. when the economic characteristics of the embedded derivative are not closely related with those of the host contract and the combined instrument is not measured at fair value through profit or loss, then they are accounted for in the same way as derivatives. For financial assets, the requirements are whether the financial assets contain contractual terms that give rise on specified dates to cash flows that are SPPI, and consequently the requirements for accounting for embedded derivatives are not applicable to financial assets.

Hedge accounting

The Barclays Bank UK Group applies the requirements of IAS 39 Financial Instruments: Recognition and Measurement for hedge accounting purposes. The Barclays Bank UK Group applies hedge accounting to represent the economic effects of its interest rate, currency and contractually linked inflation risk management strategies. Derivatives are used to hedge interest rate, exchange rate, and exposures to certain indices such as house price indices and retail price indices related to non-trading positions. Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Barclays Bank UK Group applies fair value hedge accounting and cash flow hedge accounting.

The Barclays Bank UK Group has applied the 'Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform' issued in September 2019. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships that existed at the start of the reporting period or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve at that date.

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by IBOR ('Interbank Offered Rates') reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the income statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

In summary, the reliefs provided by the amendments that apply to the Barclays Bank UK Group are:

- When considering the 'highly probable' requirement, the Barclays Bank UK Group has assumed that the IBOR interest rates upon which our hedged items are based do not change as a result of IBOR Reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Barclays Bank UK Group has assumed that the IBOR interest rates upon which the cash flows of the hedged items and the interest rate swaps that hedge them are based are not altered by IBOR reform.
- The Barclays Bank UK Group will not discontinue hedge accounting during the period of IBOR-related uncertainty solely because the retrospective effectiveness falls outside the required 80–125% range.
- The Barclays Bank UK Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.
- The Barclays Bank UK Group has assessed whether the hedged IBOR risk component is a separately identifiable risk only when it first designates a hedged item in a fair value hedge and not on an ongoing basis.

The Barclays Bank UK Group has elected to early adopt the 'Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2' issued in August 2020. The Phase 2 amendments provide relief when changes are made to hedge relationships as a result of the interest rate benchmark reform.

The Phase 2 amendments adopted by the Barclays Bank UK Group are:

- Under a temporary exception, the Barclays Bank UK Group has considered that changes to the hedge designation and hedge documentation due to the interest rate benchmark reform would not constitute the discontinuation of the hedge relationship nor the designation of a new hedging relationship.
- In respect of the retrospective hedge effectiveness assessment, the Barclays Bank UK Group may elect, on a hedge-by-hedge basis, to reset the cumulative fair value changes to zero when the exception to the retrospective assessment ends (Phase 1 relief). Any hedge ineffectiveness will continue to be measured and recognised in full in profit or loss.
- The Barclays Bank UK Group has deemed the amounts accumulated in the cash flow hedge reserve to be based on the alternative benchmark rate (on which the hedge future cash flows are determined) when there is a change in basis for determining the contractual cash flows.
- For hedges of groups of items (such as those forming part of a macro cash flow hedging strategy), the amendments provide relief for items within a designated group of items that are amended for changes directly required by the reform.
- In respect of whether a risk component of a hedged item is separately identifiable, the amendments provide temporary relief to entities to meet this requirement when an alternative risk free rate (RFR) financial instrument is designated as a risk component. These amendments allow the Barclays Bank UK Group upon designation of the hedge to assume that the separately identifiable requirement is met if the Barclays Bank UK Group reasonably expects the RFR risk will become separately identifiable within the next 24 months. The Barclays Bank UK Group applies this relief to each RFR on a rate-by-rate basis and starts when the Barclays Bank UK Group first designates the RFR as a non-contractually specified risk component.

Assets and liabilities held at fair value

Fair value hedge accounting

Changes in fair value of derivatives that qualify and are designated as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The fair value changes adjust the carrying value of the hedged asset or liability held at amortised cost.

If hedge relationships no longer meet the criteria for hedge accounting, hedge accounting is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to the income statement over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement. For items classified as fair value through other comprehensive income, the hedge accounting adjustment is included in other comprehensive income.

Cash flow hedge accounting

For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income, and then recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the income statement.

Total derivatives	Barclays Bank UK Group			Barclays Bank UK PLC		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
As at 31 December 2020						
Total derivative assets/(liabilities) held for trading	439,118	237	(843)	439,118	237	(843)
Total derivative assets/(liabilities) held for risk management	70,982	313	(37)	70,982	313	(37)
Derivative assets/(liabilities)	**510,100**	**550**	**(880)**	**510,100**	**550**	**(880)**
As at 31 December 2019						
Total derivative assets/(liabilities) held for trading	366,729	180	(739)	367,223	181	(739)
Total derivative assets/(liabilities) held for risk management	62,679	12	(1)	62,679	12	(1)
Derivative assets/(liabilities)	429,408	192	(740)	429,902	193	(740)

Further information on netting arrangements of derivative financial instruments can be found within Note 16.

The fair values and notional amounts of derivatives held for trading are set out in the following table:

Derivatives held for trading[a]	Barclays Bank UK Group			Barclays Bank UK PLC		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
As at 31 December 2020						
Foreign exchange derivatives						
OTC derivatives	17,065	111	(261)	16,943	43	(261)
Foreign exchange derivatives	17,065	111	(261)	16,943	43	(261)
Interest rate derivatives						
OTC derivatives	6,584	126	(492)	5,584	66	(492)
Interest rate derivatives cleared by central counterparty	415,469	-	(90)	415,469	-	(90)
Interest rate derivatives	422,053	126	(582)	421,053	66	(582)
Derivatives with subsidiaries	-	-	-	1,122	128	-
Derivative assets/(liabilities) held for trading	439,118	237	(843)	439,118	237	(843)
Total OTC derivatives	23,649	237	(753)	22,527	109	(753)
Total derivatives cleared by central counterparty	415,469	-	(90)	415,469	-	(90)
Derivatives with subsidiaries	-	-	-	1,122	128	-
Derivative assets/(liabilities) held for trading	439,118	237	(843)	439,118	237	(843)

Notes to the financial statements
Assets and liabilities held at fair value

Derivatives held for trading[a]	Barclays Bank UK Group			Barclays Bank UK PLC		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
As at 31 December 2019						
Foreign exchange derivatives						
OTC derivatives	9,752	90	(85)	9,631	36	(85)
Foreign exchange derivatives	9,752	90	(85)	9,631	36	(85)
Interest rate derivatives						
OTC derivatives	7,000	85	(419)	6,000	22	(419)
Interest rate derivatives cleared by central counterparty	349,977	5	(235)	349,977	5	(235)
Interest rate derivatives	356,977	90	(654)	355,977	27	(654)
Derivatives with subsidiaries	-	-	-	1,615	118	-
Derivative assets/(liabilities) held for trading	366,729	180	(739)	367,223	181	(739)
Total OTC derivatives	16,752	175	(504)	15,631	58	(504)
Total derivatives cleared by central counterparty	349,977	5	(235)	349,977	5	(235)
Derivatives with subsidiaries	-	-	-	1,615	118	-
Derivative assets/(liabilities) held for trading	366,729	180	(739)	367,223	181	(739)

Note
a Derivatives held for trading mainly includes derivatives held as economic hedges to manage risk.

The fair values and notional amounts of derivative instruments held for risk management are set out in the following table:

Derivatives held for risk management	Barclays Bank UK Group			Barclays Bank UK PLC		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
As at 31 December 2020						
Derivatives designated as cash flow hedges						
Currency Swaps	**5,596**	**284**	**-**	**5,596**	**284**	**-**
Interest rate derivatives cleared by central counterparty	**24,160**	**-**	**-**	**24,160**	**-**	**-**
Derivatives designated as cash flow hedges	**29,756**	**284**	**-**	**29,756**	**284**	**-**
Derivatives designated as fair value hedges						
Interest rate swaps	**3,026**	**29**	**(37)**	**3,026**	**29**	**(37)**
Interest rate derivatives cleared by central counterparty	**38,200**	**-**	**-**	**38,200**	**-**	**-**
Derivatives designated as fair value hedges	**41,226**	**29**	**(37)**	**41,226**	**29**	**(37)**
Derivative assets/(liabilities) held for risk management	**70,982**	**313**	**(37)**	**70,982**	**313**	**(37)**
Total OTC derivatives	**8,622**	**313**	**(37)**	**8,622**	**313**	**(37)**
Total derivatives cleared by central counterparty	**62,360**	**-**	**-**	**62,360**	**-**	**-**
Derivative assets/(liabilities) held for risk management	**70,982**	**313**	**(37)**	**70,982**	**313**	**(37)**
As at 31 December 2019						
Derivatives designated as cash flow hedges						
Interest rate derivatives cleared by central counterparty	25,981	-	-	25,981	-	-
Derivatives designated as cash flow hedges	25,981	-	-	25,981	-	-
Derivatives designated as fair value hedges						
Interest rate swaps	645	12	(1)	645	12	(1)
Interest rate derivatives cleared by central counterparty	36,053	-	-	36,053	-	-
Derivatives designated as fair value hedges	36,698	12	(1)	36,698	12	(1)
Derivative assets/(liabilities) held for risk management	62,679	12	(1)	62,679	12	(1)
Total OTC derivatives	645	12	(1)	645	12	(1)
Total derivatives cleared by central counterparty	62,034	-	-	62,034	-	-
Derivative assets/(liabilities) held for risk management	62,679	12	(1)	62,679	12	(1)

Hedge accounting

Hedge accounting is applied predominantly for the following risks:

- Interest rate risk – arises due to a mismatch between fixed interest rates and floating interest rates. Interest rate risk also includes exposure to inflation risk for certain types of investments.
- Currency risk – arises due to assets or liabilities being denominated in different currencies than the functional currency of the relevant entity.
- Contractually linked inflation risk – arises from financial instruments within contractually specified inflation risk. The Group does not hedge inflation risk that arises from other activities.

In order to hedge these risks, the Group uses the following hedging instruments:

- Interest rate derivatives to swap interest rate exposures into either fixed or variable rates.
- Currency derivatives to swap foreign currency exposure into the entity's functional currency
- Inflation derivatives to swap inflation exposure into either fixed or variable interest rates.

In some cases, certain items which are economically hedged may be ineligible hedged items for the purposes of IAS 39, such as core deposits and equity. In these instances, a proxy hedging solution can be utilised whereby portfolios of floating rate assets are designated as eligible hedged items in cash flow hedges.

In some hedging relationships, the Barclays Bank UK Group designates risk components of hedged items as follows:

- Benchmark interest rate risk as a component of interest rate risk, such as the LIBOR or Risk Free Rate (RFR) component.
- Inflation risk as a contractually specified component of a debt instrument.
- Spot exchange rate risk for foreign currency financial assets or financial liabilities.
- Components of cash flows of hedged items, for example certain interest payments for part of the life of an instrument.

Using the benchmark interest rate risk results in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship. LIBOR is considered the predominant interest rate risk and therefore the hedged items change in fair value on a fully proportionate basis with reference to this risk.

In respect of many of the Barclays Bank UK Group's hedge accounting relationships, the hedged item and hedging instrument change frequently due to the dynamic nature of the risk management and hedge accounting strategy. The Barclays Bank UK Group applies hedge accounting to dynamic scenarios, predominantly in relation to interest rate risk, with a combination of hedged items in order for its financial statements to reflect as closely as possible the economic risk management undertaken. In some cases, if the hedge accounting objective changes, the relevant hedge accounting relationship is de-designated and a de-designated relationship is replaced with a different hedge accounting relationship.

The hedging instruments share the same risk exposures as the hedged items. Hedge effectiveness is determined with reference to quantitative tests, predominantly regression testing, but to the extent hedging instruments are exposed to different risks than the hedged items, this could result in hedge ineffectiveness or hedge accounting failures.

Sources of ineffectiveness include the following:

- Mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences.
- Changes in credit risk of the hedging instruments.
- If a hedging relationship becomes over-hedged.
- The effects of the forthcoming reforms to IBOR because these might take effect at a different time and have a different impact on hedged items and hedging instruments.

Across all benchmarks which Barclays is materially exposed to, there is still uncertainty regarding the precise timing and effects of IBOR reform. There is yet to be full consensus regarding methodologies for converging existing IBORs to their final benchmark rates. As such, Barclays has not incorporated any change in assumptions for affected benchmarks into its expectations or calculations. Barclays does, however, assume sufficient liquidity in IBOR linked benchmarks to provide reliable valuation calculations of both hedged items and hedging instruments (notwithstanding reliefs already applied within the financial reporting).

The following table summarises the significant hedge accounting exposures impacted by the IBOR reform as at 31 December 2020:

Current benchmark rate	Expected convergence to RFR	Nominal amount of hedged items directly impacted by IBOR reform £m	Nominal amount of hedging instruments directly impacted by IBOR reform £m
GBP London Interbank Offered Rate (LIBOR)	Reformed Sterling Overnight Index Average (SONIA)	1,536	687
USD LIBOR	Secured Overnight Financing Rate (SOFR)	3,135	3,130
Euro Overnight Index Average (EONIA)	Euro Short-Term Rate (€STR)	3,216	3,216
Total		**7,887**	**7,033**

Assets and liabilities held at fair value

Hedged items in fair value hedges

Barclays Bank UK Group and PLC Hedged item statement of financial position classification and risk category	Carrying amount £m	Accumulated fair value adjustment included in carrying amount: Total £m	Of which: Accumulated fair value adjustment on items no longer in a hedge relationship £m	Change in fair value used as a basis to determine ineffectiveness £m	Hedge ineffectiveness recognised in the income statement[a] £m
2020					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	9,006	2,174	(657)	1,528	111
Financial assets at fair value through other comprehensive income					
- Interest rate risk	13,608	313	29	204	(3)
- Inflation risk	3,039	48	-	58	10
Total Assets	25,653	2,535	(628)	1,790	118
Liabilities					
Debt securities in issue					
- Interest rate risk	(11,940)	(498)	98	(212)	(47)
Total Liabilities	(11,940)	(498)	98	(212)	(47)
Total Hedged items	13,713	2,037	(530)	1,578	71
2019					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	7,358	603	(669)	993	75
Financial assets at fair value through other comprehensive income					
- Interest rate risk	10,923	187	27	344	10
- Inflation risk	665	(7)	-	(7)	(1)
Total Assets	18,946	783	(642)	1,330	84
Liabilities					
Debt securities in issue					
- Interest rate risk	(11,742)	(343)	75	(291)	(44)
Total Liabilities	(11,742)	(343)	75	(291)	(44)
Total Hedged items	7,204	440	(567)	1,039	40

Note
a Hedge ineffectiveness is recognised in net interest income.

For items classified as fair value through other comprehensive income, the hedge accounting adjustment is not included in the carrying amount, but rather adjusts other comprehensive income.

The following table shows the fair value hedging instruments which are carried on the balance sheet.

Barclays Bank UK Group and PLC Hedge type	Risk category	Carrying value: Derivative assets £m	Carrying value: Derivative liabilities £m	Nominal amount £m	Change in fair value used as a basis to determine ineffectiveness £m	Nominal amount directly impacted by IBOR reform £m
As at 31 December 2020						
Fair value	Interest rate risk	-	-	38,200	(1,459)	6,346
	Inflation risk	29	(37)	3,026	(48)	-
	Total	29	(37)	41,226	(1,507)	6,346
As at 31 December 2019						
Fair value	Interest rate risk	-	-	36,053	(1,005)	16,080
	Inflation risk	12	(1)	645	6	293
	Total	12	(1)	36,698	(999)	16,373

The following table profiles the expected notional values of current hedging instruments in future years:

Barclays Bank UK Group and PLC	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m	2026 and later £m
As at 31 December							
Fair value hedges of:							
Interest rate risk (outstanding notional amount)	**38,200**	**32,455**	**27,848**	**25,589**	**21,856**	**16,459**	**13,563**
Inflation risk (outstanding notional amount)	**3,026**	**3,026**	**2,192**	**2,184**	**424**	**424**	**328**

There are 1,304 (2019: 1,119) interest rate risk fair value hedges with an average fixed rate of 2.4% (2019: 2.8%) across the relationships in Barclays Bank UK Group and PLC and 34 (2019: 9) inflation risk fair value hedges with an average rate of 0.9% (2019: 1.4%) across the relationships.

The following table shows hedged items in cash flow hedges:

Hedged items in cash flow hedges and hedges of net investments in foreign operations Barclays Bank UK Group and PLC Description of hedge relationship and hedged risk	Change in value of hedged item used as the basis for recognising ineffectiveness £m	Balance in cash flow hedging reserve for continuing hedges £m	Balance in currency translation reserve for continuing hedges £m	Balances remaining in cash flow hedging reserve for which hedge accounting is no longer applied £m	Balances remaining in currency translation reserve for which hedge accounting is no longer applied £m	Hedging gains or losses recognised in other comprehensive income £m	Hedge ineffectiveness recognised in the income statement[a] £m
2020							
Cash flow hedge of:							
Interest rate risk							
Loans and advances at amortised cost	**(349)**	**(112)**	**-**	**(291)**	**-**	**(349)**	**(2)**
Foreign exchange risk							
Debt securities classified at amortised cost	**(278)**	**(65)**	**-**		**-**	**(278)**	**-**
Total cash flow hedge	**(627)**	**(177)**	**-**	**(291)**	**-**	**(627)**	**(2)**
2019							
Cash flow hedge of:							
Interest rate risk							
Loans and advances at amortised cost	(143)	(141)	-	(23)	-	(143)	(1)

Note
a Hedge ineffectiveness is recognised in net interest income.

There are 28 (2019: 0) foreign exchange risk cash flow hedges with an average foreign exchange rate of 135.29 JPY: 1 GBP (2019: 0) across the relationships.

The Group's risk exposure is directly affected by interest rate benchmark reform, across both its cash flow hedge accounting activities; where IBOR-linked derivatives are designated as a cash flow hedge of IBOR-linked cash flows, and its fair value hedge accounting activities; where IBOR-linked derivatives are designated as a fair value hedge of fixed interest rate assets and liabilities. Further information on the group's risk exposure and response can be found in Note 35.

The following table shows the cash flow hedging instruments which are carried on the balance sheet.

Barclays Bank UK Group and PLC Hedge type	Risk category	Carrying value Derivative assets £m	Carrying value Derivative liabilities £m	Nominal amount £m	Change in fair value used as a basis to determine ineffectiveness £m	Nominal amount directly impacted by IBOR reform £m
As at 31 December 2020						
Cash flow	Interest rate risk	**-**	**-**	**24,160**	**347**	**687**
	Foreign exchange risk	**284**	**-**	**5,596**	**278**	**-**
	Total	**284**	**-**	**29,756**	**625**	**687**
As at 31 December 2019						
Cash flow	Interest rate risk	-	-	25,981	142	885
	Total	-	-	25,981	142	885

Assets and liabilities held at fair value

The effect on the income statement and other comprehensive income of recycling amounts in respect of cash flow hedges is set out in the following table:

Description of hedge relationship and hedged risk	2020 Amount recycled from other comprehensive income due to hedged item affecting income statement £m	2019 Amount recycled from other comprehensive income due to hedged item affecting income statement £m
Barclays Bank UK Group and PLC		
Cash flow hedge of interest rate risk		
Recycled to net interest income	111	6
Cash flow hedge of foreign exchange risk		
Recycled to net interest income	213	-

14 Financial assets at fair value through other comprehensive income

Accounting for financial assets at fair value through other comprehensive income (FVOCI)

Financial assets that are debt instruments held in a business model that is achieved by both collecting contractual cash flows and selling and that contain contractual terms that give rise on specified dates to cash flows that are SPPI are measured at FVOCI. They are subsequently re-measured at fair value and changes therein (except for those relating to impairment, interest income and foreign currency exchange gains and losses) are recognised in other comprehensive income until the assets are sold. Interest (calculated using the effective interest method) is recognised in the income statement in net interest income (Note 3). Upon disposal, the cumulative gain or loss recognised in other comprehensive income is included in net investment income (Note 6).

In determining whether the business model is achieved by both collecting contractual cash flows and selling financial assets, it is determined that both collecting contractual cash flows and selling financial assets are integral to achieving the objective of the business model. The Barclays Bank UK Group will consider past sales and expectations about future sales to establish if the business model is achieved.

	Barclays Bank UK Group and PLC	
	2020 £m	2019 £m
Debt securities and other eligible bills	26,026	19,322
Financial assets at fair value through other comprehensive income	**26,026**	19,322

15 Fair value of financial instruments

Accounting for financial assets and liabilities – fair values

Financial instruments that are held for trading are recognised at fair value through profit or loss. In addition, financial assets are held at fair value through profit or loss if they do not contain contractual terms that give rise on specified dates to cash flows that are SPPI, or if the financial asset is not held in a business model that is either (i) a business model to collect the contractual cash flows or (ii) a business model that is achieved by both collecting contractual cash flows and selling. Subsequent changes in fair value for these instruments are recognised in the income statement in net investment income, except if reporting it in trading income reduces an accounting mismatch.

All financial instruments are initially recognised at fair value on the date of initial recognition (including transaction costs, other than financial instruments held at fair value through profit or loss) and depending on the subsequent classification of the financial asset or liability, may continue to be held at fair value either through profit or loss or other comprehensive income. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Wherever possible, fair value is determined by reference to a quoted market price for that instrument. For many of the Barclays Bank UK Group's financial assets and liabilities for which quoted prices are not available, valuation models are used to estimate fair value. The models calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. These models use as their basis independently sourced market inputs including, for example, interest rate yield curves and currency rates.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets, then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either: on a straight-line basis over the term of the transaction; or over the period until all model inputs will become observable where appropriate; or released in full when previously unobservable inputs become observable.
Various factors influence the availability of observable inputs and these may vary from product to product and change over time. Factors include the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the marketplace, the maturity of market modelling and the nature of the transaction (bespoke or generic). To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective, dependent on the significance of the unobservable input to the

overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities or other analytical techniques.

The sensitivity of valuations used in the financial statements to possible changes in significant unobservable inputs is shown on page 156.

Critical accounting estimates and judgements

The valuation of financial instruments often involves a significant degree of judgement and complexity, in particular where valuation models make use of unobservable inputs ('Level 3' assets and liabilities). This note provides information on these instruments, including the related unrealised gains and losses recognised in the period, a description of significant valuation techniques and unobservable inputs, and a sensitivity analysis.

The following table shows Barclays Bank UK Group's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and balance sheet classification:

Assets and liabilities held at fair value

	2020				2019			
	Valuation technique using				Valuation technique using			
Barclays Bank UK Group	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	52	246	-	298	384	476	-	860
Financial assets at fair value through the income statement	-	130	3,302	3,432	-	38	3,533	3,571
Derivative financial assets	-	550	-	550	-	192	-	192
Financial assets at fair value through other comprehensive income	6,887	19,139	-	26,026	6,162	13,160	-	19,322
Total assets	6,939	20,065	3,302	30,306	6,546	13,866	3,533	23,945
Trading portfolio liabilities	(1,060)	(205)	-	(1,265)	(1,331)	(373)	-	(1,704)
Derivative financial liabilities	-	(880)	-	(880)	-	(740)	-	(740)
Total liabilities	(1,060)	(1,085)	-	(2,145)	(1,331)	(1,113)	-	(2,444)

The following table shows Barclays Bank UK PLC's assets and liabilities that are held at fair value disaggregated by valuation technique (fair value hierarchy) and balance sheet classification:

Assets and liabilities held at fair value

	2020				2019			
	Valuation technique using				Valuation technique using			
Barclays Bank UK PLC	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	52	246	-	298	384	476	-	860
Financial assets at fair value through the income statement	-	130	3,302	3,432	-	38	3,533	3,571
Derivative financial assets	-	550	-	550	-	193	-	193
Financial assets at fair value through other comprehensive income	6,887	19,139	-	26,026	6,162	13,160	-	19,322
Total assets	6,939	20,065	3,302	30,306	6,546	13,867	3,533	23,946
Trading portfolio liabilities	(1,060)	(205)	-	(1,265)	(1,331)	(373)	-	(1,704)
Derivative financial liabilities	-	(880)	-	(880)	-	(740)	-	(740)
Total liabilities	(1,060)	(1,085)	-	(2,145)	(1,331)	(1,113)	-	(2,444)

Level 3 movement analysis

The following table summarises the movements in the Level 3 balances during the period. Transfers have been reflected as if they had taken place at the beginning of the year.

Asset transfer between Level 3 and Level 2 is due to an increase in observable market activity related to an input.

Assets and liabilities held at fair value

Analysis of movements in Level 3 assets and liabilities

Barclays Bank UK Group and PLC	As at 1 January 2020 £m	Purchases £m	Sales £m	Issues £m	Settlements £m	Total gains and losses in the period recognised in the income statement: Trading income[a] £m	Other income £m	Total gains or losses recognised in OCI £m	Transfers In £m	Transfers Out £m	As at 31 December 2020 £m
Non-asset backed loans	3,530	-	-	-	(413)	284	-	-	-	(100)	3,301
Other	3	4	-	-	(6)	-	-	-	-	-	1
Financial assets at fair value through the income statement	3,533	4	-	-	(419)	284	-	-	-	(100)	3,302
	As at 1 January 2019 £m										As at 31 December 2019 £m
Non-asset backed loans	3,852	-	-	-	(551)	244	-	-	-	(15)	3,530
Other	-	3	-	-	-	-	-	-	-	-	3
Financial assets at fair value through the income statement	3,852	3	-	-	(551)	244	-	-	-	(15)	3,533

Note

a Trading income represents gains on Level 3 financial assets which is offset by losses on derivative hedge disclosed within Level 2.

Non-asset backed loans

Description: Largely made up of fixed rate loans, extended to counterparties in the Education, Social Housing and Local Authority sectors.

Valuation: Fixed rate loans are valued using models that discount expected future cash flows based on interest rates and loan spreads.

Observability: Within this loan population, the loan spread is generally unobservable. Unobservable loan spreads are determined by incorporating funding costs, the level of comparable assets such as gilts, issuer credit quality and other factors.

Level 3 sensitivity: The sensitivity of fixed rate loans is calculated by applying a shift to loan spreads, aligned to the prudent valuation framework for calculating market data uncertainty around an unobservable valuation input. The prudent valuation framework additionally requires Barclays Bank UK plc to be capitalised to 33% (temporarily reduced from 50% until year-end 2020) of the impact of such valuation uncertainty being realised in the income statement. On a portfolio level, the sensitivity is equivalent to an averages stress to the input loan spread of 52bp.

Unrealised gains and losses on Level 3 financial assets and liabilities

The following tables disclose the unrealised gains and losses recognised in the year arising on Level 3 financial assets and liabilities held at year end.

Unrealised gains and losses recognised during the period on Level 3 assets and liabilities held at year end

Barclays Bank UK Group and PLC	2020 Income statement: Trading income	2020 Income statement: Other income	2020 Other compre-hensive income	2020 Total	2019 Income statement: Trading income	2019 Income statement: Other income	2019 Other compre-hensive income	2019 Total
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets at fair value through the income statement	284	-	-	284	244	-	-	244
Total	284	-	-	284	244	-	-	244

	Valuation technique(s)	Significant unobservable inputs	2020 Range Min	2020 Range Max	2019 Range Min	2019 Range Max	Units[a]
Non-asset backed loans	Discounted cash flows	Loan spread	31	1,518	31	1,884	bps

Note

a The units used to disclose ranges for significant unobservable inputs are percentages, points and basis points. Points are a percentage of par; for example, 100 points equals 100% of par. A basis point equals 1/100th of 1%; for example, 150 basis points equals 1.5%.

The following section describes the significant unobservable inputs identified in the table above, and the sensitivity of fair value measurement of the instruments categorised as Level 3 assets or liabilities to increases in significant unobservable inputs. Where sensitivities are described, the inverse relationship will also generally apply.

Where reliable interrelationships can be identified between significant unobservable inputs used in fair value measurement, a description of those interrelationships is included below.

Loan spread

Loan spreads typically represent the difference in yield between an instrument and a benchmark security or reference rate. Loan spreads typically reflect credit quality, the level of comparable assets such as gilts and other factors, and form part of the yield used in a discounted cash flow calculation.

The ESHLA portfolio primarily consists of long-dated fixed rate loans extended to counterparties in the UK Education, Social Housing and Local Authority sectors. The loans are categorised as Level 3 in the fair value hierarchy due to their illiquid nature and the significance of unobservable loan spreads to the valuation. Valuation uncertainty arises from the long-dated nature of the portfolio, the lack of secondary market in the loans and the lack of observable loan spreads. The majority of ESHLA loans are to borrowers in heavily regulated sectors that are considered low credit risk, and have a history of near zero defaults since inception and where Barclays is often afforded a position as a secured creditor. While the overall loan spread range is from 31bps to 1,518bps (2019: 31bps to 1,844bps), the vast majority of spreads are concentrated towards the bottom end of this range, with 96% of the loan notional being valued with spreads less than 200bps consistently for both years.

In general, a significant increase in loan spreads in isolation will result in a fair value decrease for a loan.

Sensitivity analysis of valuations using unobservable inputs

	2020		2019	
	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
	£m	£m	£m	£m
Non asset backed loans	86	(220)	89	(264)
Total	86	(220)	89	(264)

The effect of stressing unobservable inputs to a 90th percentile confidence interval of a potential range of values, alongside considering the impact of using alternative models, would be to increase fair values by up to £86m (2019: £89m) or to decrease fair values by up to £220m (2019: £264m). All the potential effect would impact profit and loss. The asymmetry in the favourable and unfavourable changes in the sensitivity analysis is attributable to Investing and Funding costs with the prudential valuation framework contributing to the unfavourable side only.

Portfolio exemptions

The Barclays Bank UK Group uses the portfolio exemption in IFRS 13 *Fair Value Measurement* to measure the fair value of groups of financial assets and liabilities. Instruments are measured using the price that would be received to sell a net long position (i.e. an asset) for a particular risk exposure or to transfer a net short position (i.e. a liability) for a particular risk exposure in an orderly transaction between market participants at the balance sheet date under current market conditions. Accordingly, the Barclays Bank UK Group measures the fair value of the group of financial assets and liabilities consistently with how market participants would price the net risk exposure at the measurement date.

Unrecognised gains as a result of the use of valuation models using unobservable inputs

The amount that has yet to be recognised in income that relates to the difference between the transaction price (the fair value at initial recognition) and the amount that would have arisen had valuation models using unobservable inputs been used on initial recognition, less amounts subsequently recognised, is £13m (2019: £13m) for financial instruments measured at fair value and £217m (2019: £224m) for financial instruments carried at amortised cost. The decrease in financial investments measured at fair value of £nil (2019: £1m) was driven by amortisation and releases of £2m (2019: £1m) offset by additions of £2m (2019: £nil). The decrease of £7m (2019: £7m) in financial instruments carried at amortised cost is driven by amortisation and releases of £12m (2019: £12m) offset by additions of £5m (2019: £5m).

Comparison of carrying amounts and fair values:

The following tables summarise the fair value of financial assets and liabilities measured at amortised cost on Barclays Bank UK Group's and Barclays Bank UK PLC's balance sheet:

Barclays Bank UK Group	2020					2019				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets										
Loans and advances at amortised cost	211,649	209,612	-	22,816	186,796	197,569	196,342	1,925	6,661	187,756
Reverse repurchase agreements and other similar secured lending	133	133	-	133	-	1,761	1,761	-	1,761	-
Financial liabilities										
Deposits at amortised cost	(240,535)	(240,555)	(230,238)	(8,268)	(2,049)	(205,696)	(205,701)	(191,931)	(3,956)	(9,814)
Repurchase agreements and other similar secured borrowing	(7,178)	(7,178)	-	(7,178)	-	(13,420)	(13,420)	-	(13,420)	-
Debt securities in issue	(7,503)	(7,897)	-	(7,897)	-	(8,271)	(8,644)	-	(8,151)	(493)
Subordinated liabilities	(9,869)	(10,344)	-	(10,344)	-	(7,688)	(8,022)	-	(8,022)	-

Notes to the financial statements
Assets and liabilities held at fair value

Barclays Bank UK PLC	2020					2019				
	Carrying amount	Fair value	Level 1	Level 2	Level 3	Carrying amount	Fair value	Level 1	Level 2	Level 3
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Financial assets										
Loans and advances at amortised cost	212,033	210,000	-	23,202	186,798	197,960	196,739	1,959	7,548	187,232
Reverse repurchase agreements and other similar secured lending	133	133	-	133	-	1,761	1,761	-	1,761	-
Financial liabilities										
Deposits at amortised cost	(241,091)	(241,119)	(230,245)	(8,825)	(2,049)	(206,764)	(206,768)	(191,931)	(5,023)	(9,814)
Repurchase agreements and other similar secured borrowing	(7,178)	(7,178)	-	(7,178)	-	(13,420)	(13,420)	-	(13,420)	-
Debt securities in issue	(7,503)	(7,897)	-	(7,897)	-	(7,778)	(8,151)	-	(8,151)	-
Subordinated liabilities	(9,869)	(10,344)	-	(10,344)	-	(7,688)	(8,022)	-	(8,022)	-

The fair value is an estimate of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. As a wide range of valuation techniques are available, it may not be appropriate to directly compare this fair value information to independent market sources or other financial institutions. Different valuation methodologies and assumptions can have a significant impact on fair values which are based on unobservable inputs.

Financial assets

The carrying value of financial assets held at amortised cost (including loans and advances to banks and customers, and other lending such as reverse repurchase agreements and cash collateral on securities borrowed) is determined in accordance with the relevant accounting policy in Note 17.

Loans and advances at amortised cost

The fair value of loans and advances, for the purpose of this disclosure, is derived from discounting expected cash flows in a way that reflects the current market price for lending to issuers of similar credit quality. Where market data or credit information on the underlying borrowers is unavailable, a number of proxy/extrapolation techniques are employed to determine the appropriate discount rates.

Reverse repurchase agreements and other similar secured lending

The fair value of reverse repurchase agreements approximates carrying amount as these balances are generally short dated and fully collateralised.

Financial liabilities

The carrying value of financial liabilities held at amortised cost (including customer accounts, other deposits, repurchase agreements and cash collateral on securities lent, debt securities in issue and subordinated liabilities) is determined in accordance with the accounting policy in Note 1.

Deposits at amortised cost

In many cases, the fair value disclosed approximates carrying value because the instruments are short term in nature or have interest rates that reprice frequently, such as customer accounts and other deposits and short-term debt securities.

The fair value for deposits with longer-term maturities, mainly time deposits, are estimated using discounted cash flows applying either market rates or current rates for deposits of similar remaining maturities. Consequently, the fair value discount is minimal.

Repurchase agreements and other similar secured borrowing

The fair value of repurchase agreements approximates carrying amounts as these balances are generally short dated.

Debt securities in issue

Fair values of other debt securities in issue are based on quoted prices where available, or where the instruments are short dated, carrying amount approximates fair value.

Subordinated liabilities

Fair values for dated and undated convertible and non-convertible loan capital are based on quoted market rates for the issuer concerned or issuers with similar terms and conditions.

16 Offsetting financial assets and financial liabilities

In accordance with IAS 32 *Financial Instruments: Presentation*, the Barclays Bank UK Group reports financial assets and financial liabilities on a net basis on the balance sheet only if there is a legally enforceable right to set-off the recognised amounts and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. The following table shows the impact of netting arrangements on:

- all financial assets and liabilities that are reported net on the balance sheet
- all derivative financial instruments and reverse repurchase and repurchase agreements and other similar secured lending and borrowing agreements that are subject to enforceable master netting arrangements or similar agreements, but do not qualify for balance sheet netting.

The 'Net amounts' presented are not intended to represent the Barclays Bank UK Group's actual exposure to credit risk, as a variety of credit mitigation strategies are employed in addition to netting and collateral arrangements.

Barclays Bank UK Group	Amounts subject to enforceable netting arrangements							
	Effects of offsetting on-balance sheet			Related amounts not offset				
	Gross amounts	Amounts offset[a]	Net amounts reported on the balance sheet	Financial instruments	Financial collateral[b]	Net amount	Amounts not subject to enforceable netting arrangements[c]	Balance sheet total[d]
As at 31 December 2020	£m	£m	£m	£m	£m	£m	£m	£m
Derivative financial assets	550	-	550	(189)	(330)	31	-	550
Reverse repurchase agreements and other similar secured lending[e]	1,384	(1,251)	133	-	(133)	-	-	133
Total assets	1,934	(1,251)	683	(189)	(463)	31	-	683
Derivative financial liabilities	(880)	-	(880)	189	657	(34)	-	(880)
Repurchase agreements and other similar secured borrowing[e]	(5,428)	1,251	(4,177)	-	4,177	-	(3,001)	(7,178)
Total liabilities	(6,308)	1,251	(5,057)	189	4,834	(34)	(3,001)	(8,058)
As at 31 December 2019	£m	£m	£m	£m	£m	£m	£m	£m
Derivative financial assets	192	-	192	(59)	(107)	26	-	192
Reverse repurchase agreements and other similar secured lending[e]	2,516	(755)	1,761	-	(1,761)	-	-	1,761
Total assets	2,708	(755)	1,953	(59)	(1,868)	26	-	1,953
Derivative financial liabilities	(740)	-	(740)	59	672	(9)	-	(740)
Repurchase agreements and other similar secured borrowing[e]	(2,957)	755	(2,202)	-	2,202	-	(11,218)	(13,420)
Total liabilities	(3,697)	755	(2,942)	59	2,874	(9)	(11,218)	(14,160)

Notes

a No other significant recognised financial assets and liabilities were offset in the balance sheet. Therefore, the only balance sheet categories necessary for inclusion in the table are those shown above.

b Financial collateral of £330m (2019: £107m) was received in respect of derivative assets, including £214m (2019: £nil) of cash collateral and £116m (2019: £107m) of non-cash collateral. Financial cash collateral of £657m (2019: £672m) was placed in respect of derivative liabilities. The collateral amounts are limited to net balance sheet exposure so as to not include over-collateralisation.

c This column includes contractual rights of set-off that are subject to uncertainty under the laws of the relevant jurisdiction.

d The balance sheet total is the sum of 'Net amounts reported on the balance sheet' that are subject to enforceable netting arrangements and 'Amounts not subject to enforceable netting arrangements'.

e Repurchase and other similar secured lending and Reverse Repurchase and other similar secured lending held at amortised cost.

Derivative assets and liabilities

The 'Financial instruments' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as the ISDA Master Agreement or derivative exchange or clearing counterparty agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur.

Financial collateral refers to cash and non-cash collateral obtained, typically daily or weekly, to cover the net exposure between counterparties by enabling the collateral to be realised in an event of default or if other predetermined events occur.

Repurchase and reverse repurchase agreements and other similar secured lending and borrowing

The 'Amounts offset' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as Global Master Repurchase Agreements and Global Master Securities Lending Agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur.

Financial collateral typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

These offsetting and collateral arrangements and other credit risk mitigation strategies used by Barclays Bank UK are further explained in the Credit risk mitigation section on page 46.

Assets and liabilities held at fair value

Barclays Bank UK PLC	Amounts subject to enforceable netting arrangements							
	Effects of offsetting on-balance sheet			Related amounts not offset				
	Gross amounts	Amounts offset[a]	Net amounts reported on the balance sheet	Financial instruments	Financial collateral[b]	Net amount	Amounts not subject to enforceable netting arrangements[c]	Balance sheet total[d]
As at 31 December 2020	£m	£m	£m	£m	£m	£m	£m	£m
Derivative financial assets	550	-	550	(189)	(214)	147	-	550
Reverse repurchase agreements and other similar secured lending[e]	1,384	(1,251)	133	-	(133)	-	-	133
Total assets	1,934	(1,251)	683	(189)	(347)	147	-	683
Derivative financial liabilities	(880)	-	(880)	189	657	(34)	-	(880)
Repurchase agreements and other similar secured borrowing[e]	(5,428)	1,251	(4,177)	-	4,177	-	(3,001)	(7,178)
Total liabilities	(6,308)	1,251	(5,057)	189	4,834	(34)	(3,001)	(8,058)

As at 31 December 2019	£m	£m	£m	£m	£m	£m	£m	£m
Derivative financial assets	193	-	193	(59)	-	134	-	193
Reverse repurchase agreements and other similar secured lending[e]	2,516	(755)	1,761	-	(1,761)	-	-	1,761
Total assets	2,709	(755)	1,954	(59)	(1,761)	134	-	1,954
Derivative financial liabilities	(740)	-	(740)	59	672	(9)	-	(740)
Repurchase agreements and other similar secured borrowing[e]	(2,957)	755	(2,202)	-	2,202	-	(11,218)	(13,420)
Total liabilities	(3,697)	755	(2,942)	59	2,874	(9)	(11,218)	(14,160)

Notes

a No other significant recognised financial assets and liabilities were offset in the balance sheet. Therefore, the only balance sheet categories necessary for inclusion in the table are those shown above.

b Financial cash collateral of £214m (2019: £nil) was placed in respect of derivative assets. Financial cash collateral of £657m (2019: £672m) was placed in respect of derivative liabilities. The collateral amounts are limited to net balance sheet exposure so as to not include over-collateralisation.

c This column includes contractual rights of set-off that are subject to uncertainty under the laws of the relevant jurisdiction.

d The balance sheet total is the sum of 'Net amounts reported on the balance sheet' that are subject to enforceable netting arrangements and 'Amounts not subject to enforceable netting arrangements'.

e Repurchase and other similar secured lending and Reverse Repurchase and other similar secured lending held at amortised cost.

Notes to the financial statements
Assets at amortised cost and other investments

The notes included in this section focus on the Barclays Bank UK Group's loans and advances and deposits at amortised cost, leases, property, plant and equipment and goodwill and intangible assets. Details regarding the Barclays Bank UK Group's liquidity and capital position can be found on pages 47 to 48.

17 Loans and advances and deposits at amortised cost

Accounting for loans and advances and deposits held at amortised cost

Loans and advances to customers and banks, customer accounts, debt securities and most financial liabilities, are held at amortised cost. That is, the initial fair value (which is normally the amount advanced or borrowed) is adjusted for repayments and the amortisation of coupon, fees and expenses to represent the effective interest rate of the asset or liability. Balances deferred on-balance sheet as effective interest rate adjustments are amortised to interest income over the life of the financial instrument to which they relate.

Financial assets that are held in a business model to collect the contractual cash flows and that contain contractual terms that give rise on specified dates to cash flows that are SPPI, are measured at amortised cost. The carrying value of these financial assets at initial recognition includes any directly attributable transaction costs. Refer to Note 1 for details on 'solely payments of principal and interest'.

In determining whether the business model is a 'hold to collect' model, the objective of the business model must be to hold the financial asset to collect contractual cash flows rather than holding the financial asset for trading or short-term profit taking purposes. While the objective of the business model must be to hold the financial asset to collect contractual cash flows this does not mean the Barclays Bank UK Group is required to hold the financial assets until maturity. When determining if the business model objective is to collect contractual cash flows the Barclays Bank UK Group will consider past sales and expectations about future sales.

Loans and advances and deposits at amortised cost

	Barclays Bank UK Group		Barclays Bank UK PLC	
	2020	2019	2020	2019
As at 31 December	£m	£m	£m	£m
Loans and advances at amortised cost to banks	**877**	740	**906**	658
Loans and advances at amortised cost to customers	**201,727**	192,370	**202,082**	192,843
Debt securities at amortised cost	**9,045**	4,459	**9,045**	4,459
Total loans and advances at amortised cost	**211,649**	197,569	**212,033**	197,960
Deposits at amortised cost from banks	**56**	141	**56**	135
Deposits at amortised cost from customers	**240,479**	205,555	**241,035**	206,629
Total deposits at amortised cost	**240,535**	205,696	**241,091**	206,764

18 Property, plant and equipment

Accounting for property, plant and equipment

The Barclays Bank UK Group applies IAS 16 *Property Plant and Equipment*.

Property, plant and equipment is stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required. Subsequent costs are capitalised if these result in enhancement to the asset.

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances. The Barclays Bank UK Group uses the following annual rates in calculating depreciation:

Annual rates in calculating depreciation	Depreciation rate
Freehold land	Not depreciated
Freehold buildings and long-leasehold property (more than 50 years to run)	2-3.3%

	Barclays Bank UK Group and PLC		
	Property	Right of use assets[a]	Total
	£m	£m	£m
Cost			
As at 1 January 2020	**973**	**528**	**1,501**
Additions	**17**	**14**	**31**
Disposals	**(53)**	**(7)**	**(60)**
Exchange and other movements	**-**	**(5)**	**(5)**
As at 31 December 2020	**937**	**530**	**1,467**
Accumulated depreciation and impairment			
As at 1 January 2020	**(514)**	**(94)**	**(608)**
Disposals	**50**	**-**	**50**
Depreciation charge	**(63)**	**(74)**	**(137)**
Impairment charge	**(25)**	**(10)**	**(35)**
As at 31 December 2020	**(552)**	**(178)**	**(730)**
Net book value	**385**	**352**	**737**
Cost			
As at 1 January 2019	969	526	1,495
Additions	39	1	40
Disposals	(30)	(6)	(36)
Exchange and other movements	(5)	7	2
As at 31 December 2019	973	528	1,501
Accumulated depreciation and impairment			
As at 1 January 2019	(471)	(16)	(487)
Disposals	25	-	25
Depreciation charge	(57)	(73)	(130)
Impairment charge	(11)	(5)	(16)
As at 31 December 2019	(514)	(94)	(608)
Net book value	459	434	893

Note

a Right of use (ROU) asset balances relate to Property Leases under IFRS 16. Refer Note 19 for further details.

£1m from property rentals (2019: £1m) has been included in Other income.

19 Leases

Accounting for leases

IFRS 16 applies to all leases with the exception of licenses of intellectual property, rights held by licensing agreement within the scope of IAS 38 *Intangible Assets*, service concession arrangements, leases of biological assets within the scope of IAS 41 *Agriculture* and leases of minerals, oil, natural gas and similar non-regenerative resources. IFRS 16 includes an accounting policy choice for a lessee to elect not to apply IFRS 16 to remaining assets within the scope of IAS 38 *Intangible Assets* which the Barclays Bank UK Group has decided to apply.

When the Barclays Bank UK Group is the lessee, it is required to recognise both:

- A lease liability, measured at the present value of remaining cash flows on the lease, and
- A right of use (ROU) asset, measured at the amount of the initial measurement of the lease liability, plus any lease payments made prior to commencement date, initial direct costs, and estimated costs of restoring the underlying asset to the condition required by the lease, less any lease incentives received.

Subsequently the lease liability will increase for the accrual of interest, resulting in a constant rate of return throughout the life of the lease, and reduce when payments are made. The right of use asset will amortise to the income statement over the life of the lease. The lease liability is remeasured when there is a change in one of the following:

- Future lease payments arising from a change in an index or rate;
- The Barclays Bank UK Group's estimate of the amount expected to be payable under a residual value guarantee; or
- The Barclays Bank UK Group's assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded in the income statement if the carrying amount of the ROU asset has been reduced to nil.

On the balance sheet, the ROU assets are included within property, plant and equipment and the lease liabilities are included within other liabilities.

The Barclays Bank UK Group applies the recognition exemption in IFRS 16 for leases with a term not exceeding 12 months, for these leases the lease payments are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more appropriate.

As a Lessee

The Barclays Bank UK Group leases various offices, branches and other premises under non-cancellable lease arrangements to meet its operational business requirements. In some instances, Barclays Bank UK Group will sublease property to third parties when it is no longer needed to meet business requirements. Currently, Barclays Bank UK Group and Barclays Bank UK PLC does not have any material subleasing arrangements.

ROU asset balances relate to property leases only. Refer to Note 18 for a breakdown of the carrying amount of ROU assets.

The Barclays Bank UK Group and Barclays Bank PLC recognised total expense of £4m (2019: £8m) for short term leases during the year. The portfolio of short term leases to which Barclays Bank UK Group and Barclays Bank UK PLC is exposed at the end of the year is not dissimilar to the expenses recognised in the year.

Lease liabilities	Barclays Bank UK Group and PLC	
	2020	2019
	£m	£m
As at 1 January	**432**	504
Interest	**17**	19
New leases	**14**	1
Disposals	**(9)**	(10)
Cash payments	**(85)**	(89)
Exchange and other movements	**(4)**	7
As at 31 December (see Note 21)	**365**	432

The below table sets out a maturity analysis of undiscounted lease liabilities, showing the lease payments to be paid after the reporting date.

Undiscounted lease liabilities maturity analysis	Barclays Bank UK Group and PLC	
	2020	2019
	£m	£m
Not more than one year	**81**	86
One to two years	**76**	81
Two to three years	**66**	76
Three to four years	**58**	66
Four to five years	**52**	57
Five to ten years	**75**	113
Greater than ten years	**36**	40
Total undiscounted lease liabilities as at 31 December	**444**	519

In addition to the cash flows identified above, Barclays Bank UK Group and Barclays Bank UK PLC are exposed to:

- Variable lease payments: This variability will typically arise from either inflation index instruments or market based pricing adjustments. Currently, 706 leases (2019: 822 leases) out of the total 1,091 leases (2019: 1,194 leases) have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, £374m (2019: 446m) is attributable to leases with some degree of variability predominately linked to market based pricing adjustments.

- Extension and termination options: The table above represents Barclays Bank UK Group and Barclays Bank UK PLC's best estimate of future cash out flows for leases, including assumptions regarding the exercising of contractual extension and termination options. The above gross cash flows have been reduced by £17m (2019: £16m) for leases where it is highly expected to exercise an early termination option. However, there is no significant impact where it is expected to exercise an extension option.

Barclays Bank UK Group and Barclays Bank UK PLC currently does not have any significant sale and lease back transactions. Barclays Bank UK Group and Barclays Bank UK PLC does not have any restrictions or covenants imposed by the lessor on its property leases which restrict its businesses.

20 Goodwill and intangible assets

Accounting for goodwill and intangible assets

Goodwill

The carrying value of goodwill is determined in accordance with IFRS 3 *Business Combinations* and IAS 36 *Impairment of Assets.*

Goodwill arising on the acquisition of subsidiaries represents the excess of the fair value of the purchase consideration over the fair value of the Barclays Bank UK Group's share of the assets acquired and the liabilities and contingent liabilities assumed on the date of the acquisition.

Goodwill is reviewed annually for impairment, or more frequently when there are indications that impairment may have occurred. The test involves comparing the carrying value of the cash generating unit (CGU) including goodwill with the present value of the pre-tax cash flows, discounted at a rate of interest that reflects the inherent risks, of the CGU to which the goodwill relates, or the CGU's fair value if this is higher.

Intangible assets

Intangible assets other than goodwill are accounted for in accordance with IAS 38 *Intangible Assets*.

Intangible assets are initially recognised when they are separable or arise from contractual or other legal rights, the cost can be measured reliably and, in the case of intangible assets not acquired in a business combination, where it is probable that future economic benefits attributable to the assets will flow from their use.

For internally generated intangible assets, only costs incurred during the development phase are capitalised. Expenditures in the research phase are expensed when it is incurred.

Intangible assets are stated at cost (which is, in the case of assets acquired in a business combination, the acquisition date fair value) less accumulated amortisation and provisions for impairment, if any, and are amortised over their useful lives in a manner that reflects the pattern to which they contribute to future cash flows, generally using the amortisation periods set out below:

Annual rates in calculating amortisation	Amortisation period
Goodwill	Not amortised
Customer lists	12 months to 25 years

Intangible assets are reviewed for impairment when there are indications that impairment may have occurred. Intangible assets not yet available for use are reviewed annually for impairment.

	Barclays Bank UK Group			Barclays Bank UK PLC		
	Goodwill	Customer lists	Total	Goodwill	Customer lists	Total
	£m	£m	£m	£m	£m	£m
Cost						
As at 1 January 2020	**3,526**	**90**	**3,616**	**3,378**	**90**	**3,468**
Additions and disposals	-	-	-	-	-	-
As at 31 December 2020	**3,526**	**90**	**3,616**	**3,378**	**90**	**3,468**
Accumulated amortisation and impairment						
As at 1 January 2020	-	**(86)**	**(86)**	-	**(86)**	**(86)**
Amortisation charge	-	(3)	(3)	-	(3)	(3)
As at 31 December 2020	-	**(89)**	**(89)**	-	**(89)**	**(89)**
Net book value	**3,526**	**1**	**3,527**	**3,378**	**1**	**3,379**
Cost						
As at 1 January 2019	3,526	90	3,616	3,378	90	3,468
As at 31 December 2019	3,526	90	3,616	3,378	90	3,468
Accumulated amortisation and impairment						
As at 1 January 2019	-	(82)	(82)	-	(82)	(82)
Amortisation charge	-	(4)	(4)	-	(4)	(4)
As at 31 December 2019	-	(86)	(86)	-	(86)	(86)
Net book value	3,526	4	3,530	3,378	4	3,382

As part of the Barclays Group strategy, internally generated software and other purchased software are held in Barclays Execution Services Limited. Barclays Bank UK Group receives the required services from Barclays Execution Services Limited, which are charged on a cost plus basis.

Assets at amortised cost and other investments

Critical accounting estimates and judgements

Goodwill

Testing goodwill for impairment involves a significant amount of judgement. Goodwill is allocated to CGUs for the purpose of impairment testing. The review of goodwill for impairment involves calculating a value in use (VIU) valuation which is compared to the carrying value of a CGU associated with the goodwill to determine whether any impairment has occurred. This includes the identification of independent CGUs across the organisation and the allocation of goodwill to those CGUs.

The calculation of a value in use contains a high degree of uncertainty in estimating the future cash flows and the rates used to discount them. Key judgements include determining the carrying value of the CGU, the cash flows and discount rates used in the calculation.

- The cash flow forecasts used by management involve judgement and are based upon a view of the future prospects of the business and market conditions at the point in time the assessment is prepared. The estimation of pre-tax cash flows is sensitive to the periods for which detailed forecasts are available and to assumptions regarding long-term sustainable cash flows.
- The discount rates applied to the future cash flows also involve judgement as they can have a significant impact on the valuation. The discount rates used are compared to market participants to ensure that they are appropriate and based on an estimated cost of equity for each CGU.
- The choice of a terminal growth rate used to determine the present value of the future cash flows of the CGUs is also a judgement that can impact the outcome of the assessment. The terminal growth rate and discount rates used may vary due to external market rates and economic conditions that are beyond management's control.

Further details of some of the key judgements are set out below.

2020 impairment review

The 2020 impairment review was performed during Q4 2020. Given the change in the macroeconomic and interest rate outlook, this review was performed across all material CGUs. The review identified that a number of the CGUs have been adversely impacted by changes in their operating environment, in particular retail and business banking activity. A detailed assessment has been performed, with the approach and results of this analysis set out below.

Determining the carrying value of CGUs

The Carrying Value for each CGU is the sum of the tangible equity, goodwill and intangible balances associated with that CGU.

The Group manages the assets and liabilities of its CGUs with reference to tangible equity of the respective businesses. That tangible equity is derived from the level of risk weighted assets (RWAs) and capital required to be deployed in the CGU and therefore reflects its relative risk, as well as the level of capital management consider a market participant would require to hold and retain to support business growth.

The goodwill held across the group has been allocated to the CGU where it originated, based upon historical records. The intangible balances are allocated to the CGUs based upon their expected usage of these assets.

Cash flows

The 5-year cash flows used in the calculation are based on the formally agreed medium term plans approved by the Board. These are prepared using macroeconomic assumptions which management consider reasonable and supportable, and reflect business agreed initiatives for the forecast period. The macroeconomic assumptions underpinning the medium term plan were determined in August 2020 and management has considered whether there are subsequent significant changes in those assumptions which would adversely impact the results of the impairment review.

As required by IAS 36, all estimates of future cash flows exclude cash inflows or outflows that are expected to arise from restructuring initiatives where a constructive obligation to carry out the plan does not yet exist.

The Education, Social Housing and Local Authority (ESHLA) portfolio has been excluded from the Business Banking CGU cash flows. This is a legacy loan portfolio which was previously within the Non-Core bank and was not part of the business to which the goodwill relates. As such, the cash flows relating to this portfolio have been excluded from the Business Banking VIU calculation.

The Personal Banking CGU cash flows have been extended to a sixth year (prior to the calculation of terminal values below) to reflect an observed 15bp inflexion point in the yield curve which was beyond the period of the medium term plan.

Discount rates

IAS 36 requires that the discount rate used in a value in use calculation reflects the pre-tax rate an investor would require if they were to choose an investment that would generate similar cash flows to those that the entity expects to generate from the asset. In determining the discount rate, management have identified the cost of equity associated with market participants that closely resemble our cash generating units and adjusted them for tax to arrive at the pre-tax equivalent rate. A range of discount rates have been used across the CGU's ranging from 13.5% to 13.8% (2019: 12.9% to 13.3%).

Terminal growth rate

The terminal growth rate is used to estimate the effect of projecting cash flows to the end of an asset's useful economic life. It is management's judgement that the cash flows associated with the CGUs will grow in line with the major economies in which we operate. In prior years, the growth rate used had been based upon estimated economic growth rates (GDP). Given macroeconomic uncertainty, inflation rates are now considered a better approximation of future growth rates and are therefore the basis of terminal growth rates applied. The terminal growth rate used is 2.0% (2019: 1.5%).

Outcome of goodwill and intangibles review

The Personal Banking and Business Banking retail banking CGUs carry the majority of the Group's goodwill balance, predominantly as a consequence of the Woolwich acquisition. The goodwill within Personal Banking was £2,718m (2019: £2,718m), of which £2,501m (2019: £2,501m) was attributable to Woolwich, and within Business Banking was £629m (2019: £629m), fully attributable to Woolwich.

The outcome of the impairment review for Personal Banking and Business Banking are set out below:

Cash generating unit	Tangible equity	Goodwill	Carrying value	Value in use	Value in use exceeding carrying value 2020	Value in use exceeding carrying value 2019
	£m	£m	£m	£m	£m	£m
Personal Banking	4,569	2,718	7,287	7,869	582	3,863
Business Banking	1,385	629	2,014	2,720	706	2,136
Total	**5,954**	**3,347**	**9,301**	**10,589**	**1,288**	**5,999**

Based on management's plans and assumptions the value in use exceeds the carrying value of the CGUs and no impairment has been indicated. However, the extent to which the recoverable amounts exceed the carrying values for the Personal Banking and Business Banking CGUs has reduced significantly in comparison to the 2019 impairment review, reflective of the challenging macroeconomic and interest rate outlook.

Sensitivity of key judgements

The CGU's are sensitive to possible adverse changes in the key assumptions that support the recoverable amount:

Cash Flows: The medium term plans used to determine the cash flows used in the VIU calculation rely on macroeconomic forecasts, including interest rates, GDP and unemployment, and forecast levels of market and client activity. Interest rate assumptions impact planned cash flows from both customer income and structural hedge contributions and therefore cash flow expectations are highly sensitive to movements in the yield curve. The cash flows also contain assumptions with regards to the prudential and financial conduct regulatory environment which may be subject to change. Given the current level of economic uncertainty, a 10% reduction in cash flows has been provided to show the sensitivity of the outcome to a change in these key assumptions.

Discount rate: The discount rate should reflect the market risk free rate adjusted for the inherent risks of the business it is applied to. Management have identified discount rates for comparable businesses and consider these to be a reasonable estimate of a suitable market rate for the profile of the business unit being tested. The risk that these discount rates may not be appropriate is quantified below and show the impact of a 100 bps change in the discount rate.

Terminal growth rate: The terminal growth rate is used to estimate the cash flows into perpetuity based on the expected longevity of the CGU's businesses. The terminal growth rate is sensitive to uncertainties in the macroeconomic environment. The risk that using inflation data may not be appropriate for its determination is quantified below and shows the impact of a 100bps change in the terminal value.

Allocated capital rate: Tangible equity is allocated based on the level of risk weighted assets (RWAs) and capital required to be deployed in the CGU which is dependent on the relative risk of businesses. The capital ratio used in determining the level of tangible equity allocated to the CGU and its capital cash flows could move over time as a result of a change to the prudential regulatory environment or the risk profile of the business. The impact of a 50bps increase in capital ratio is quantified below.

The sensitivity of the value in use to key judgements in the calculations is set out below:

						Reduction in headroom				Change required to reduce headroom to zero			
Cash generating unit	Carrying value	Value in use	Value in use exceeding carrying value	Discount rate	Terminal growth rate	100bps increase in the discount rate	100bps decrease in terminal growth rate	50bps increase to allocated capital rate	10% reduction in forecasted cash flows	Discount rate	Terminal growth rate	Allocated Capital rate	Cash flows
	£m	£m	£m	%	%	£m	£m	£m	£m	%	%	%	%
Personal Banking	7,287	7,869	582	13.5	2.0	(779)	(543)	(206)	(838)	0.7	(1.1)	1.4	(6.9)
Business Banking	2,014	2,720	706	13.8	2.0	(188)	(117)	(60)	(280)	4.8	(10.5)	5.9	(25.2)
Total	**9,301**	**10,589**	**1,288**										

The sensitivity analysis highlights that there could be an impairment in the recoverable value of the goodwill associated with Personal Banking if there were to be a change in management cash flow forecasts and discount rate input. Management continue to review the recoverability of its goodwill positions as the macroeconomic conditions remain uncertain.

Accruals, provisions, contingent liabilities and legal proceedings

The notes included in this section focus on the Barclays Bank UK Group's accruals, provisions and contingent liabilities. Provisions are recognised for present obligations arising as consequences of past events where it is probable that a transfer of economic benefit will be necessary to settle the obligation, and it can be reliably estimated. Contingent liabilities reflect potential liabilities that are not recognised on the balance sheet.

21 Other liabilities

	Barclays Bank UK Group		Barclays Bank UK PLC	
	2020	2019	**2020**	2019
	£m	£m	**£m**	£m
Accruals and deferred income	**323**	288	**306**	272
Other creditors	**1,188**	1,276	**999**	1,161
Items in the course of collection due to other banks	**30**	38	**30**	38
Lease liabilities (refer to Note 19)	**365**	432	**365**	432
Other liabilities	**1,906**	2,034	**1,700**	1,903

22 Provisions

Accounting for provisions

The Barclays Bank UK Group applies IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* in accounting for non-financial liabilities.

Provisions are recognised for present obligations arising as consequences of past events where it is more likely than not that a transfer of economic benefit will be necessary to settle the obligation, which can be reliably estimated. Provision is made for the anticipated cost of restructuring, including redundancy costs, when an obligation exists; for example, when the Barclays Bank UK Group has a detailed formal plan for restructuring a business and has raised valid expectations in those affected by the restructuring by announcing its main features or starting to implement the plan.

Critical accounting estimates and judgements

The financial reporting of provisions involves a significant degree of judgement and is complex. Identifying whether a present obligation exists and estimating the probability, timing, nature and quantum of the outflows that may arise from past events requires judgements to be made based on the specific facts and circumstances relating to individual events and often requires specialist professional advice. When matters are at an early stage, accounting judgements and estimates can be difficult because of the high degree of uncertainty involved. Management continues to monitor matters as they develop to re-evaluate on an ongoing basis whether provisions should be recognised, however there can remain a wide range of possible outcomes and uncertainties, particularly in relation to legal, competition and regulatory matters, and as a result it is often not practicable to make meaningful estimates even when matters are at a more advanced stage.

The complexity of such matters often requires the input of specialist professional advice in making assessments to produce estimates. Customer redress and legal, competition and regulatory matters are areas where a higher degree of professional judgement is required. The amount that is recognised as a provision can also be very sensitive to the assumptions made in calculating it. This gives rise to a large range of potential outcomes which require judgement in determining an appropriate provision level. See below for information on payment protection redress and Note 24 for more detail of legal, competition and regulatory matters.

				Conduct redress				
	Onerous contracts	Redundancy and restructuring	Undrawn contractually committed facilities and guarantees provided[a]	Payment Protection Insurance	Other customer redress	Legal, competition and regulatory matters	Sundry provisions	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Barclays Bank UK Group								
As at 1 January 2020	21	12	70	1,155	350	1	51	1,660
Additions	16	87	227	-	123	6	119	578
Amounts utilised	(8)	(10)	-	(979)	(158)	(6)	(57)	(1,218)
Unused amounts reversed	(13)	(20)	(4)	(47)	(34)	-	(34)	(152)
Exchange and other movements	-	(6)	-	-	12	-	6	12
As at 31 December 2020	16	63	293	129	293	1	85	880
Barclays Bank UK PLC								
As at 1 January 2020	21	12	70	1,118	346	1	45	1,613
Additions	16	87	227	-	106	6	112	554
Amounts utilised	(8)	(10)	-	(942)	(156)	(6)	(52)	(1,174)
Unused amounts reversed	(13)	(20)	(4)	(47)	(31)	-	(33)	(148)
Exchange and other movements	-	(6)	-	-	12	-	6	12
As at 31 December 2020	16	63	293	129	277	1	78	857

Note

a Undrawn contractually committed facilities and guarantees provisions are accounted for under IFRS 9.

Accruals, provisions, contingent liabilities and legal proceedings

Provisions expected to be recovered or settled within no more than 12 months after 31 December 2020 were £826m (2019: £1,636m) for Barclays Bank UK Group and £803m (2019: £1,594m) for Barclays Bank UK PLC.

Onerous contracts

Onerous contract provisions comprise an estimate of the costs involved with fulfilling the terms and conditions of contracts net of any expected benefits to be received.

Redundancy and restructuring

These provisions comprise the estimated cost of restructuring, including redundancy costs where an obligation exists. Additions made during the year relate to formal restructuring plans and have either been utilised, or reversed, where total costs are now expected to be lower than the original provision amount.

Undrawn contractually committed facilities and guarantees

Impairment allowance under IFRS 9 considers both the drawn and the undrawn counterparty exposure. For retail portfolios, the total impairment allowance is allocated to the drawn exposure to the extent that the allowance does not exceed the exposure as ECL is not reported separately. Any excess is reported on the liability side of the balance sheet as a provision. For wholesale portfolios the impairment allowance on the undrawn exposure is reported on the liability side of the balance sheet as a provision. For further information, refer to Credit Risk section for loan commitments and financial guarantees on page 62 and 64.

Customer redress

Customer redress provisions comprise the estimated cost of making redress payments to customers, clients and counterparties for losses or damages associated with inappropriate judgement in the execution of the Barclays Bank UK's business activities. Other than Payment Protection Insurance, there are no significant individual customer redress provisions at 31 December 2020.

Legal, competition and regulatory matters

The Barclays Bank UK Group is engaged in various legal proceedings. For further information in relation to legal proceedings and discussion of the associated uncertainties, please refer to Note 24.

Sundry provisions

This category includes provisions that do not fit into any of the other categories, such as fraud losses and dilapidation provisions.

Payment Protection Insurance (PPI) Redress

As at 31 December 2020, the Barclays Bank UK Group held a provision totalling £0.1bn against the cost of PPI redress and associated processing costs.

The Barclays Group has recognised cumulative provisions totalling £10.9bn (December 2019: 11bn), including a £55m release in Q4 2020 on resolution of the items received in Q3 2019 and claims from the Official Receiver with whom we reached agreement in Q3 2020, against the cost of PPI redress and associated processing costs. Utilisation of the cumulative provisions to date is £10.8bn (December 2019: £9.8bn), leaving a residual provision of £0.1bn (December 2019: £1.2bn) to be utilised in 2021. This represents Barclays Bank UK Group's best estimate as at 31 December 2020 based on information available.

23 Contingent liabilities and commitments

Accounting for contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events, and present obligations where the transfer of economic resources is uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the balance sheet but are disclosed unless the likelihood of an outflow of economic resources is remote.

The following table summarises the nominal principal amount of contingent liabilities and commitments which are not recorded on-balance sheet:

	Barclays Bank UK Group		Barclays Bank UK PLC	
	2020	2019	**2020**	2019
	£m	£m	**£m**	£m
Guarantees and letters of credit pledged as collateral security	**500**	600	**500**	600
Performance guarantees, acceptances and endorsements	**150**	150	**150**	150
Total contingent liabilities	**650**	750	**650**	750
Standby facilities, credit lines and other commitments	**65,910**	64,309	**65,995**	64,326
Total commitments	**65,910**	64,309	**65,995**	64,326

Expected credit losses held against contingent liabilities and commitments equal £293m (2019: £70m) for Barclays Bank UK Group and Barclays Bank UK PLC and are reported in Note 22.

Further details on contingent liabilities relating to legal and competition and regulatory matters can be found in Note 24.

Accruals, provisions, contingent liabilities and legal proceedings

24 Legal, competition and regulatory matters

The Barclays Bank UK Group faces legal, competition and regulatory challenges, many of which are beyond our control. The extent of the impact of these matters cannot always be predicted but may materially impact our operations, financial results, condition and prospects. Matters arising from a set of similar circumstances can give rise to either a contingent liability or a provision, or both, depending on the relevant facts and circumstances.

The recognition of provisions in relation to such matters involves critical accounting estimates and judgments in accordance with the relevant accounting policies as described in Note 22, Provisions. We have not disclosed an estimate of the potential financial impact or effect on the Barclays Bank UK Group of contingent liabilities where it is not currently practicable to do so. Various matters detailed in this note seek damages of an unspecified amount. While certain matters specify the damages claimed, such claimed amounts do not necessarily reflect the Barclays Bank UK Group's potential financial exposure in respect of those matters.

Investigation into collections and recoveries relating to unsecured lending

Since 2018, the FCA has been investigating whether the Barclays Group implemented effective systems and controls with respect to collections and recoveries and whether it paid due consideration to the interests of customers in default and arrears. In December 2020, Barclays Bank UK PLC and Barclays Bank PLC settled with the FCA and agreed to pay a total penalty of £26m.

Investigation into UK cards' affordability

The FCA is investigating certain aspects of the affordability assessment processes used by Barclays Bank UK PLC and Barclays Bank PLC for credit card applications made to Barclays' UK credit card business. Barclays is providing information in cooperation with the investigation.

HM Revenue & Customs (HMRC) assessments concerning UK Value Added Tax

In 2018, HMRC issued notices that have the effect of removing certain overseas subsidiaries that have operations in the UK from Barclays' UK VAT group, in which group supplies between members are generally free from VAT. The notices have retrospective effect and correspond to assessments of £181m (inclusive of interest), of which Barclays would expect to attribute an amount of approximately £128m to Barclays Bank UK PLC and £53m to Barclays Bank PLC. HMRC's decision has been appealed to the First Tier Tribunal (Tax Chamber).

Local authority civil actions concerning LIBOR

Following settlement by Barclays Bank PLC of various governmental investigations concerning certain benchmark interest rate submissions, in the UK, certain local authorities have brought claims against Barclays Bank PLC and Barclays Bank UK PLC asserting that they entered into loans in reliance on misrepresentations made by Barclays Bank PLC in respect of its conduct in relation to LIBOR. The loans were originally entered into with Barclays Bank PLC, but Barclays Bank UK PLC is now the lender of record. Barclays Bank PLC and Barclays Bank UK PLC have applied to strike out the claims.

General

The Barclays Bank UK Group is engaged in various other legal, competition and regulatory matters in the jurisdictions in which it operates. The Barclays Bank UK Group is subject to legal proceedings brought by and against members of the Barclays Bank UK Group which arise in the ordinary course of business from time to time, including (but not limited to) disputes in relation to contracts, securities, debt collection, consumer credit, fraud, trusts, client assets, competition, data management and protection, intellectual property, money laundering, financial crime, employment, environmental and other statutory and common law issues.

The Barclays Bank UK Group is also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which it is or has been engaged. The Barclays Bank UK Group is cooperating with the relevant authorities and keeping all relevant agencies briefed as appropriate in relation to these matters and others described in this note on an ongoing basis.

At the present time, Barclays Bank UK PLC does not expect the ultimate resolution of any of these other matters to have a material adverse effect on its financial position. However, in light of the uncertainties involved in such matters and the matters specifically described in this note, there can be no assurance that the outcome of a particular matter or matters (including formerly active matters or those matters arising after the date of this note) will not be material to Barclays Bank UK PLC's results, operations or cash flow for a particular period, depending on, among other things, the amount of the loss resulting from the matter(s) and the amount of profit otherwise reported for the reporting period.

Notes to the financial statements
Capital instruments, equity and reserves

The notes included in this section focus on the Barclays Bank UK Group's loan capital and shareholders' equity including issued share capital, retained earnings and other equity balances. For more information on capital management and how the Barclays Bank UK Group maintains sufficient capital to meet our regulatory requirements refer to page 47.

25 Subordinated liabilities

Accounting for subordinated liabilities
Subordinated liabilities are measured at amortised cost using the effective interest method under IFRS 9.

	Barclays Bank UK Group and PLC	
	2020	2019
	£m	£m
As at 1 January	7,688	7,548
Issuances	3,694	157
Redemption	(1,425)	-
Other	(88)	(17)
As at 31 December	9,869	7,688

Issuances of £3,694m comprise £2,412m intra-group loans from Barclays PLC and £1,282m intra-group notes to Barclays PLC.

Redemptions of £1,425m comprise £1,124m EUR 2.625% Fixed Rate Subordinated Callable Notes issued to Barclays PLC and a £301m partial redemption of 1.875% Fixed Rate Subordinated Loan from Barclays PLC

Other movements predominantly include foreign exchange movements, partially offset by fair value hedge adjustments.

			Barclays Bank UK Group and PLC[a]	
			2020	2019
	Initial call date	Maturity date	£m	£m
Barclays Bank UK PLC notes issued intra-group to Barclays PLC				
2.625% Fixed Rate Subordinated Callable Notes (EUR 1,250m)	2020	2025	-	1,071
4.375% Fixed Rate Subordinated Notes (USD 1,250m)		2024	999	994
3.75% Fixed Rate Resetting Subordinated Callable Notes (GBP 500m)	2025	2030	503	-
5.20% Fixed Rate Subordinated Notes (USD 683m)		2026	532	516
4.836% Fixed Rate Subordinated Callable Notes (USD 800m)	2027	2028	650	629
5.088% Fixed-to-Floating Rate Subordinated Callable Notes (USD 200m)	2029	2030	161	154
3.564% Fixed Rate Resetting Subordinated Callable Notes (USD 1,000m)	2030	2035	718	-
Barclays Bank UK PLC intra-group loans from Barclays PLC				
3.20% Fixed Rate Subordinated Loan (USD 1,350m)		2021	1,006	1,025
3.65% Fixed Rate Subordinated Loan (USD 1,100m)		2025	874	861
Various Fixed and Floating Rate Subordinated Loans			4,429	2,438
Total subordinated liabilities			9,869	7,688

Note
a Instrument values are disclosed to the nearest million.

Subordinated liabilities
Subordinated liabilities are issued by Barclays Bank UK PLC for the development and expansion of the business and to strengthen the capital base. The principal terms of these liabilities are described below:

Currency and Maturity
In addition to the individual subordinated liabilities listed in the table, the £4,429m (2019: £2,438m) balance of intra-group loans is made up of various fixed, fixed-to-floating and floating rate loans from Barclays PLC with notional amounts denominated in USD 4,577m, EUR 1,000m and GBP 400m, with maturities ranging from 2021 to 2041. Certain intra-group loans have a call date one year prior to their maturity.

Subordination
All subordinated liabilities are issued intra-group to Barclays PLC. Both the subordinated notes and the subordinated loans rank behind the claims of depositors and other unsecured unsubordinated creditors but before the claims of the holders of Barclays Bank UK PLC equity. However, the subordinated notes rank behind the subordinated loans.

Interest
Interest on the floating rate loans is set by reference to market rates at the time of issuance and is fixed periodically in advance, based on the related market rate.

Interest on fixed rate notes and loans is set by reference to market rates at the time of issuance and fixed until maturity.

Interest on fixed rate callable notes and loans is set by reference to market rates at the time of issuance and fixed until the call date. After the call date, in the event that the notes or loans are not redeemed, the interest rate will be re-set to either a fixed or floating rate until maturity based on market rates.

Capital instruments, equity and reserves

Repayment

Those notes and loans with a call date are repayable at the option of the Issuer, on conditions governing the respective liabilities, some in whole or in part, and some only in whole. The remaining instruments outstanding at 31 December 2020 are redeemable only on maturity, subject in particular cases to provisions allowing an early redemption in the event of certain changes in tax law or to certain changes in legislation or regulations.

In certain cases, any repayments prior to maturity may require the prior consent of the PRA or BoE.

There are no committed facilities in existence at the balance sheet date which permit the refinancing of debt beyond the date of maturity.

26 Ordinary shares, share premium, and other equity

Called up share capital, allotted and fully paid

	Number of shares	Ordinary share capital	Ordinary share premium	Total share capital and share premium	Other equity instruments
	m	£m	£m	£m	£m
As at 1 January 2020	**505**	**5**	**-**	**5**	**2,560**
AT1 securities issuance	-	-	-	-	-
AT1 securities redemption	-	-	-	-	-
As at 31 December 2020	**505**	**5**	**-**	**5**	**2,560**
As at 1 January 2019	505	5	-	5	2,070
AT1 securities issuance	-	-	-	-	1,188
AT1 securities redemption	-	-	-	-	(698)
As at 31 December 2019	505	5	-	5	2,560

Ordinary shares

The issued ordinary share capital of Barclays Bank UK PLC, as at 31 December 2020, comprised 505m (2019: 505m) ordinary shares of £0.01 each.

Other equity instruments

Other equity instruments of £2,560m (2019: £2,560m) include AT1 securities issued to Barclays PLC. Barclays PLC uses funds from its own market issuance of AT1 securities to purchase AT1 securities from Barclays Bank UK Group. The AT1 securities are perpetual securities with no fixed maturity and are structured to qualify as AT1 instruments under prevailing capital rules applicable as at the relevant issue date.

In 2020, there were no issuances of AT1 instruments (2019: two issuances, totalling £1,188m) and no redemptions (2019: one redemption, totalling £698m).

AT1 equity instruments

	Initial call date	2020 £m	2019 £m
AT1 equity instruments - Barclays Bank UK Group			
7.25% Perpetual Subordinated Contingent Convertible Securities	2023	**750**	750
5.875% Perpetual Subordinated Contingent Convertible Securities	2024	**622**	622
7.125% Perpetual Subordinated Contingent Convertible Securities	2025	**693**	693
6.375% Perpetual Subordinated Contingent Convertible Securities	2025	**495**	495
Total AT1 equity instruments		**2,560**	2,560

27 Reserves

Fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve represents the changes in the fair value of fair value through other comprehensive income investments since initial recognition.

Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative gains and losses on effective cash flow hedging instruments that will be recycled to the income statement when the hedged transactions affect profit or loss.

Other reserves and other shareholders' equity

Other reserves and other shareholders' equity relate to the merger reserve for Barclays Bank UK Group and the Group Reconstruction Relief for Barclays Bank UK PLC, in respect of the transfer of the UK banking business in 2018.

	Barclays Bank UK Group		Barclays Bank UK PLC	
	2020	2019	2020	2019
	£m	£m	£m	£m
Fair value through other comprehensive income reserve	**43**	(29)	**43**	(29)
Cash flow hedging reserve	**341**	123	**341**	123
Other reserves and other shareholders' equity	**89**	89	**191**	191
Total	**473**	183	**575**	285

Employee benefits

The notes included in this section focus on the costs and commitments associated with employing our staff.

28 Staff costs

Accounting for staff costs

The Barclays Bank UK Group applies IAS 19 *Employee benefits* in its accounting for most of the components of staff costs.

Short-term employee benefits – salaries, accrued performance costs and social security are recognised over the period in which the employees provide the services to which the payments relate.

Performance costs – recognised to the extent that the Barclays Bank UK Group has a present obligation to its employees that can be measured reliably and are recognised over the period of service that employees are required to work to qualify for the payments.

Deferred cash and share awards are made to employees to incentivise performance over the period employees provide services. To receive payment under an award, employees must provide service over the vesting period. The period over which the expense for deferred cash and share awards is recognised is based upon the period employees consider their services contribute to the awards.

The accounting policy for share-based payments is included in Note 35.

	2020 £m	2019 £m
Performance costs	**93**	118
Salaries	**798**	734
Social security costs	**95**	91
Post-retirement benefits[a]	**146**	137
Other compensation costs	**68**	63
Total compensation costs	**1,200**	1,143
Other resourcing costs		
Outsourcing	**32**	53
Redundancy and restructuring	**21**	2
Temporary staff costs	**43**	35
Other	**15**	19
Total other resourcing costs	**111**	109
Total staff costs	**1,311**	1,252

Note
a Post-retirement benefits charge relates to £146m (2019: £137m) in respect of defined contribution schemes.

Participation in the UK Retirement Fund

As permitted under the Financial Services and Markets Act 2000 (Banking Reform) (Pensions) Regulations 2015, from 1 September 2017, until late 2025, Barclays Bank UK PLC will participate as an employer in the UK Retirement Fund (UKRF). Barclays Bank UK PLC will make contributions for the future service of its employees who are currently Afterwork members and, in the event of Barclays Bank PLC's insolvency during this period, Barclays Bank UK PLC would step in as principal employer of the UKRF. Barclays Bank PLC remains the sponsoring employer of the UKRF.

Under IAS 19, the UKRF is a defined benefit plan that share risks between entities under common control. Barclays Bank PLC accounts for the defined benefit obligation and Barclays Bank UK PLC recognises a cost equal to its contributions to the scheme. In accordance with accounting standards, Barclays Bank UK PLC does not account for any potential additional liability to the scheme at the end of the transitional phase.

For further information, please see Note 33 in the Barclays PLC Annual Report.

29 Share-based payments

Accounting for share-based payments

The Barclays Bank UK Group applies IFRS 2 *Share-based Payments* in accounting for employee remuneration in the form of shares.

Employee incentives include awards in the form of shares and share options, as well as offering employees the opportunity to purchase shares on favourable terms. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that employees provide services. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a cancellation, resulting in an acceleration of recognition of the cost of the employee services.

Notes to the financial statements
Employee benefits

The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability. The fair value of options granted is determined using option pricing models to estimate the numbers of shares likely to vest. These take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Market conditions that must be met in order for the award to vest are also reflected in the fair value of the award, as are any other non-vesting conditions – such as continuing to make payments into a share-based savings scheme.

The charge for the year arising from share based payment schemes was as follows:

	Charge for the year	
	2020	2019
	£m	£m
Deferred Share Value Plan / Share Value Plan	7	6
Others	24	26
Total equity settled	**31**	32
Cash settled	-	-
Total share based payments	**31**	32

The terms of the main current plans are as follows:

Share Value Plan (SVP)

The SVP was introduced in March 2010. SVP awards have been granted to participants in the form of a conditional right to receive Barclays PLC shares or provisional allocations of Barclays PLC shares which vest or are considered for release over a period of three, five or seven years. Participants do not pay to receive an award or to receive a release of shares. For awards granted before December 2017, the grantor may also make a dividend equivalent payment to participants on release of a SVP award. SVP awards are also made to eligible employees for recruitment purposes. All awards are subject to potential forfeiture in certain leaver scenarios.

Deferred Share Value Plan (DSVP)

The DSVP was introduced in February 2017. The terms of the DSVP are materially the same as the terms of the SVP as described above, save that Executive Directors are not eligible to participate in the DSVP and the DSVP operates over market purchase shares only.

Other schemes

In addition to the SVP and DSVP, the Barclays Group operates a number of other schemes settled in Barclays PLC Shares including Sharesave (both UK and Ireland), Sharepurchase (both UK and overseas), and the Barclays Group Long Term Incentive Plan. A delivery of upfront shares to 'Material Risk Takers' can be made as a Share Incentive Award (Holding Period).

Share option and award plans

The weighted average fair value per award granted, weighted average share price at the date of exercise/release of shares during the year, weighted average contractual remaining life and number of options and awards outstanding (including those exercisable) at the balance sheet date were as follows:

	2020				2019			
	Weighted average fair value per award granted in year	Weighted average share price at exercise/ release during year	Weighted average remaining contractual life in years	Number of options/ awards outstanding (000s)	Weighted average fair value per award granted in year	Weighted average share price at exercise/ release during year	Weighted average remaining contractual life in years	Number of options/ awards outstanding (000s)
	£	£			£	£		
DSVP / SVP[a,b]	1.06	1.22	2	12,848	1.38	1.58	2	7,320
Others[a]	0.23-1.24	1.18-1.70	0-3	150,209	0.40-1.61	1.59-1.70	0-3	94,876

SVP and DSVP are nil cost awards on which the performance conditions are substantially completed at the date of grant. Consequently, the fair value of these awards is based on the market value at that date.

Movements in options and awards

The movement in the number of options and awards for the major schemes and the weighted average exercise price of options was:

	DSVP / SVP[a,b]		Others[a,c]			
	Number (000s)		Number (000s)		Weighted average ex. price (£)	
	2020	2019	2020	2019	2020	2019
Outstanding at beginning of year/acquisition date	**7,320**	7,293	**94,876**	92,314	**1.30**	1.41
Transfers in the year[d]	**404**	(1,517)	**(80)**	235		
Granted in the year	**8,401**	4,310	**112,749**	51,403	**0.84**	1.19
Exercised/released in the year	**(2,990)**	(2,573)	**(7,004)**	(28,341)	**1.22**	1.21
Less: forfeited in the year	**(287)**	(193)	**(45,329)**	(17,476)	**1.24**	1.51
Less: expired in the year	**-**	-	**(5,003)**	(3,259)	**1.39**	2.14
Outstanding at end of year	**12,848**	7,320	**150,209**	94,876	**0.95**	1.30
Of which exercisable:	**-**	-	**14,030**	14,017	**1.68**	1.35

Notes
a Options/award granted over Barclays PLC shares.
b Weighted average exercise price is not applicable for SVP and DSVP awards as these are not share option schemes.
c The number of awards within Others at the end of the year principally relates to Sharesave (number of awards exercisable at end of year was 5,311,610). The weighted average exercise price relates to Sharesave.
d Awards of employees transferred between Barclays Bank UK Group and the rest of the Group.

Awards and options granted to employees and former employees of Barclays Bank UK Group under the Barclays Group share plans may be satisfied using new issue shares, treasury shares and market purchase shares of Barclays PLC. Awards granted to employees and former employees of Barclays Bank UK Group under DSVP may only be satisfied using market purchase shares of Barclays PLC.

There were no significant modifications to the share based payments arrangements in 2020 and 2019.

As at 31 December 2020, the total liability arising from cash-settled share based payments transactions was £nil (2019: £nil).

Scope of consolidation

The section presents information on the Barclays Bank UK Group's interests in structured entities. Detail is also given on securitisation transactions the Barclays Bank UK Group has entered into and arrangements that are held off-balance sheet.

30 Structured entities

A structured entity is an entity in which voting or similar rights are not the dominant factor in deciding control. Structured entities are generally created to achieve a narrow and well-defined objective with restrictions around their ongoing activities.

Depending on the Barclays Bank UK Group's power over the activities of the entity and its exposure to and ability to influence its own returns, it may consolidate the entity. In other cases, it may sponsor or have exposure to such an entity but not consolidate it.

Consolidated structured entities

The Barclays Bank UK Group has contractual arrangements which may require it to provide financial support to the following types of consolidated structured entities:

Securitisation vehicles

The Barclays Bank UK Group uses securitisation as a source of financing and a means of risk transfer. Refer to Note 31 for further detail.

Employee benefit and other trusts

Barclays Bank UK PLC provides capital contributions to employee benefit trusts to enable them to meet obligations to the employees of Barclays Bank UK PLC in relation to the Barclays Group's share-based remuneration arrangements.

Unconsolidated structured entities in which the Barclays Bank UK Group has an interest

An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Barclays Bank UK Group. Such interests include lending, investment management agreements and debt securities issued by securitisation vehicles.

The Barclays Bank UK Group's interests in structured entities are set out below, summarised by the purpose of the entities and limited to significant categories, based on maximum exposure to loss.

Summary of interests in unconsolidated structured entities

As at 31 December 2020	Lending £m	Other £m	Total £m
Financial assets at fair value through the income statement	83	-	83
Loans and advances at amortised cost	246	2,282	2,528
Other assets	-	5	5
Total on-balance sheet exposures	329	2,287	2,616
Total off-balance sheet notional amounts	24	-	24
Maximum exposure to loss	353	2,287	2,640
Total assets of the entity	5,813	21,973	27,786
As at 31 December 2019			
Financial assets at fair value through the income statement	159	-	159
Loans and advances at amortised cost	258	1,711	1,969
Other assets	-	6	6
Total on-balance sheet exposures	417	1,717	2,134
Total off-balance sheet notional amounts	19	-	19
Maximum exposure to loss	436	1,717	2,153
Total assets of the entity	5,971	22,380	28,351

Maximum exposure to loss

Unless specified otherwise below, the Barclays Bank UK Group's maximum exposure to loss is the total of its on-balance sheet positions and its off-balance sheet arrangements, being loan commitments and financial guarantees. Exposure to loss is mitigated through collateral, financial guarantees, the availability of netting and credit protection held.

Lending

The portfolio includes lending provided by the Barclays Bank UK Group to unconsolidated structured entities in the normal course of its lending business to earn income in the form of interest and lending fees and includes loans to structured entities that are generally collateralised by property, equipment or other assets. All loans are subject to the Barclays Bank UK Group's credit sanctioning process. Collateral arrangements are specific to the circumstances of each loan with additional guarantees and collateral sought from the sponsor of the structured entity for certain arrangements. During the period the Barclays Bank UK Group incurred an immaterial impairment against such facilities.

Other

This includes interests in debt securities issued by securitisation vehicles and investment funds with interests restricted to management fees based on performance of the fund and trusts held on behalf of beneficiaries with interests restricted to unpaid fees.

Assets transferred to sponsored unconsolidated structured entities

No assets were transferred to sponsored unconsolidated structured entities.

31 Securitisations

Accounting for securitisations

The Barclays Bank UK Group uses securitisations as a source of finance and a means of risk transfer. such transactions generally result in the transfer of contractual cash flows from portfolios of financial assets to holders of issued debt securities.

Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction; lead to partial continued recognition of the assets to the extent of the Barclays Bank UK Group's continuing involvement in those assets or lead to derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer. Full derecognition only occurs when the Barclays Bank UK group transfers both its contractual right to receive cash flows from the financial assets, or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment, and also transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk.

The Barclays Bank UK Group makes transfers of financial assets, either where legal rights to the cash flows from the asset are passed to the counterparty or beneficially, where the Barclays Bank UK Group retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty. Depending on the nature of the transaction, this may result in derecognition of the assets in their entirety, partial derecognition or no derecognition of the assets subject to the transfer.

A summary of the main transactions, and the assets and liabilities and the financial risks arising from these transactions, is set out below:

Transfers of financial assets that do not result in derecognition

In these transactions, the assets, interests in the assets, or beneficial interests in the cash flows arising from the assets, are transferred to a special purpose entity, which then issues interest bearing debt securities to third party investors.

Securitisations may, depending on the individual arrangement, result in continued recognition of the securitised assets and the recognition of the debt securities issued in the transaction. Partial continued recognition of the assets to the extent of the Barclays Bank UK Group's continuing involvement in those assets can also occur or derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer.

The following table shows the carrying amount of securitised assets that have not resulted in full derecognition, together with the associated liabilities, for each category of asset on the balance sheet:

	2020				2019			
	Assets		Liabilties		Assets		Liabilties	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£m	£m	£m	£m	£m	£m	£m	£m
Barclays Bank UK Group and PLC								
Loans and advances at amortised cost								
Credit cards, unsecured loans and other retail lending	-	-	-	-	481	495	(493)	(493)

Balances included within loans and advances at amortised cost represent securitisations where substantially all the risks and rewards of the asset have been retained by Barclays Bank UK Group.

The relationship between the transferred assets and the associated liabilities is that holders of notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their notes, although the contractual terms of their notes may be different to the maturity and interest of the transferred assets.

For transfers of assets in relation to repurchase agreements, see Notes 32.

32 Assets pledged, collateral received and assets transferred

Assets are pledged or transferred as collateral to secure liabilities under repurchase agreements, securitisations and stock lending agreements or as security deposits relating to derivatives. Assets transferred are non-cash assets transferred to a third party that do not qualify for derecognition from the Barclays Bank UK Group balance sheet, for example because Barclays retains substantially all the exposure to those assets under an agreement to repurchase them in the future for a fixed price.

Where non-cash assets are pledged or transferred as collateral for cash received, the asset continues to be recognised in full, and a related liability is also recognised on the balance sheet. Where non-cash assets are pledged or transferred as collateral in an exchange for non-cash assets, the transferred asset continues to be recognised in full, and there is no associated liability as the non-cash collateral received is not recognised on the balance sheet. The Barclays Bank UK Group is unable to use, sell or pledge the transferred assets for the duration of the transaction and remains exposed to interest rate risk and credit risk on these pledged assets. Unless stated, the counterparty's recourse is not limited to the transferred assets.

Scope of consolidation

The following table summarises the nature and carrying amount of the assets pledged as security against these liabilities:

	Barclays Bank UK Group and PLC	
	2020	2019
	£m	£m
Loans and advances at amortised cost	13,576	33,502
Cash collateral and settlements	3,216	3,242
Financial assets at fair value through other comprehensive income	7,964	3,504
Trading portfolio assets	267	66
Assets pledged	25,023	40,314

The following table summarises the transferred financial assets and the associated liabilities:

	Barclays Bank UK Group and PLC	
	Transferred assets	Associated liabilities
	£m	£m
At 31 December 2020		
Repurchase agreements	9,248	(7,136)
Debt securities in issue	8,367	(6,244)
Derivative financial instruments	2,747	(2,747)
Other	4,661	(2,276)
	25,023	(18,403)
At 31 December 2019		
Repurchase agreements	18,182	(13,420)
Debt securities in issue	10,111	(7,536)
Derivative financial instruments	2,300	(2,300)
Other	9,721	(2,256)
	40,314	(25,512)

Included within Barclays Bank UK Group and Barclays Bank UK PLC Other are agreements where a counterparty's recourse is limited to the transferred assets.

	Carrying value		Fair value		
	Transferred assets	Associated liabilities	Transferred assets	Associated liabilities	Net position
	£m	£m	£m	£m	£m
2020					
Recourse to transferred assets only	-	-	-	-	-
2019					
Recourse to transferred assets only	481	(493)	495	(493)	2

Barclays Bank UK Group has an additional £3.2bn (2019: £6.5bn) of loans and advances within its asset backed funding programmes that can readily be used to raise additional secured funding and are available to support future issuances.

Collateral held as security for assets

Under certain transactions, including reverse repurchase agreements and stock borrowing transactions, Barclays Bank UK Group is allowed to resell or re-pledge the collateral held. The fair value at the balance sheet date of collateral accepted and re-pledged to others was as follows:

	Barclays Bank UK Group and PLC	
	2020	2019
	£m	£m
Fair value of securities accepted as collateral	2,497	8,231
Of which fair value of securities re-pledged/transferred to others	1,298	1,807

Additional disclosure has been included in collateral and other credit enhancements (page 54).

The notes included in this section focus on related party transactions, Auditors' remuneration, Directors' remuneration and interest rate benchmark reform. Related parties include any subsidiaries, associates, joint ventures and key management personnel.

33 Related party transactions and Directors' remuneration

Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions, or one other party controls both.

Parent company

The parent company, which is also the ultimate parent company, is Barclays PLC, which holds 100% of the issued ordinary shares of Barclays Bank UK PLC.

Subsidiaries

Transactions between Barclays Bank UK PLC and its subsidiaries also meet the definition of related party transactions. Where these are eliminated on consolidation, they are not disclosed in the Barclays Bank UK Group's financial statements.

Fellow subsidiaries

Transactions between the Barclays Bank UK Group and other subsidiaries of the parent company also meet the definition of related party transactions.

Associates, joint ventures and other entities

There were no material related party transactions with associates, joint ventures or pension funds during the year.

Amounts included in the Barclays Bank UK Group's financial statements, in aggregate, by category of related party entity are as follows:

	Parent £m	Fellow subsidiaries £m
For the year ended and as at 31 December 2020		
Total income	**(301)**	**103**
Credit impairment charges	**-**	**-**
Operating expenses	**(40)**	**(2,245)**
Total assets	**15**	**706**
Total liabilities	**9,588**	**1,664**
For the year ended and as at 31 December 2019		
Total income	(287)	97
Credit impairment charges	-	-
Operating expenses	(59)	(2,238)
Total assets	6	667
Total liabilities	7,594	1,679

Amounts included in Barclays Bank UK PLC's financial statements, in aggregate, by category of related party entity are as follows:

	Parent £m	Subsidiaries £m	Fellow subsidiaries £m
As at 31 December 2020			
Total assets	**15**	**987**	**706**
Total liabilities	**9,588**	**559**	**1,664**
As at 31 December 2019			
Total assets	6	984	666
Total liabilities	7,594	1,077	1,672

It is the normal practice of Barclays Bank UK PLC to provide its subsidiaries with support and assistance by way of guarantees, indemnities, letters of comfort and commitments, as may be appropriate, with a view to enabling them to meet their obligations and to maintain their good standing, including commitment of capital and facilities. For dividends paid to Barclays PLC see Note 10.

Key Management Personnel

Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of Barclays Bank UK PLC (directly or indirectly) and comprise the Directors and Officers of Barclays Bank UK PLC, certain direct reports of the Chief Executive Officer and the heads of major business units and functions.

The Barclays Bank UK Group provides banking services to Key Management Personnel and persons connected to them. Transactions during the year and the balances outstanding were as follows:

Notes to the financial statements
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Loans outstanding

	2020 £m	2019 £m
As at 1 January	**2.1**	3.9
Loans issued during the year[a]	**2.4**	0.5
Loan repayments during the year[b]	**(0.9)**	(2.3)
As at 31 December	**3.6**	2.1

Notes
a Includes loans issued to existing Key Management Personnel and new or existing loans issued to newly appointed Key Management Personnel.
b Includes loan repayments by existing Key Management Personnel and loans to former Key Management Personnel.

No allowances for impairment were recognised in respect of loans to Key Management Personnel (or any connected person).

Deposits outstanding

	2020 £m	2019 £m
As at 1 January	**3.2**	3.3
Deposits received during the year[a]	**12.7**	12.3
Deposits repaid during the year[b]	**(12.9)**	(12.4)
As at 31 December	**3.0**	3.2

Notes
a Includes deposits received from existing Key Management Personnel and new or existing deposits received from newly appointed Key Management Personnel.
b Includes deposits repaid by existing Key Management Personnel and deposits of former Key Management Personnel.

Total commitments outstanding
Total commitments outstanding refer to the total of any undrawn amounts on credit card and/or overdraft facilities provided to Key Management Personnel. Total commitments outstanding as at 31 December 2020 were £0.4m (2019: £0.4m).

All loans to Key Management Personnel (and persons connected to them) were made in the ordinary course of business; were made on substantially the same terms, including interest rates and collateral, as those prevailing at the same time for comparable transactions with other persons; and did not involve more than a normal risk of collectability or present other unfavourable features.

Remuneration of Key Management Personnel
Total remuneration awarded to Key Management Personnel below represents the awards made to individuals that have been approved by the Board Remuneration Committee as part of the latest remuneration decisions. Costs recognised in the income statement reflect the accounting charge for the year included within operating expenses. The difference between the values awarded and the recognised income statement charge principally relates to the recognition of deferred costs for prior year awards. Figures are provided for the period that individuals met the definition of Key Management Personnel.

	2020 £m	2019 £m
Salaries and other short-term benefits	**15.0**	15.8
Pension costs	**0.2**	0.3
Other long-term benefits	**2.3**	2.4
Share-based payments	**2.2**	2.6
Employer social security charges on emoluments	**2.7**	2.8
Costs recognised for accounting purposes	**22.4**	23.9
Employer social security charges on emoluments	**(2.7)**	(2.8)
Other long-term benefits – difference between awards granted and costs recognised	**(0.4)**	0.4
Share-based payments – difference between awards granted and costs recognised	**(0.3)**	0.2
Total remuneration awarded	**19.0**	21.7

Disclosure required by the Companies Act 2006
The following information regarding the Barclays Bank UK PLC Board of Directors is presented in accordance with the Companies Act 2006:

	2020 £m	2019 £m
Aggregate emoluments[a]	**4.3**	3.4

Note
a The aggregate emoluments include amounts paid for the 2020 year. In addition, deferred cash and share awards for 2020 with a total value at grant of £0.9m (2019: £0.9m) will be made to Directors which will only vest subject to meeting certain conditions.

Notes to the financial statements
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There were no pension contributions paid to defined contribution schemes on behalf of Directors (2019: £5,267). There were no notional pension contributions to defined contribution schemes.

As at 31 December 2020, there were no Directors accruing benefits under a defined benefit scheme (2019: nil).

Of the figures in the table above, the amounts attributable to the highest paid Director are as follows:

	2020 £m	2019 £m
Aggregate emoluments[a]	1.5	0.7

Note
a The aggregate emoluments include amounts paid for the 2020 year. In addition, deferred cash and share awards for 2020 with a total value at grant of £0.5m (2019: £0.2m) will be made to highest paid Director which will only vest subject to meeting certain conditions.

There were no actual pension contributions paid to defined contribution schemes on behalf of the highest paid Director (2019: £nil). There were no notional pension contributions to defined contribution schemes.

As at 31 December 2020, there were no Directors accruing benefits under a defined benefit scheme (2019: nil).

Advances and credit to Directors and guarantees on behalf of Directors
In accordance with Section 413 of the Companies Act 2006, the total amount of advances and credits made available in 2020 to persons who served as Directors during the year was £0.1m (2019: £0.1m). The total value of guarantees entered into on behalf of Directors during 2020 was £nil (2019: £nil).

34 Auditor's remuneration

	2020 £m	2019 £m
Audit of the Barclays Bank UK Group's annual accounts	7	7
Other services:		
Audit of the Company's subsidiaries[a]	1	1
Other audit related fees[b]	2	2
Total Auditor's remuneration	10	10

Notes
a Comprises the fees for the statutory audit of the subsidiaries and fees for the work performed by associates of KPMG in respect of the consolidated financial statements of the Company.
b Comprises services in relation to statutory and regulatory filings. These include audit services for the review of the interim financial information under the Listing Rules of the UK listing authority.

35 Interest rate benchmark reform
Following the financial crisis, the reform and replacement of benchmark interest rates such as LIBOR has become a priority for global regulators. The UK's Financial Conduct Authority (FCA) and other global regulators have instructed market participants to prepare for the cessation of LIBOR after the end of 2021, and to adopt "near Risk-Free Rates" (RFRs). While it is expected that most reforms affecting the Barclays Bank UK Group will be completed by the end of 2021, consultations and possible regulatory changes are in progress. This may mean that some LIBORs continue to be published beyond that date.

The Barclays Bank UK Group's risk exposure is predominately to GBP and USD LIBOR and Euro Overnight Index Average (EONIA). The vast majority of the exposure is related to hedging of the balance sheet and hedging of the ESHLA (education, social housing and local authorities) portfolio. As the table below highlights the vast majority of the exposures relate to CCP cleared interest rate derivatives. Derivative exposures are represented as gross notional contract amounts. However, net LIBOR derivative exposures are small. Non-derivative exposures include exposures related to the ESHLA portfolio. Retail lending and mortgage exposure in Barclays UK is minimal.

The Barclays Bank UK Group does not consider there to be risk in respect of the Euro Interbank Offered Rate (EURIBOR) arising from IBOR reform as at 31 December 2020. This is because the calculation methodology of EURIBOR changed during 2019 and the reform of EURIBOR is complete. In July 2019, the Belgian Financial Services and Markets Authority (as the administrator of EURIBOR) granted authorisation with respect to EURIBOR under the European Union Benchmarks Regulation. This allows market participants to continue to use EURIBOR after 1 January 2021 for both existing and new contracts. The EUR Risk Free Rate Working Group has not contemplated the cessation of EURIBOR. The Group expects that EURIBOR will continue to exist as a benchmark rate for the foreseeable future.

There are key differences between IBORs and RFRs. IBORs are 'term rates', which means that they are published for a borrowing period (for example three months), and they are 'forward-looking', because they are published at the beginning of a borrowing period, based upon an estimated inter-bank borrowing cost for the period. RFRs are based upon overnight rates from actual transactions, and are therefore published after the end of the overnight borrowing period. Furthermore, IBORs include a credit spread over the RFRs. Therefore, to transition existing contracts and agreements to RFRs, adjustments for term and credit differences may need to be applied to RFR-linked rates. The methodologies for determining these adjustments are undergoing in-depth consultations by industry working groups, on behalf of the respective global regulators and related market participants.

How the Group is managing the transition to alternative benchmark rates
The Barclays Group has established a Group-wide LIBOR Transition Programme, with oversight from the Barclays Group Finance Director. The Programme spans all business lines and has cross-functional governance which includes Legal, Conduct Risk, Client Engagement and Communications, Risk, and Finance. The Transition Programme aims to drive strategic execution, and identify, manage and resolve key risks and issues as they arise. Accountable Executives are in place within key working groups across businesses and workstreams. Barclays' transition plans primarily focus on G5 currencies while providing quarterly updates on progress and exposures to the PRA/FCA and other regulators as required.

The Transition Programme follows a risk based approach, using recognised 'change delivery' control standards, to drive strategic execution, and identify, manage and resolve key risks and issues as they arise. Accountable Executives are in place within key working groups, with overall Board oversight delegated to the Board Risk Committee. Barclays performs a prominent stewardship role to drive orderly transition via our representation on official sector and industry working groups across all major jurisdictions and product classes. Additionally, the Barclays Group Finance Director is Chair of the UK's 'Working Group on Sterling Risk-Free Reference Rates', whose mandate is to catalyse a broad-based transition to using SONIA ('Sterling Overnight Index Average') as the primary sterling interest rate benchmark in bond, loan and derivatives markets.

Approaches to transition exposure expiring post the expected end dates for LIBOR vary by product and nature of counterparty. The Barclays Bank UK Group is actively engaging with the counterparties to transition or include appropriate fallback provisions and transition mechanisms in its floating rate assets and liabilities with maturities after 2021, when most IBORs are expected to cease to be published. For the derivative population, adherence to the ISDA IBOR Fallbacks Protocol now provides the Group with an efficient mechanism to amend outstanding trades to incorporate fallbacks. Beyond the ISDA IBOR Fallbacks Protocol, there will be options to terminate or bilaterally agree new terms with counterparties. The Barclays Bank UK Group expects derivative contracts facing central clearing counterparties to follow a market-wide, standardised approach to reform.

Market participants are currently awaiting publication of the results of ICE Benchmark Administration's consultation on plans to cease publication of most LIBORs at end 2021, with certain, actively used USD LIBOR tenors continuing to be provided until end June 2023. The FCA expects to enable publication of a synthetic LIBOR rate for at least certain actively used GBP LIBOR tenors to facilitate roll-off of relevant contracts that cannot be actively transitioned by end 2021.

Progress made during 2020
During 2020, the Barclays Bank UK Group has successfully delivered Alternative RFR product capabilities and alternatives to LIBOR across loans, bonds and derivatives. Good progress has been made in relation to client outreach and we have been actively engaging with customers and counterparties to transition or include the appropriate fallback provisions. The Barclays Bank UK Group has in place detailed plans, processes and procedures to support the transition of the remainder during 2021. Barclays Bank UK Group has adhered to the ISDA IBOR Fallbacks Protocol for its major derivative entity, Barclays Bank UK PLC and we continue to track progress and engage with clients on their own adherence. Following the progress made during 2020, the Barclays Bank UK Group continues to deliver technology and business process changes to ensure operational readiness in preparation for LIBOR cessation and transitions to RFRs that will be necessary during 2021 in line with official sector expectations and milestones.

Risks to which the Barclays Bank UK Group is exposed as a result of the transition
IBOR reform exposes the Group to various risks, which are being managed through the LIBOR Transition Programme. The material risks identified include those set out below:

- **Conduct and Litigation Risk:** This is the risk that poor customer outcomes are brought about as a direct result of inappropriate or negligent conduct on the part of Barclays, in connection with IBOR transition.

- **Operational Risk:** The LIBOR Transition Programme cuts across all businesses and functions. There are a number of implementation challenges arising from transition, including technology, operations, client communication and the measurement of valuation, giving rise to additional operational risks.

- **Market Risk:** Changes to Barclays Bank UK Group Market Risk profile are expected due to IBOR transition. These changes are expected to be managed within risk appetite. IBOR transition will also impact the basis risk profile both at the cessation event (when broadly all LIBOR contracts fall back to alternatives) as well as in the interim period when alternative rates are referenced in contracts.

- **Counterparty Credit Risk:** LIBOR replacement presents an increased risk of clients wishing to renegotiate the terms of existing transactions. This is dependent on client behaviour and the outcome of resulting negotiations and could change the credit risk profile of client exposure.

- **Financial Risk:** There is a risk to the Barclays Bank UK Group and its clients that markets are disrupted due to IBOR reform. This could give rise to financial losses should Barclays Bank UK Group be unable to operate effectively in financial markets.

- **Accounting Risk:** This would occur if the hedged items and hedging instruments of the Barclays Bank UK Group hedging relationships were to transition away from IBORs: at different times; to different benchmarks; or using divergent methodologies resulting in significant volatility to the income statement either through hedge accounting ineffectiveness or failure of the hedge accounting relationships.

A disorderly cessation of LIBOR would carry substantial economic, legal, regulatory, reputational and operational risks for Barclays Bank UK Group and the industry in general. The Barclays Bank UK Group's expectation is that the transition away from LIBOR will be carefully managed and that measures including the broad adoption of ISDA IBOR Fallbacks Protocol, the approach the Central Clearing Counterparties are expected to follow, proactive client engagement, regulatory action and/or terminating or bilaterally amending contracts where clients do not wish to adopt new conventions (e.g. ISDA IBOR Fallbacks Protocol), can mitigate the risks associated with a disorderly cessation.

The Barclays Bank UK Group does not expect material changes to its risk management approach and strategy as a result of interest rate benchmark reform.

The following table summarises the significant exposures impacted by the interest rate benchmark reform as at 31 December 2020:

	GBP LIBOR £m	USD LIBOR £m	CHF LIBOR £m	Total £m
Non-derivative financial assets				
Loans and advances at amortised cost	10,861	119	7	10,987
Financial assets at fair value through the income statement	2,306	-	-	2,306
Financial assets at fair value through other comprehensive income	-	8	-	8
Non-derivative financial assets	13,167	127	7	13,301
Equity				
Other equity instruments	(1,375)	(1,161)	-	(2,536)

The table above represents the exposures to interest rate benchmark reform by balance sheet account, which have yet to transition. The exposure disclosed is for positions with contractual maturities after 31 December 2021. Balances reported at amortised cost are disclosed at their gross carrying value and do not include any expected credit losses that may be held against them. Balances reported at fair value are disclosed at their fair value on the balance sheet date.

	GBP LIBOR £m	USD LIBOR £m	EONIA £m	Total £m
Derivative notional contract amount				
OTC interest rate derivatives	3,693	464	-	4,157
OTC interest rate derivatives - cleared by central counterparty	131,916	18,067	14,400	164,383
OTC foreign exchange derivatives	400	386	-	786
Derivative notional contract amount	136,009	18,917	14,400	169,326
Standby facilities, credit lines and other commitments	776	2	-	778

The table above represents the derivative exposures to interest rate benchmark reform, which have yet to transition. The exposure disclosed is for positions with contractual maturities after 31 December 2021. Derivatives are reported by using the notional contract amount and where derivatives have both pay and receive legs with exposure to benchmark reform such as cross currency swaps, the notional contract amount is disclosed for both legs. As at 31 December 2020, there were £393m of cross currency swaps where both the pay and receive legs are impacted by interest rate benchmark reform.

The Barclays Bank UK Group also had £5bn of Barclays issued debt retained by the group, impacted by the interest rate benchmark reform, predominately in GBP LIBOR.

The table below provides detail on the contractual maturity of the above exposures:

Current benchmark rate	Over one year but not more than two years £m	Over two years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Non-derivative financial assets					
GBP LIBOR	251	527	865	11,524	13,167
USD LIBOR	8	-	1	118	127
CHF LIBOR	-	-	2	5	7
Non-derivative financial assets	259	527	868	11,647	13,301
Equity					
GBP LIBOR	-	-	-	(1,375)	(1,375)
USD LIBOR	-	(961)	(200)	-	(1,161)
Equity	-	(961)	(200)	(1,375)	(2,536)
Derivative notional contract amount					
GBP LIBOR	18,397	21,950	17,796	77,866	136,009
USD LIBOR	1,887	9,696	6,470	864	18,917
EONIA	2,432	4,791	4,528	2,649	14,400
Derivative notional contract amount	22,716	36,437	28,794	81,379	169,326
Standby facilities, credit lines and other commitments					
GBP LIBOR	307	266	63	140	776
USD LIBOR	2	-	-	-	2
Standby facilities, credit lines and other commitments	309	266	63	140	778

36 Barclays Bank UK PLC (the Parent company)

The investment in subsidiaries of £441m (December 2019: £454m) predominantly relates to investments in Barclays Insurance Services Company Limited, Barclays Investment Solutions Limited and Barclays Asset Management Limited. At the end of each reporting period an impairment review is undertaken in respect of investment in subsidiaries. Impairment is indicated where the investment exceeds the recoverable amount. The recoverable amount is calculated as a value in use (VIU) which is derived from the present value of future cash flows expected to be received from the investment. The VIU calculation uses future years forecast profits from financial budgets approved by management as an approximation of future cash flows. The investment in FirstPlus Financial Group Limited of £27m held by Barclays Bank UK PLC showed a VIU of £14m resulting in an impairment being recognised of £13m. These cash flows are discounted using a pre-tax discount rate of 13.5% (2019: 8.2%). The recoverable amount was higher than the carrying value of all other investments in ordinary shares held by Barclays Bank UK PLC.

37 Related undertakings

The Barclays Bank UK PLC Group's corporate structure consists of a number of related undertakings. A full list of these undertakings, the country of incorporation and the ownership of each share class is set out below. The information is provided as at 31 December 2020.

The entities are grouped by the countries in which they are incorporated. The profits earned by the activities of Barclays PLC Group entities are in some cases taxed in countries other than the country of incorporation. Barclays PLC 2020 Country Snapshot provides details of where the Barclays PLC Group carries on its business, where its profits are subject to tax and the taxes it pays in each country it operates in.

Wholly owned subsidiaries

Unless otherwise stated the undertakings below are wholly owned and consolidated by Barclays Bank UK PLC and the share capital disclosed comprises ordinary and/or common shares, 100% of the nominal value of which is held by Barclays Bank UK PLC.

Notes

A. Directly held by Barclays Bank UK PLC
B. Partnership Interest
C. A Ordinary Shares

Wholly owned subsidiaries	Note
United Kingdom	
- 1 Churchill Place, London, E14 5HP	
Barclays Asset Management Limited	A
Barclays Direct Investing Nominees Limited	
Barclays Financial Planning Nominee Limited	
Barclays Global Shareplans Nominee Limited	
Barclays Insurance Services Company Limited	A
Barclays Investment Solutions Limited	A
Barclays SAMS Limited	A
Barclays Singapore Global Shareplans Nominee Limited	
Barclayshare Nominees Limited	
FIRSTPLUS Financial Group Limited	A
Solution Personal Finance Limited	A
Woolwich Homes Limited	A
- Aurora Building, 120 Bothwell Street, Glasgow, G2 7JS	
R.C. Greig Nominees Limited	

Other Related Undertakings

Unless otherwise stated, the undertakings below are consolidated and the share capital disclosed comprises ordinary and/or common shares which are held by subsidiaries of the Barclays Bank UK Group. The Barclays Bank UK Group's overall ownership percentage is provided for each undertaking.

Other Related Undertakings	%	Note
United Kingdom		
- 1 Churchill Place, London, E14 5HP		
Barclaycard Funding PLC	75.00	A, C
Barclays Covered Bond Funding LLP (In Liquidation)	50.00	A, B
Barclays Covered Bonds Limited Liability Partnership	50.00	A, B

Joint Ventures

The related undertaking below is a Joint Venture in accordance with s. 18, Schedule 4, The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 and is proportionally consolidated.

Joint Venture	%	Note
United Kingdom		
- All Saints Triangle, Caledonian Road, London, N1 9UT		
Vaultex UK Limited	50.00	A

Joint management factors

The Joint Venture board comprises two Barclays representative directors, two JV partner directors and three non-JV partner directors. The board is responsible for setting the company strategy and budgets.

Notes

Notes

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

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

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

The information in this announcement, which was approved by the Board of Directors on 00 February 2021, does not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 December 2020, which contain an unmodified audit report under Section 495 of the Companies Act 2006 (which does not make any statements under Section 498 of the Companies Act 2006), will be delivered to the Registrar of Companies in accordance with Section 441 of the Companies Act 2006.

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

Forward-looking statements

This document contains certain forward-looking statements with respect to the Barclays Bank UK Group. Barclays Bank UK Group cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as 'may', 'will', 'seek', 'continue', 'aim', 'anticipate', 'target', 'projected', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', 'achieve' or other words of similar meaning. Forward-looking statements can be made in writing but also may be made verbally by members of the management of the Barclays Bank UK Group (including, without limitation, during management presentations to financial analysts) in connection with this document. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Barclays Bank UK 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 Barclays Bank UK 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; macroeconomic and business conditions in the UK and any systemically important economy which impacts the UK; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entity within the Barclays Bank UK 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; the risk of cyber-attacks, information or security breaches or technology failures on the Barclays Bank UK Group's business or operations; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Barclays Bank UK Group's control. As a result, the Barclays Bank UK Group's actual financial position, future results, capital distributions, capital, leverage or other regulatory ratios or other financial and non-financial metrics or performance measures may differ materially from the statements or guidance set forth in the Barclays Bank UK Group's forward-looking statements.

Subject to our obligations under the applicable laws and regulations of any relevant jurisdiction, (including, without limitation, the UK), 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.