

Barclays Group Operations Limited
Strategic Report
For the year ended 31 December 2019

Principal activities and business review

The principal activity of the Company was to provide technology services to the Barclays Group. The Company was operating through its four branches outside the UK in Lithuania, Singapore, Dallas, US and South Africa. During 2019, the Company's business was conducted primarily through its Lithuania branch which has closed its operations in Oct 2019 and is in the process of de-registration. Company's branches in Dallas, US and Singapore were de-registered in June 2019 and July 2019 respectively. Branch at South Africa was non-operational and is also in the process of de-registration.

The Company also has a subsidiary in China which was non-operational during 2019 and is in the process of liquidation.

The activity of the Company's branches has been migrated to other entities within the Barclays Group.

Business performance

The results of the Company show revenue of £15,124,623 (2018: £73,143,941), and a (loss)/ profit before tax of £(2,420,938) (2018: £4,979,104) for the year. The Company has net assets of £20,538,610 (2018: £19,518,789). Net cash (outflow)/ inflow from continuing operating activities for 2019 was £ (7,957,823) (2018: £12,925,216).

Business environment

The technology services market is highly skill based and the products and services offered to customers are tailored to meet the regulatory and commercial environment in which it operates.

Strategy

The Company's overriding objective was to provide efficient, sustainable and quality technology services to the Barclays Group. The Company carries its operation through four branches, which were identified for closure in the Board Meeting held on 26 March 2019. Branches at Singapore and Dallas has been de-registered during 2019 and branches at Lithuania and South Africa have closed their operations and are in the process of de-registration with local authorities.

Principal risks and uncertainties

The Company's principal activities have been to provide services across the Barclays Group. Its main exposures are therefore to other members of the Barclays Group.

The nature of these risks is such that the principal risks and uncertainties for the Company are integrated with the principal risks of the Barclays PLC Group and are primarily managed at a Group level. Effective mitigation of risks across the Barclays Group, mitigates the risks for the Company. Barclays Group has identified a broad range of risks to which its businesses are exposed. Material risks are those to which senior management across Barclays Group pay particular attention and which could cause the delivery of the Group's strategy, results of operations, financial condition and/or prospects to differ materially from expectations. Emerging risks are those which have unknown components, the impact of which could crystallise over a longer time period. In addition, certain other factors beyond the Group's control, including escalation of terrorism or global conflicts, natural disasters, epidemic outbreaks and similar events, could have a similar impact on the Group. The principal risks and uncertainties of Barclays PLC are discussed in pages 125 to 210 of the Barclays PLC 2019 annual report which does not form part of this report.

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Operational risk management

The Company provides many of the operational services required by Barclays' businesses. Operational risk is the risk of loss to the Group from inadequate or failed processes or systems, human factors or due to external events where the root cause is not due to credit or market risks. Examples include: operational resilience, cyber threats, new and emergent technology, processing error and supplier risk (further details of these risks and other examples are described in the Barclays PLC 2019 annual report which does not form part of this report). Operational risk is managed in accordance with Barclays Group Operational Risk policies. The Company has implemented risk controls and devoted substantial resources to developing procedures to ensure that transactions are processed efficiently, accurately and in accordance with the full suite of Barclays Group standards and controls. (Barclays Group standards are described further in the Barclays PLC 2019 annual report which does not form part of this report). Additional information on the financial risks to which the Company is exposed to is included in note 23.

Key performance indicators

The Directors of Barclays PLC manage the Group's operations on a business cluster basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the relevant business cluster, Barclays Execution (BX), is discussed in the Barclays PLC annual report available online (www.home.barclays/barclays-investor-relations/results-and-reports/annual-reports), which does not form part of this report.

Section 172(1) statement

The Directors have acted in a way that they considered, in good faith, to be most likely to promote the success of Barclays Group Operations Limited for the benefit of the sole member, and in doing so had regard, amongst other matters, to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct;
- and
- to act fairly between members of the Company.

The Directors also took into account the views and interests of a wider set of stakeholders, including our regulator, the Government, and non-government organisations.

Considering this broad range of interests is an important part of the way the Board makes decisions, however, in balancing those different perspectives it will not always be possible to deliver everyone's desired outcome.

How does the Board engage with stakeholders?

The Board will sometimes engage directly with certain stakeholders on certain issues, but the size and distribution of our stakeholders and of Barclays means that stakeholder engagement often takes place at an operational level.

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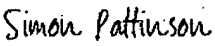
In addition, to ensure a more efficient and effective approach, certain stakeholder engagement is led at Barclays Group level, in particular where matters are of Group-wide significance or have the potential to impact the reputation of the Barclays Group.

The Board considers and discusses information from across the organisation to help it understand the impact of the Company's operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to the Board through reports sent in advance of each Board meeting, and through in-person presentations.

As a result of these activities, 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.

The purpose of Barclays Group Operations Limited was to provide efficient, sustainable and quality technology services to the Barclays Group. The Company carries its operation through four branches, which were identified for closure in the Board Meeting held on 26 March 2019. Due to the nature of the Company, no decisions were made by the Directors during the reporting period which required them to have regard to the matters set out in section 172 of the Companies Act 2006.

FOR AND ON BEHALF OF THE BOARD

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Simon James Pattinson

Director

Date: 16 September 2020

Company number: 6577136

Company address: 1 Churchill Place, London, E14.5HP