

CAPTON INVESTMENTS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

Business review and principal activities

The principal activity of Capton Investments Limited is to act as an investment company. No significant change in this activity is envisaged in the foreseeable future.

Business performance

The results of the Company show a loss after tax of (£89,525) (2022: £6,058,300). The Company has net assets of £51,223,241 (2022: £51,312,765).

The Directors have reviewed the business performance for the reporting period and the Directors consider that the Company's position at the end of the year is consistent with the size and complexity of the business. The Directors will continue to monitor the performance of the Company and take appropriate action as necessary.

Principal risks & uncertainties

The Company is exposed to internal and external risks as part of its ongoing activities. These risks are managed as part of the Company's business model.

Risks are identified and overseen in accordance with the Barclays Group 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 risks are identified and managed. The management of risk is then embedded into each level of the business, with all colleagues being responsible for identifying and controlling risk.

In 2023, the Conduct risk Principal risk was renamed 'Compliance risk' and now incorporates Conduct risk as well as risks from a failure to comply with laws, rules and regulations applicable to the Company.

The ERMF defines nine principal risks as:

- Credit risk
- Market risk
- Treasury and capital risk
- Climate risk
- Operational risk
- Model risk
- Compliance risk
- Reputation risk
- Legal risk

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 to our decision-making processes, including ongoing business planning and setting of strategy, new product approvals and business change initiatives..

Additionally identified material existing and emerging risks potentially impacting more than one principal risk included:

- Business conditions, general economy and geopolitical issues
- The impact of interest rate changes
- Competition in the banking and financial services industry
- The regulatory change agenda and its impact on the business model
- Impact of benchmark interest rate reforms on the Barclays Group
- Change delivery and execution risks

CAPTON INVESTMENTS LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023**

During 2023, the Barclays Group, including the Company, ran a stress test to assess its capital adequacy and resilience under a severe but plausible macroeconomic scenario. This stress test targeted risks such as inflation, financial stress and a shock on demand; with terminal low rates set to test the Barclays Group's vulnerabilities through NII ('Net Interest Income') margin compression. The stress test outcome for macroeconomic tests assesses full financial performance over the horizon of the scenario in terms of profitability, capital, liquidity and leverage to ensure the Barclays Group remains viable.

In addition to a macroeconomic internal stress test, a climate internal stress test was run this year. The exercise confirmed that the Barclays Group is financially resilient to climate risks.

This report was approved by the Board and signed on its behalf by:

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Edward Sherwood

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Edward Sherwood

Director

Date: 18/12/2024

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