Barclays Bank PLC
Annual Report

31 December 2020

Contents

Strategic report

Performance review

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

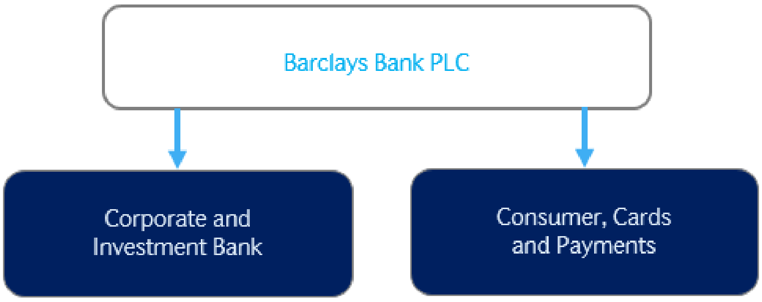
Overview

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

Barclays Bank PLC is the non ring-fenced bank within the Barclays Group. The Barclays Bank Group contains the majority of the Barclays Group's Barclays International division, which is comprised of the Corporate and Investment Bank (CIB) and Consumer, Cards and Payments (CC&P) businesses. Barclays Bank PLC offers customers and clients a range of products and services spanning consumer and wholesale banking and is supported by the Barclays PLC Group-wide service company, Barclays Execution Services (BX), which provides technology, operations and functional services to businesses across the Barclays Group.

With relentless focus on delivering for customers and clients around the world, Barclays Bank PLC's diversified business portfolio provides balance, resilience and exciting growth opportunities. Barclays Bank PLC has strong global market positions and continues to invest in people and technology in order to deliver sustainable, improved returns.

Our structure



CIB

The CIB is comprised primarily of the Investment Banking, Corporate Banking and global Markets businesses, providing products and services to money managers, financial institutions, governments, supranational organisations and corporate clients to manage their funding, financing, strategic and risk management needs.

- Banking provides clients with strategic advice on mergers and acquisitions (M&A), corporate finance and financial risk-management solutions, as well as equity and debt fundraising services.
- Our Corporate Banking business provides GBP and EUR working capital, transaction banking, including trade and payments, and lending services for multinational corporates and institutions, and for large and medium-sized corporate clients in the UK.
- Our Markets business provides a broad range of clients with market insight, execution services and tailored risk management and financing solutions across equities, credit, rates and foreign exchange products.

CC&P

CC&P is comprised of our US Consumer Bank, Barclays Payments, Barclaycard Germany and our Private Bank.

- Barclays Payments enables businesses of all sizes to make and receive payments and we continue to be a leader in payment processing and commercial payments[a].
- In the US, we have a partnership focused business model, offering credit cards to consumers through our partners, such as American Airlines and Wyndham Hotels & Resorts, as well as online retail savings products.
- We also offer multiple consumer products in Germany, including credit cards, online loans, instalment purchase-financing, electronic Point of Sale financing and deposits.
- Our Private Bank offers banking, credit and investment capabilities to meet the needs of our clients across the UK, Europe, the Middle East and Africa, and Asia.

Notes
a Source: Nilson Report #1175.

Strategic report
Performance review

Strategy and strategic priorities

Barclays Bank Group's business model provides a diversified earnings portfolio to its shareholder, Barclays PLC.

Our diversification is a real strength, and we will seek to maintain and increase our diversity as we evolve. Our revenue today comes from different businesses, different types of customers and clients, and different geographies. We believe this diversification creates the balance and resilience required to deliver through the economic cycle as has been shown through 2020 during the COVID-19 pandemic.

Our strategy is to focus on customers and clients putting them at the heart of decision making. We look to maintain and increase our diversification whilst protecting and strengthening our culture.

CIB

Barclays is a European headquartered investment bank competing at scale in the US and providing universal banking services around the world. At a time of heightened stress for many corporates, governments and institutions, we maintain our client-centric focus and our commitment to a full capability offering in our CIB.

We are focused on the following areas:

1. **Adapting to the evolving needs of our clients**: We continue to invest in technology that makes it easier for our clients to do business with us. That includes the development of our electronic offering in Markets and the build out of our full service Corporate Banking digital proposition.

2. **Running an efficient and effective business:** Our focus is achieving better operational performance and driving improvements in market share. At the same time, we want to maintain cost discipline and drive more productive use of capital by recycling risk-weighted assets to the highest returning opportunities.

3. **Improving returns by investing in and growing our capital markets and capital efficient businesses:** The capital markets are an increasingly important source of financing and growth for the global economy. In order to ensure we remain globally relevant, we want to invest to grow our share of global debt and equity underwriting. At the same time, we remain focused on growing capital-light parts of our business, including Transaction Banking and fee-led advisory work in Banking. We are also developing other higher-returning businesses where we see opportunities, including in securitised products and our prime financing business.

CC&P

Leveraging the combined strength of our CC&P businesses, we continue to serve and strive to deliver best-in-class consumer finance, private banking and payment solutions to our customers and clients.

We are focused on the following areas:

1. **Responding to changing consumer behaviour:** We continue to invest in the digitalisation of our businesses, delivering new products and capabilities to reflect the growing trends within our CC&P businesses. This includes investing in a new platform based business model to build digital connections between our customers and our corporates and small businesses, creating a new multi-way value exchange ecosystem with Barclays at the centre.

2. **Building a more efficient and seamless business:** We are accelerating our automation agenda to drive operational efficiency and create seamless digital journeys to enhance customer experience. For example, we launched our first fully digital application for our commercial payments cardholders who can now view their accounts through the Barclays App, as well as our new mobile app for corporate card customers.

3. **Winning new partnerships:** We are focused on delivering across all our markets, through broadening our product penetration with our existing partners and pursuing new partnerships, particularly in the US, as well as building capabilities to offer new financing solutions in markets such as Germany.

Operating environment

The health and economic impacts of the COVID-19 pandemic continue to have significant implications for Barclays Bank Group, our customers and clients, and the economies and societies we serve. The global economy has experienced unprecedented fluctuations in activity levels over the last 12 months, and GDP in many of our key markets is still well below the pre-COVID-19 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 re-build 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. While the vaccine rollout continues to progress, we are optimistic about the opportunities that will exist for Barclays and for our customers and clients in a recovery environment.

As a direct result of the economic consequences of the COVID-19 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 in many of the jurisdictions where we operate, intensifying an already long-term, low-interest rate environment which we expect to endure for some time.

Strategic report
Performance review

In the financial markets, the last 12 months were characterised by initial periods of high volatility, market dislocation and significant trading activity. The global markets revenue pool[a] grew by 30% in 2020 due to heightened trading activity in the first part of the year, while overall capital markets issuance[b] rose by 9% as companies sought to strengthen their balance sheets.

The impact of the COVID-19 pandemic on society has accelerated a number of existing trends in consumer behaviour and preferences for how to manage, spend and save money. In the last 12 months, for example, we have seen a significant further shift away from cash usage and towards contactless payments as customers adapt and embrace a low-touch environment necessitated by the COVID-19 pandemic.

These trends present significant opportunities 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, customer trust and our Payments capabilities.

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 rulemaking and enforcement and an increase in public policy and legislative activities in the near term.

Barclays Bank 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.

Notes
a Source-: Coalition Greenwich, Preliminary FY20 Competitor analysis. Based on Barclays internal business structure.
b Source: Dealogic for the period covering 1 January to 31 December 2020.

Year in review

CIB

In Banking, we helped some of the world's largest governments, corporations and public institutions issue debt in order to help them manage the strain that the COVID-19 pandemic placed on their operating environments. In total, we helped our corporate clients raise c.£1.6trn and governments, government-related clients and supranationals raise c.£430bn of capital in 2020. While our Banking global fee ranking[a] fell to 7th in 2020 from 6th in 2019, largely attributable to a decline in activity in the sectors where we have relative strength, our revenue growth of 8% is testament to a resilient performance in a challenging year.

Our Corporate Banking business played a key role in supporting the UK economy through the COVID-19 pandemic, helping clients to raise funding in excess of £15bn under UK government lending schemes including the Coronavirus Large Business Interruption Scheme and the Covid Corporate Financing Facility. In the UK, Corporate Banking deposits grew by 22% during the year, and we had over 600 net new client wins, illustrating the extent to which our corporate clients trusted us during a time of uncertainty.

Our Markets business acted as a market-maker and liquidity provider to institutions across the globe, playing a pivotal role in allowing them to manage risk during a time of unprecedented disruption. Despite a challenging environment, we were able to gain share[b] to 4.9% (2019:4.3%), maintaining our global ranking[b] at 6th- the largest non-US bank. In line with our strategy, we have made significant progress in our multi-year effort to provide our clients with market-leading electronic capabilities.

We continued to invest in enhancing our digital proposition, including our electronic trading capabilities and our digital self-service platform. Our BARX (cross-asset electronic trading) and options platforms continue to benefit from sustained multi-year investment. The user base of iPortal, our digital self-service platform, grew in 2020, and we are seeing a continued reduction in cost to serve through digital adoption. In order to ensure a seamless experience, we have invested in resilience with client-impacting technology incidents down 14% compared to last year.

We continued to broaden our digital footprint business across Europe, with our Transaction Banking offering now digitally live across nine key EU countries, without the overheads of a branch network. Despite the challenging environment, we on-boarded over 640 new clients and attracted over £2bn of new deposits in the year.

We also continued to enjoy a strong partnership with our colleagues in BX, including in our Transaction Banking business, which had significant demand placed on its technology infrastructure during the early days of the COVID-19 pandemic, including the rapid deployment of the UK Government schemes and the distribution of support via Local Authorities. We remain committed to growing capital-light business across our expanded geographic presence and through investments in our digitalised offering.

CC&P

We forged new partnerships across all our businesses, notably in the US, where we signed a multi-year partnership agreement with Emirates, the world's largest international airline, as well as successfully renewed partnerships with key clients across our US Consumer Bank and as such, maintained our position as a top 10 credit card issuer in the US[c]. Additionally, we signed a multi-year agreement for a card programme relationship with AARP, the largest non-profit, non-partisan organisation in the US dedicated to empowering people aged 50 and older to choose how they live as they age.

We launched a streamlined credit card process on Frontier Airline's native mobile app, simplifying the application process for customers within Frontier's booking journey. For us, it creates an exciting new capability for existing and future partners. As part of our push to broaden our product set, we also launched our card-based Equal Payment Plan proposition, which helps customers finance purchases with our partners.

The investments we have made in digital servicing have allowed us to reach a digital active user rate of 71.4% and enabled strong delivery of customer supporting programmes, including payment relief and merchant disputes. The Net Promoter Score (NPS[d]) for the US Consumer Bank in 2020 was +35 demonstrating an increase on our 2019 score[e].

Our Payments business maintained its position as one of the largest payment processors in Europe[f] and secured significant new client relationships, and retained others, including BT/EE and The Range. We also launched the first phase of our Smartpay Fuse gateway solution – an intermediary merchant service that provides omni-channel transaction processing services - through our relationship with CyberSource, a Visa solution. This complements our existing suite of gateway solutions and enables us to bring best-in-class commerce products to more clients in the UK and Europe.

In Germany, we continue to be a leading lender in credit cards[g] as well as providing loans. This year, we established a new partnership with leading e-commerce provider, Amazon, to offer their customers instalment lending at the point of purchase – a product that has seen increased popularity in the market.

Our Private Bank continues to strive to become a leading investments house for Ultra High Net-Worth (UHNW) and High Net-Worth (HNW) customers and Family Offices, offering more complex solutions, in collaboration with our CIB. By leveraging the global reach of our universal banking model to seamlessly deliver capabilities, we have won numerous notable client mandates. We have seen significant inflows into our discretionary investment offering as we deliver continued outperformance as highlighted by our Multi-Asset Portfolio award at the 2020 Wealth Manager Investment Performance Awards in association with Asset Risk Consultants. Additionally, our sustainable solutions won "Best ESG Investment Fund: Multi Asset" at the ESG Investing Awards 2020, aligning to our wider sustainability ambitions.

Notes
a Source: Dealogic for the period covering 1 January to 31 December 2020.
b Source: Coalition Greenwich, Preliminary FY20 Competitor analysis. Market share represents Barclays share of the Global Industry Revenue Pool. Analysis is based on Barclays internal business structure and internal revenues
c Source: Nilson Report #1183.
d Source: The Net Promoter score (NPS) is a view of how willing customers are to recommend our products and services to others.
e Source: NICE Satmetrix Survey.
f Source: Nilson Report #1175.
g Source: Deutsche Bundesbank, Advanzia Bank S.A plus own calculations.

Looking ahead

CIB

Across our CIB, we will look to remain focused on maintaining our client-centric approach and, in doing so, developing opportunities to grow our business and increase returns. We will continue to focus on growth in high-returning, capital efficient parts of our business and to sustain our focus on cost discipline and operational rigour.

We will look to make further, selective investments for the long term, establishing ourselves as the leading European Corporate and Investment Bank, competing on an even footing with our US peers and operating at the most efficient scale possible.

Banking will continue to invest in select sectors, particularly Healthcare and Technology, in the US and Europe to improve revenue contribution from our equity and advisory offerings and help us narrow the gap to our US peers. We will continue to build our Sustainable and Impact Investment Banking team, ensuring that we accelerate our efforts to support growth stage companies as well as our broader client base on implementing Environmental Social Governance (ESG).

In Corporate Banking, we will look to continue the investment in our digital proposition and in our European offering, a critical enabler for Barclays ambitions across the continent. We will also focus on steadily improving our credit portfolio returns by reallocating risk-weighted assets to higher-returning opportunities, as well as making selective investments in expanding the footprint of our US Corporate Banking offering.

Markets will continue to focus on growing balances, driving client-centricity and building a large and stable income base. We will keep investing in low-touch electronic execution platforms, to drive efficiency and scale and will also seek to utilise the strength of our integrated financing platform to drive growth in client balances.

CC&P

Across our CC&P businesses, we will look to accelerate our strategy to invest in and build world-class technology and digital capabilities. This includes our focus on building out a new platform based business model, to be launched later this year, to offer differentiated products and services in partnership with our clients, to Barclays' customers.

In the US, as we continue to pursue a partnership-centric business model, we are extending our product set to deliver incremental value to our existing partners and win new partners across a broader range of sectors.

Throughout the COVID-19 pandemic, we have seen an increase in the number of customer complaints in the US Consumer Bank, however we have largely identified the root causes and have plans in place to address these going forward.

We will drive further scale in our Payments business through best-in-class digital capabilities, expanding and diversifying our customers and partnerships, and unlocking further opportunity in Europe. We will remain closely aligned with the Corporate Bank and Business Banking in Barclays UK to maximise value for clients and leverage our proprietary digitally integrated merchant platforms to deepen penetration.
In Germany, we will seek to continue to expand our Business-to-Business-to-Consumer business and pursue instalment-lending partnerships with other retail merchants.

Through more seamless client journeys for our Private Banking clients, we will aim to drive operational efficiency and develop our existing platforms as part of our digitalisation agenda. We will continue to enhance our offering for UHNW and HNW customers, particularly across Credit and Alternatives solutions, and increasingly focus on our sustainable investment offerings.

Strategic report
Performance review

Our role in society

Our 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 to society, locally and globally. 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 44 in the Barclays PLC Annual Report 2020.

As the global effort to tackle climate change grows, the Barclays Group is working to take a leading role in contributing to the transition to a low-carbon economy. In March last year, the Barclays Group set out its ambition to be a net zero bank by 2050. In November 2020, as part of its work to achieve that ambition, the Barclays Group set out the methodology and targets that begin to align the emissions the Barclays Group finances with the Paris Climate Agreement. More information is set out in the Barclays Group Environmental, Social and Governance report. More information is set out in the Barclays Group ESG report available at home.barclays/esg.

Looking ahead, we recognise that the transition to a zero-carbon economy creates commercial opportunities across our business. We see opportunity in the transition to a low-carbon economy: to strengthen relationships with our clients as we help them to adapt; to build new relationships with innovative, fast-growth organisations that are developing new green technology; and to work in partnership with academics and industry associations to contribute to the latest thinking and learn from the experience of others.

Barclays Group has also increased its commitment to green and sustainable finance, with a target to provide at least £100bn of green financing by 2030. Green financing supports the transition by providing financing that is specifically focused on green activity, including for renewables, energy efficiency and sustainable transport. This includes specific products such as Green Loans, Green Project Finance and Green Bonds.

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 welcomes and encourages greater global harmonisation in the way this financing is defined, supported by improved data availability and company disclosures, and will be working with other financial institutions towards this goal.

For an overview of the Barclays Bank Group's approach to managing climate change risk, please refer to pages 50 to 51 in the climate change risk management section.

Strategic report
Managing risk

The Barclays Bank 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 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.

This ERMF governs the way in which the Barclays Bank 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 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 Group may choose to adopt a lower risk appetite than allocated to it by Barclays Group.

Three Lines of Defence
The first line of defence is comprised of the revenue generating and client 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 operation, 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 PLC Board receives regular information in respect of the risk profile of the Barclays Bank Group. Information received includes measures of risk profile against risk appetite as well as the identification of new and emerging risks.

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	How risks are managed
Financial Principal Risks	Credit Risk	The risk of loss to the Barclays Bank Group from the failure of clients, customers or counterparties, including sovereigns, to fully honour their obligations to the Barclays Bank 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.
	Market Risk	The risk of loss arising from potential adverse changes in the value of the Barclays Bank 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.
	Treasury and Capital Risk	Liquidity risk: The risk that the Barclays Bank 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 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 Group's pension plans. Interest rate risk in the Banking Book: The risk that the Barclays Bank 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.
Non-Financial Principal Risks	Operational Risk	The risk of loss to the Barclays Bank 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, competition or the Barclays Bank Group from the inappropriate supply of financial services, including instances of wilful 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 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 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 Group to meet its legal obligations including regulatory or contractual requirements.	The Legal function supports colleagues in identifying and limiting legal risks.

Note

The ERMF defines eight principal risks. For further information on how these principal risks apply specifically to the Barclays Bank Group, please see pages 52 to 57.

Performance measurement

Financial performance measures

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

Income Statement

Barclays Bank Group results For the year ended 31 December	2020 £m	2019 £m	2018 £m
Total income	15,778	14,151	13,600
Credit impairment charges	(3,377)	(1,202)	(643)
Net operating income	12,401	12,949	12,957
Operating expenses	(9,383)	(9,718)	(9,893)
GMP charge[a]	-	-	(140)
Litigation and conduct	(76)	(264)	(1,706)
Total operating expenses	(9,459)	(9,982)	(11,739)
Other net income	133	145	68
Profit before tax	3,075	3,112	1,286
Taxation	(624)	(332)	(229)
Profit after tax in respect of continuing operations	2,451	2,780	1,057
Loss after tax in respect of discontinued operations[b]	-	-	(47)
Other equity instrument holders	(677)	(660)	(647)
Attributable profit	1,774	2,120	363

Notes
a A £140m charge for Guaranteed Minimum Pensions in relation to the equalisation of obligations for members of the Barclays Bank UKRF. There was no capital impact of this charge as at 31 December 2018, as the Barclays Bank UKRF remained in accounting surplus.
b Barclays Bank PLC transferred its UK banking business on 1 April 2018 to Barclays Bank UK PLC. Results relating to the UK banking business for the three months ended 31 March 2018 have been reported as a discontinued operation.

Income Statement commentary

Barclays Bank PLC continued to support its customers and clients through the COVID-19 pandemic by providing or facilitating lending, through a range of support programmes which have been introduced, as well as enabling the raising of debt and equity financing in the capital markets. Support actions, including payment holidays, were introduced to help customers and clients.

2020 compared to 2019

- Profit before tax decreased 1% to £3,075m driven by a £1,412m decrease in CC&P to a loss before tax of £292m. This was partially offset by a £1,339m increase in CIB to £3,929m and a lower loss in Head Office of £562m (2019: £598m)
- Total income increased 11% to £15,778m
  - CIB income increased 26% to £12,607m driven by a 52% increase in Markets, reflecting gains in market share as well as an increase in market size[a], wider spreads, higher levels of client activity and volatility, an 8% increase in Banking fees, partially offset by a 12% decline in Corporate as deposit balance growth was more than offset by margin compression and due to the impact of losses on the mark to market of lending and related hedge positions, and the carry costs of those hedges
  - CC&P income decreased 22% to £3,490m reflecting lower cards balances, margin compression and reduced payments, which were impacted by the COVID-19 pandemic, and disposal of Barclays Partner Finance (BPF) within the Barclays Group in Q220. Q220 included a c.£100m valuation loss on Barclays' preference shares in Visa Inc. resulting from the Q220 Supreme Court ruling concerning charges paid by merchants
  - Head Office income was an expense of £319m (2019: £320m) which included hedge accounting and funding costs on legacy capital instruments, including £85m from repurchases of the Barclays Bank PLC 7.625% Contingent Capital Note.

- Credit impairment charges increased to £3,377m (2019: £1,202m)
  - CIB credit impairment charges increased to £1,565m (2019: £157m) due to the deterioration in economic outlook driven by the COVID-19 pandemic. The current year charge is broadly driven by £711m of non default provisions for future expected customer and client stress and c.£800m of single name wholesale loan charges
  - CC&P credit impairment charges increased to £1,720m (2019: £1,016m) due to the deterioration in economic outlook driven by the COVID-19 pandemic. The current year charge is broadly driven by £752m of non default provisions for future expected customer and client stress. As at 31 December 2020, 30 and 90 day arrears in US cards were 2.5% (Q419: 2.7%) and 1.4% (Q419: 1.4%) respectively
  - Head Office credit impairment charges increased to £92m (2019: £29m) due to the deterioration in economic outlook driven by the COVID-19 pandemic. The incremental £63m charge is primarily driven by provision for future expected customer stress in the Italian home loan portfolio

- Total operating expenses decreased 5% to £9,459m
  - CIB total operating expenses decreased 3% to £7,129m due to cost efficiencies and discipline in the current environment, partially offset by higher bank levy charge mainly due to the non recurrence of prior year adjustments
  - CC&P total operating expenses decreased 8% to £2,176m reflecting cost efficiencies, lower marketing spend due to the impacts of the COVID-19 pandemic and disposal of BPF
  - Head Office total operating expenses decreased 36% to £154m due to lower litigation and conduct charges, partially offset by charitable donations from Barclays' COVID-19 Community Aid Package
- Other net income of £133m (2019: £145m) reflects gains on disposals following the sale of a number of subsidiaries within the Barclays Group

Notes
a Data source: Coalition Greenwich, Preliminary FY20 Competitor Analysis. Market share represents Barclays share of the Global Industry Revenue Pool. Analysis is based on Barclays internal business structure and internal revenues.

Balance Sheet Information

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

As at 31 December	2020 £m	2019 £m
Assets		
Cash and balances at central banks	**155,902**	125,940
Loans and advances at amortised cost	**134,267**	141,636
Trading portfolio assets	**127,664**	113,337
Financial assets at fair value through the income statement	**171,761**	129,470
Derivative financial instruments	**302,693**	229,641
Liabilities		
Deposits at amortised cost	**244,696**	213,881
Financial liabilities designated at fair value	**249,626**	204,446
Derivative financial instruments	**300,580**	228,940

Balance Sheet commentary

- Cash and balances at central banks increased £30.0bn to £155.9bn within the liquidity pool
- Loans and advances decreased £7.4bn to £134.3bn due to lower unsecured lending balances in CC&P
- Trading portfolio assets increased £14.3bn to £127.7bn due to increased client activity
- Financial assets at fair value through the income statement increased £42.3bn to £171.8bn driven by reverse repurchase agreements and similar secured lending
- Derivative financial instrument assets and liabilities increased £73.1bn to £302.7bn and £71.6bn to £300.6bn respectively driven by a decrease in major interest rate curves and increased client activity
- Deposits at amortised cost increased £30.8bn to £244.7bn due to CIB clients increasing liquidity
- Financial liabilities designated at fair value increased £45.2bn to £249.6bn driven by repurchase agreements and similar secured borrowing

The financial information above is extracted from the financial statements. This information should be read together with the information included in the accompanying consolidated financial statements.

Performance measures

Other Metrics and Capital[a]

Barclays Bank PLC is regulated by the Prudential Regulation Authority (PRA) on a solo-consolidated basis. Barclays Bank PLC solo-consolidated comprises Barclays Bank PLC plus certain additional subsidiaries, subject to PRA approval. The disclosures below provide key metrics for Barclays Bank PLC solo-consolidated.

	2020	2019	2018
Common equity tier 1 (CET1) ratio	**14.2%**	13.9%	13.5%
Total risk weighted assets (RWAs)	**£178.2bn**	£158.4bn	£173.2bn
Capital Requirements Regulation (CRR) leverage ratio	**3.9%**	3.9%	4.0%

Note
a Capital, RWAs and leverage are calculated applying the IFRS 9 transitional arrangement of the CRR as amended by CRR II.

Capital Commentary

As at 31 December 2020, Barclays Bank PLC's solo-consolidated CET1 ratio was 14.2%, which exceeded minimum regulatory capital requirements.

Non-financial performance measures

Barclays Bank PLC is part of the Barclays Group which uses a variety of quantitative and qualitative measures to track and assess holistic strategic delivery. Barclays Group maintains a robust internal and external assurance process for our key metrics, ensuring that we have strong controls and clear data management in place.

Barclays Bank PLC has addressed the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006 through the disclosure contained in the 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 2020 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 potential for 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 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 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-19 pandemic, we improved the effectiveness and regularity of how we do this.

We saw a 3 percentage point increase in the response rate to our annual Your View employee engagement survey with 62% of Barclays Bank PLC colleagues responding. The results showed an increase in Barclays Bank PLC engagement levels, up 9 percentage points to 82%, and an increase of 9 percentage points to 86% 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 83% of Barclays Bank PLC respondents responding favourably to this question. In addition, 93% of Barclays Bank PLC respondents said they believe they and their teams do a good job of role modelling the values every day, an increase of 2 percentage points.

Overall, we are encouraged by our ability to work remotely in many more roles than we had previously thought possible. Our colleagues told us that they enjoyed having more flexibility in their lives, with 73% of Barclays Bank PLC respondents saying they have been able to balance personal and work demands, and 78% saying there is effective collaboration between teams.

With that said, we recognise there are also areas where we need to do more. We saw a 3 percentage point decrease this year to 77% in the number of Barclays Bank PLC colleagues who feel it is safe to speak up, while colleague feedback also indicates we have room to make our internal processes more user friendly, with only 52% of Barclays Bank 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 can identify areas of continued strength of our culture and areas of focus for leaders.

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

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

Strategic report
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, as well as the Barclays Group European Forum, which represents all colleagues within the European Union. 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, 83% of Barclays Bank 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 in both the UK and the US to produce a Race at Work Action Plan. The plan comprises a thorough set of actions that will open up new opportunities to attract, develop, and add to our great Black talent, using data to measure success. From 2021, we will expand our plan to include all ethnically diverse groups as well as actions to enhance our long-standing support for citizenship programmes dedicated to tackling racial inequalities in communities, as well as support of this agenda for customers and clients.

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

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, 77% of Barclays Bank 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.

Strategic report

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 members 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.

Details on who our stakeholders are, how management and/or the Directors engaged with them and the actions taken in response to that engagement are set out in the Barclays PLC Annual Report 2020 on pages 16 to 21 and are incorporated by reference into this statement. The Directors also took into account the views and interests of a wider set of stakeholders, including our pensioners, regulators, the Government and non-governmental organisations.

The Directors recognise that having a good understanding of the views and interests of our key stakeholders will help them to deliver our strategy in line with the Barclays Group 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 our risk and control environment, and on business 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 our stakeholders and our size overall means that stakeholder engagement often takes place at an operational level. 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 Group's operations on, and the interests and views of, our 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 our Board operates, and the way in which it reaches decisions, including the matters it discussed and debated during the year, please see our Corporate Governance Statement on pages 16 to 27. For further information on how we engage with our colleagues see the Our people and culture section on pages 11 to 12.

Engagement in action

The following example shows 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, in the context of responding to the challenges arising from the COVID-19 pandemic.

COVID-19 pandemic

The current COVID-related challenges are unprecedented in nature. Our Directors recognised that the uncertainties brought about by the prevailing macro-economic environment had wide-reaching impacts across our business and raised significant matters for consideration by the Board in the context of the Board's responsibility for the long-term sustainable success of our organisation. In response to the growing pandemic, during 2020 our Board deep dives programme was kept under regular review in order to allow for the discussion of new topics flowing directly from the COVID-19 pandemic and topics were also informed by discussions with our shareholders and other stakeholders, as well as formal and informal Board discussions. Deep dive topics discussed by the Board during the year covered a wide range of topics, including our purpose and values, our operational mind-set during the COVID-19 pandemic and the unwinding of crisis measures, alongside updates from selected individual businesses and from key business functions including Compliance, Legal, Risk and HR. Between formal meetings, the Board received regular updates on the implementation of our strategy. In order to support our customers and clients financially throughout these unprecedented times, the Board supported management in making appropriate adjustments to our strategy and policies. 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.

The Board also received regular updates about the steps being taken to safeguard the health and well-being of our colleagues. We have a long established approach to engaging regularly with colleagues to ensure that our Board listens and takes all perspectives into account in its decision making and action plans. As a result of COVID-19, many of our events this year have been web based. 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 also endorsed the provision of support services and helplines for colleagues as well as the provision of education and training tools, including increased support in relation to mental health and wellbeing. Read more about how we supported our colleagues during the pandemic in the Our people and culture section on pages 11 to 12.

Nigel Higgins
Chairman – Barclays Bank PLC

17 February 2021

Governance
Contents

Our corporate governance processes and the role they play in supporting the delivery of our strategy.

Governance
Chairman's introduction

The 2020 corporate governance report (Governance Report) for Barclays Bank PLC (BBPLC or the Company) provides an overview of how the BBPLC governance framework operates and of the Board's key areas of focus during the year.

Strategy and performance

Barclays Bank PLC is the non ring-fenced bank within the Barclays Group (Barclays PLC together with its subsidiaries). The Barclays Bank Group (Barclays Bank PLC together with its subsidiaries) contains the majority of the Barclays Group's Barclays International division, which is comprised of the CIB and CC&P businesses. The Board of BBPLC comprises a subset of the BPLC Board, with all members of the BPLC board, except the Senior Independent Director, the Chairman of Barclays Bank UK PLC and one other Non-Executive Director, serving on the Board of BBPLC.

During a challenging year due to the COVID-19 pandemic, the businesses in our CIB have seen heightened activity from our clients and customers during 2020, with our Markets business in particular benefitting from increased trading volumes and wider margins. At the same time, our CC&P businesses have faced challenges as a result of the economic shock and long-term low interest rate environment. You can read more about our performance during 2020 in our Strategic Report on pages 1 to 13.

Looking ahead, across our CIB we will remain focused on maintaining our client-centric approach and, in doing so, developing opportunities to grow our business and increase returns. Within our CC&P businesses, we intend to accelerate our strategy to invest in and build world-class technology and digital capabilities.

The Board

I am very grateful for the support and hard work of all my Board colleagues during 2020, not least for the additional commitment required of each of them in order to oversee our response to the COVID-19 pandemic. During the course of the year, scheduled Board meetings were supplemented by additional Board meetings (including a number scheduled at short notice) in order to discuss key issues arising throughout the pandemic.

We were fortunate to welcome Mohamed El-Erian to the Board in January 2020 who brought with him a wealth of valuable insight and experience, relevant to the markets and geographies in which we operate. Matthew Lester stepped down from the Board on 1 January 2020 and Mary Anne Citrino stepped down from the Board on 30 September 2020 and I would like to extend my personal thanks and those of the Board to Matthew and Mary Anne for their service to the Company.

The future

With positive progress being made on the rollout of COVID-19 vaccines, there is cause for optimism. Whilst undoubtedly the ongoing pandemic will continue to weaken the global economy for some time to come and impact our businesses, I believe that we are well placed to respond to any challenges that lie ahead.

My thanks to all those with whom we have worked alongside this year - our clients, customers, regulators and governments. But let me finish by thanking, most wholeheartedly, all our colleagues around the globe who have responded so magnificently to the challenges we have faced.

Nigel Higgins
Chairman – Barclays Bank Group

17 February 2021

Governance
Corporate Governance Statement

Introduction
Following the structural reform programme to realign the Barclays Group and ring-fence the Barclays Group's UK consumer banking business in April 2018, and a further review (post structural reform programme) of the corporate governance structure of BBPLC and Barclays PLC (Barclays or BPLC) (reflecting outcomes of discussions with the Barclays Group's regulators) in 2019, the membership of the BBPLC and BPLC boards was consolidated, such that membership of the BBPLC Board now comprises a subset of the BPLC Board, with all members of the BPLC board, except the Senior Independent Director, the Chairman of BBUKPLC and one other Non-Executive Director, also serving on the board of BBPLC. This has helped improve coordination and efficiency between the two boards and reduced complexity and unnecessary duplication. This structure vests oversight over the activities of BBPLC in a board the members of which also have direct accountability to BPLC's shareholders through their separate responsibilities as members of the BPLC board. The Board aspires to have high standards of corporate governance and, in accordance with the Companies (Miscellaneous Reporting) Regulations 2018 (the 2018 Regulations), has adopted its own corporate governance arrangements, which it believes are appropriate to apply and are designed to ensure effective decision-making to promote the Company's success for the long term.

The Board chose not to adopt and report against the 2018 UK Corporate Governance Code, which is designed for premium listed companies and, whilst fully supportive of the Wates Corporate Governance Principles for Large Private Companies (in particular the focus on purpose, culture and employee and stakeholder engagement), the Board considers that those Principles 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. This approach is consistent with the approach of other significant subsidiaries within the Barclays Group, which are subject to the 2018 Regulations.

The Board's primary aim is that its governance arrangements:
- are effective in providing advice and support to management;
- provide checks and balances and encourage constructive challenge;
- drive informed, collaborative and accountable decision-making;
- create long-term sustainable value for the Company's shareholder, the ultimate shareholders of BPLC and our wider stakeholders.

Set out below are the principles which underpin our corporate governance arrangements and how these principles have been applied during 2020. Certain additional information, signposted throughout this section, will be available in the Strategic Report and the Board and Committee Governance section on pages 19 to 27.

Our Group-wide 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 Bank Group policies and approach in relation to matters such as Barclays' purpose and values, Barclays' Remuneration Policy and the Barclays' Charter of Expectations. Where appropriate, this corporate governance statement makes reference to those Group policies, which are relevant to the way in which the Company is governed.

The Company's corporate governance principles and how the Company has applied them during 2020 and to the date of this report

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.

- Through the leadership of the Board, a clear vision for the Company's purpose and overall values is articulated, underpinning and defining the strategy and culture of the organisation. This is embedded at every level of management.
- The challenges presented by the COVID-19 pandemic reinforced the importance for the Board of our purpose in everything we do, in particular, embedding it in our response to the pandemic. We want to reinforce that clarity and conviction about our purpose and our values, and stay true to that way of thinking about how we take action at pace. Accordingly, during 2020, the Board adopted a new, extended narrative of the Barclays Group's purpose and the refreshed descriptions of our values to make sure they are still relevant for the challenges ahead.
- The Board believes that positive culture, supported by effective leadership and a consistent 'tone from the top' is crucial to our success. Culture remains a core area of focus for the Board and is reviewed in a number of ways. The Board supports The Barclays Way which sets the framework for achieving a dynamic and positive culture.
- The current COVID-19-related challenges are unprecedented in nature and, as the Board has discussed at length, the macro-economic environment brings a significant degree of uncertainty. This has far-reaching impacts across our business and raised significant matters for consideration by the Board in the context of the Board's responsibility for the Company's long-term sustainable success. To clearly establish and implement the Company's strategy, and be effective, with management, in addressing the challenges arising from the pandemic, the Board has continued to deepen its understanding of our business and the risks and opportunities it faces.
- A prioritised series of 'deep dives' forms an important part of each Board meeting, enabling the Board to spend a good proportion of its time considering longer-term and strategic issues and the Company's operational resilience, with strategy considered at every Board meeting. Deep dive topics were informed by discussions with our shareholder and other stakeholders, as well as formal and informal Board discussions. In response to the growing pandemic, during 2020 our deep dives programme was kept under review to give time to the discussion of new topics flowing directly from the COVID-19 pandemic.
- Further detail on the Company's strategy can be found on page 1 of the Strategic Report and separately on pages 11 to 13 of the BPLC Annual Report 2020 and the Board's role in creation of the Company's strategy on page 20 'What The Board did in 2020'.

Corporate Governance Statement

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 Officer. 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.

- There is a clear division of responsibilities between the Chairman and Chief Executive Officer. Detail on the role of each can be found on page 19 of this report. Page 19 sets out details of who is on the Board with a majority of the Board comprised of independent Non-Executive Directors.
- Policies and protocols are in place to support effective decision-making and independent challenge, including the Company's Charter of Expectations, setting out clearly the role and responsibilities of each Director. The Chairman meets privately with the Non-Executive Directors when appropriate, to promote required independence.
- The Board's responsibilities are executed in part through Board Committees, which provide oversight and make recommendations on the matters delegated to them by the Board. Detail on the principal Committees and their core responsibilities and activities in 2020 is set out on pages 21 to 27 of this report.
- Appropriate information and support is provided to the Board, to enable it to undertake its work with due care and discharge its responsibilities. See page 20 for further details.
- The Barclays Group's Corporate Governance Manual clearly sets out guidelines as to how the Barclays Group entities and their respective Boards and Board committees should interact, while also providing guidance and clarity for management and directors as to how these relationships and processes should work in practice. It is a dynamic document that continues to evolve with the changing nature of the Barclays Group.

Principle Three: Composition, succession and evaluation

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, with a view to promoting diversity and subject to a formal, rigorous and transparent procedure, which is underpinned by an effective succession plan for 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 size and composition of the Board is considered appropriate for the business of the Barclays Bank Group. There is a good balance between Executive and independent Non-Executive Directors, with the Non-Executive Directors providing independent challenge. The Board members have a strong combination of technical, finance (including significant financial services experience) and commercial skills and have broader experience in culture and colleague engagement.
- The membership of the Board is drawn exclusively from the BPLC Board.
- All appointments to the Board and senior management are based on merit and objective criteria, with a continued strong belief in the benefits of diversity (of gender, social and ethnic backgrounds, cognitive and personal strengths) for an effective Board and organisation. This will remain a key area of focus as the Company continues to strive to build a workforce that reflects the diversity of its customers and the communities it serves.
- There is regular review of the leadership and succession needs of the business to maintain the depth and diversity of the talent and succession pipeline at the Board, Executive and key management level. This remains a key focus to maintain the quality of leadership that is in place to lead the business in the delivery of the strategy, against a challenging economic and operating environment.
- The Board approved a number of changes to our Executive management team during 2020. You can read more about these on page 20 of this report.
- Effectiveness is supported through routine evaluations of the Board and Board Committees. Key findings are included for each Board Committee on pages 21 to 27 of this report.
- Ongoing training and professional development is a key focus to provide Board members with a deeper and more granular understanding of the business, contributing to informed and sound decision-making. Further detail on 'training and induction' can be found on page 27 of this report.
- Diversity across the Barclays Group remains a key area of focus. For 2020, Barclays will publish a separate Diversity & Inclusion report explaining Barclays' Diversity & Inclusion strategy and progress during 2020.

Principle Four: Audit, Risk and Internal Control

A 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.

- Principal risks have been identified, with robust processes 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 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 Company's 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 pages 6 to 7.
- The Board approves the Company's risk appetite (the level of risk the Company is prepared to accept across different risk types) within the parameters set by the BPLC Risk Committee. Significant steps have been taken in recent years to de-risk the business, to support sustainable growth and value creation in the future.
- Effectiveness of risk management and internal controls is reviewed regularly by the Risk Committee (responsible for providing oversight on current and potential future risk exposures) and the Audit Committee (responsible for controls, including reviewing audit reports, internal controls and risk management systems). Please see pages 21 to 26 for further detail on the role of these Committees.
- The Audit Committee continues to provide its oversight of the financial reporting processes and the work of the external and internal auditors (including independence and effectiveness). Further detail can be found on pages 21 to 22 of this report.

Principle Five: Remuneration

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.

- Barclays' Remuneration Policy is set by the BPLC Remuneration Committee, but adopted by the Company's independent Remuneration Committee. Remuneration is aligned to the Company's strategy and risk management approach and designed to promote the long-term success of the Company.
- Executive and senior management remuneration approaches are developed in accordance with the Group's formal procedures (ensuring no Director is involved in deciding their own remuneration outcome) and having regard to workforce remuneration policies and alignment of incentives and rewards with culture and performance as reviewed annually by the BPLC Remuneration Committee and shared with the Company's Remuneration Committee.
- The Remuneration Committee has clearly defined terms of reference, with responsibility for the development of a remuneration approval framework to ensure an appropriate level of oversight of senior remuneration decisions, as well as annual consideration of the Company incentive pool to ensure alignment with delivery of the Company's strategic ambitions.
- Barclays remains focussed on improving its gender pay gap position. The 2020 gender pay gap statistics are due to be published on the Government's Gender Pay Gap reporting portal before the end of February 2021, along with 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.

Principle Six: Stakeholder relationships and engagement

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.

- Through the Company's defined purpose and strategy, key stakeholders, on whom the success of the Company depends, are identified. Please see page 13 of the Strategic Report for details of our key stakeholders.
- The Board seeks to understand the views of key stakeholders and the impact of the Company's behaviour and business on customers and clients, colleagues, suppliers, communities and society more broadly. Details of the Company's engagement with its stakeholders in 2020, and the link between stakeholder management and key decisions are set out in the section 172(1) statement on page 13 of the Strategic Report.
- The Board and management engage throughout the year with broader stakeholders.
- The Company's long-standing commitment to the importance and value of colleague engagement continues; the Company's people are its most valuable asset. Further detail on the Company's workforce commitment and engagement model can be found on pages 11 to 12 of the Strategic Report.

Corporate Governance Statement

The Board

The Directors who served during the period ended 31 December 2020 are set out in the table below, together with the composition of each of the Board's Committees. Matthew Lester resigned on 1 January 2020 and is not reflected in the table below.

	Board	Audit Committee	Risk Committee	Remuneration Committee	Nominations Committee
Nigel Higgins Chair of the Board	C				C
Mike Ashely Independent Non-Executive Director	M	C	M		M
Tim Breedon Independent Non-Executive Director	M	M	C	C	M
Mary Anne Citrino* Independent Non-Executive Director	M		M		
Mohamed El-Erian Independent Non-Executive Director	M		M+		
Dawn Fitzpatrick Independent Non-Executive Director	M		M		
Mary Francis Independent Non-Executive Director	M			M	
Diane Schueneman Independent Non-Executive Director	M	M	M		M
Jes Staley Chief Executive Officer	M				
Tushar Morzaria Executive Director	M				

C Chair of Board or Committee
M Member of Board or Committee
* Resigned 30 September 2020
+ Mohamed El-Erian joined the Risk Committee with effect from 1 July 2020

The Board

Executive and Non-Executive Directors share the same duties and are subject to the same constraints. However, a clear division of responsibilities has been established. The Chairman 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 Chairman facilitates the effective contribution of all Non-Executive Directors and ensures Directors receive accurate, clear and timely information. It is the Board's responsibility to ensure that management deliver on short-term objectives, whilst promoting the long-term success of the Company and the Barclays Group. The Board is also responsible for ensuring that management maintains an effective system of internal control which should provide assurance of effective and efficient operations, internal financial controls and compliance with law and regulation. In meeting this responsibility, the Board considers what is appropriate for the Company's business and reputation, the materiality of financial and other risks and the relevant costs and benefits of implementing controls.

The Board is responsible for the Barclays Bank Group, which contains the majority of the Barclays Group's Barclays International division, which is comprised of the CIB and CC&P businesses.

The BBPLC Schedule of Matters Reserved to the Board ensures that appropriate coordination with the governance of the consolidated boards is in place. The Schedule of Matters Reserved specifies those decisions to be taken by the Board, including but not limited to material decisions relating to strategy, risk appetite, medium term plans, capital and liquidity plans, risk management and controls frameworks, approval of financial statements, approval of large transactions, approval of share allotments and dividends. The Board has delegated the responsibility for making and implementing operational decisions and running the Company's business on a day-to-day basis to the Chief Executive Officer and his senior management team.

The current Board comprises a Chairman, who was independent on appointment, two Executive Directors and six independent Non-Executive Directors. The majority of the Board are independent Non-Executive Directors bringing significant expertise (including external perspectives) and independent challenge. The independence of the Non-Executive Directors is considered annually.

Corporate Governance Statement

Attendance

Directors are expected to attend every Board meeting. During 2020 there were a number of additional Board meetings convened (often at short notice) due to the COVID-19 pandemic in addition to the usual schedule of Board meetings. Attendance was very strong at both scheduled and ad hoc meetings, as reflected in the table below:

Director	Scheduled eligible meetings attendance	Additional eligible meetings attendance	Appointment/Resignation Dates
Nigel Higgins	7/7	6/6	Appointed 1 March 2019
Mike Ashley	7/7	6/6	Appointed 25 September 2019
Tim Breedon	7/7	5/6	Appointed 25 September 2019
Mohamed El-Erian	7/7	6/6	Appointed 1 January 2020
Mary Francis	7/7	6/6	Appointed 25 September 2019
Dawn Fitzpatrick	7/7	6/6	Appointed 25 September 2019
Tushar Morzaria*	7/7	4/4	Appointed 7 February 2020
Diane Schueneman	7/7	6/6	Appointed 25 September 2019
Jes Staley	7/7	4/4	Appointed 26 March 2019
Mary Anne Citrino	5/7	5/6	Appointed 25 September 2019; resigned 30 September 2020

* Tushar Morzaria was appointed as an Executive Director, pending regulatory approval, on 25 September 2019. Regulatory approval was given on 7 February 2020, the date on which his formal appointment became effective.

What the Board did in 2020

During 2020, the Board focused on the following specific areas:

Strategy and operational matters

- As part of the Board's direct oversight of matters relating to reputation, received regular updates throughout the COVID-19 pandemic on a range of stakeholder interests and matters key to reputation and considered and maintained oversight of our response to the crisis.
- Increased oversight and received regular updates in respect of culture, workforce engagement and wellbeing (particularly in supporting colleagues' needs during the pandemic).
- Received updates on sustainability, including the climate change agenda and initiatives and social responsibility.
- Discussed regular updates from the Chief Executive Officer and BBPLC Co-Presidents on the progress being made against the BBPLC strategy and business performance, operational and technology matters. The Board received increased reporting on operational matters in particular, during the height of the pandemic.
- Adopted a new, extended narrative of the Barclays Group's purpose and the refreshed descriptions of our values to make sure they are still relevant for the challenges ahead.

Finance and liquidity

- Regularly assessed the financial performance of the various businesses and the Barclays Bank Group results through reports from the BBPLC Chief Financial Officer and through business specific updates to the Board.
- Reviewed and approved BBPLC's financial results prior to publication.
- Considered and approved the BBPLC elements of the Barclays Group Recovery Plan.
- Considered and approved the BBPLC Medium Term Plan (MTP) in which strategy is embedded.

Governance and risk (including regulatory issues)

- Delegated authority to the Risk Committee to consider and recommend, on behalf of the Board, the adoption by the Company of the Internal Capital Adequacy Assessment Process and Internal Liquidity Adequacy Assessment Process.
- Received regular updates on key risk themes, including the impact of the COVID-19 pandemic, and approved the Company's risk appetite.
- Received reports on cyber risk capability and resilience and a service management update in respect of services provided by Barclays Execution Services Limited, the Barclays Group service company.
- Considered and approved appointments of senior executives following recommendation from the Nominations Committee. This included the creation of the roles of Co-President of the Company to ensure our Corporate Bank, Banking and Markets businesses work more closely together. Mr Venkatakrishnan was appointed as Co-President alongside Mr Compton. The Board also approved changes to the BBPLC Executive Committee, and the appointment of a new BBPLC Chief Risk Officer.
- Received regular reports from the Chair of each Board Committee. See the reports from the Committee Chairs below and on the following page.
- Received and considered the feedback from the Barclays Group's principal regulators.
- Considered the results of the internal Board effectiveness evaluation.

Board Committees

The main Board Committees are the Audit Committee, the Nominations Committee, the Remuneration Committee and the Risk Committee. Pursuant to authority granted under the Company's Articles of Association, each Board Committee has had specific responsibilities delegated to it by the Board. You can read about what each of the Committees did during 2020 on the following pages.

The Chair of each Board Committee provides a report on Committee business at each Board meeting, including any matters being recommended by the Committee for Board approval.

Board Audit Committee

The Audit Committee is comprised solely of independent Non-Executive Directors, with membership of the Audit Committee aligned with the BPLC Audit Committee and designed to provide the breadth of financial expertise and commercial acumen it needs to fulfil its responsibilities. Its members as a whole have recent and relevant experience of the banking and financial services sector, in addition to general management and commercial experience, and are financially literate. The Audit Committee is chaired by Mike Ashley who has over 20 years accounting and audit experience. Diane Schueneman and Tim Breedon are members of the Committee. Audit Committee meetings were attended by representatives from Barclays Group and/or BBPLC management in respect of matters relevant to their function or business area, including the BBPLC Chief Financial Officer, Chief Compliance Officer, Chief Controls Officer, Chief Operating Officer, Chief Internal Auditor, and General Counsel, as appropriate, and the Company's External Auditors, KPMG. The Audit Committee held a number of separate private sessions with each of the Chief Internal Auditor and the lead audit engagement partner of the external auditor, which were not attended by management.

As part of the Company's commitment to effective oversight and allocation of responsibilities between the BPLC Audit Committee, the Barclays Bank UK PLC Audit Committee and the Committee, Mike Ashley met regularly during 2020 with the Barclays Bank UK PLC Audit Committee Chair to share relevant information and to ensure embedment of information flows and governance practice. In addition, regular dialogue has been held with the Audit Committee Chairs of the Company's major subsidiaries, Barclays Bank Ireland PLC and Barclays US LLC.

Attendance at the Audit Committee during 2020 was as follows:

Member	Meetings attended/eligible to attend	Appointment Dates
Mike Ashley (Chairman)	10/10	Appointed 25 September 2019
Tim Breedon	10/10	Appointed 25 September 2019
Diane Schueneman	10/10	Appointed 25 September 2019

The principal role and responsibilities of the Audit Committee, pursuant to its Terms of Reference, are:

- Assessing the integrity of the Barclays Bank Group's financial reporting and satisfying itself that any significant financial judgements made by management are sound
- Evaluating the effectiveness of the Barclays Bank Group's internal controls, including internal financial controls
- Scrutinising the activities and performance of the internal and external auditors, including monitoring their independence and objectivity
- Overseeing the relationship with the Barclays Bank Group's external auditor
- Reviewing and monitoring the effectiveness of the Barclays Bank Group's whistleblowing procedures
- Overseeing significant legal and regulatory investigations, including the proposed litigation statement for inclusion in the Company's statutory accounts.

During 2020, the principal activities of the Audit Committee included:

- Financial reporting: assessing the appropriateness of key accounting themes, disclosures, issues and judgements, including in respect of IFRS9 and in particular Expected Credit Loss (ECL) judgements and disclosures from an IFRS perspective in light of guidance issued by regulators as part of their response to the COVID-19 pandemic
- Impairment: assessing the appropriateness of impairment experience against forecast and considering whether impairment provisions were appropriate. As part of its monitoring, the Committee considered a number of reports from management (among others) on the economic impact of the COVID-19 pandemic, and the continued development and embedding of controls over internal processes supporting the ECL calculation and related assessment of US Sarbanes Oxley Act (SOx) compliance
- Conduct provisions: analysing the judgements and estimates made with regard to the Barclays Bank Group's material conduct provisions
- Legal, competition and regulatory provisions: evaluating advice on the status of current legal, competition and regulatory matters and considering the adequacy of disclosures; assessing management's judgements and estimates regarding provisions
- Valuations: monitoring the valuation methods applied by management to significant valuation items and areas of judgement
- Tax: overseeing tax matters relating to the Barclays Bank Group, including tax risk provisions and regulatory matters
- Internal controls and business control environment: evaluating the status of the most material control issues identified by management, including the Barclays Group Internal Control Enhancement Programme (which was substantially concluded in March 2020); monitored and evaluated the status of significant control issues across the business of the Barclays Bank Group and functions through regular reports from the Chief Controls Officer, including updates on progress of the related remediation programmes and lessons learned from critical risk events; utilising the output from the Risk and Control Self Assessments to review and monitor the control environment and related risks
- Raising concerns: reviewing the annual report on whistleblowing matters, including reporting and training and key areas of the Barclays Bank Group's whistleblowing procedures and controls. Monitoring whistleblowing metrics and instances of retaliation reports, including whether any instances had been substantiated

- Internal audit: receiving thematic control and operational reporting from Barclays Internal Audit; overseeing issues arising from unsatisfactory audit reports; evaluating reports regarding Barclays Internal Audit's assessment of the management control approach and control environment in the Barclays Bank Group
- External audit: reviewing and approving the annual audit plan for the Barclays Bank Group, including the main areas of focus, and assessing the progress of the 2020 audit. The Audit Committee also reviewed audit quality and discussed KPMG's feedback on the Company's critical accounting estimates and judgements.

An internal review of the effectiveness of the Audit Committee was undertaken in respect of the Committee's performance in 2020. The results confirm that the Committee is operating effectively. It is considered well-constituted and provides an effective and appropriately broad level of challenge and oversight of the areas within its remit.

Following the consolidation of the membership of the Committee with the BPLC Board Audit Committee in September 2019, coverage of BBPLC within concurrent meetings was considered adequate.

Board Nominations Committee
The Nominations Committee is comprised solely of independent Non-Executive Directors. The Nominations Committee members are Nigel Higgins, as Chairman of the BBPLC Board along with Mike Ashley, Tim Breedon and Diane Schueneman.

In addition to scheduled meetings, the Nominations Committee also held a number of additional meetings during 2020. Attendance by the Nominations Committee members is shown in the table below. Nominations Committee meetings were attended during the year by the Chief Executive Officer, the BPLC HR Director and the BBPLC HR Director, as appropriate.

Attendance at the Nominations Committee during 2020 was as follows:

Member	Meetings attended/eligible to attend	Appointment Dates
Nigel Higgins (Chairman)	6/6	Appointed 1 March 2019
Mike Ashley	6/6	Appointed 25 September 2019
Tim Breedon	6/6	Appointed 25 September 2019
Diane Schueneman	6/6	Appointed 25 September 2019

The principal role and responsibilities of the Nominations Committee, pursuant to its Terms of Reference, are:
- Considering appointments to the Board, its Committees and BBPLC significant subsidiaries
- Considering the composition of the Board and its Committees
- Considering succession planning and talent management
- Evaluating Board effectiveness
- Assessing the length of Directors' tenure
- Considering Board induction and training
- Evaluating conflicts of interest
- Evaluating governance matters.

During 2020, the principal activities of the Committee included:
- Reviewing the Board and Board Committee composition, taking into account tenure, time commitment, skills, knowledge, experience and diversity of the Directors, and identifying any desirable skills to aid the Company in operating and competing effectively
- Considering the effectiveness of the Board during the COVID-19 pandemic as, on a practical level, the Board was required to convene remotely in order to comply with Government guidelines
- Receiving updates on the Company's executive governance framework, talent and succession management and key appointments to the Executive Committee, the succession planning review process for the Executive Committee and the global Barclays Group campaigns to promote a diverse and inclusive workforce.
- Alongside the Board, continuing to champion Barclays' Global Race at Work agenda, designed to reinforce Barclays zero tolerance stance on racism and improve opportunities and representation for ethnically diverse colleagues. This included a review of the Race at Work action plan focussed on opening up opportunities to attract, develop and add to our Black talent, which was implemented during the year. More information on diversity and inclusion, including Barclays' Global Race at Work agenda and latest Ethnicity data, is available in Barclays Diversity and Inclusion Report published on 18 February 2021
- Considering changes to the composition of the boards of a number of the Company's significant subsidiaries, including but not limited to Barclays US LLC, Barclays Bank Delaware and Barclays Capital Securities Limited
- Reviewing emergency cover planning for key executive roles in the context of the COVID-19 pandemic
- Considering the Board's director training and development.

An internal review of the effectiveness of the Nominations Committee was undertaken in respect of Committee performance in 2020. The results confirm that the Committee is operating effectively. This year's review highlights that the Committee continues to be well constituted and that the role and responsibilities of the Committee are clear and well understood. The Committee's interaction with the Board, Board Committees and senior management is considered effective. This year's review noted that the Committee continued to operate effectively in the context of the COVID-19 pandemic. The review noted that the Committee may benefit from a more formalised meeting schedule. Due to the nature of the Committee's roles and responsibilities this may not always be possible, but further consideration will be given to this during the year.

Corporate Governance Statement

Following the consolidation of the membership of the Committee with the BPLC Board Nominations Committee in September 2019, coverage of BBPLC within concurrent meetings was considered effective.

Board Remuneration Committee

The Remuneration Committee is comprised solely of independent Non-Executive Directors. The Remuneration Committee is chaired by Tim Breedon, with Mary Francis as the other member.

The principal role and responsibilities of the Remuneration Committee, pursuant to its Terms of Reference, are to:
- Adopt the over-arching principles of remuneration policy for the Barclays Bank Group within the parameters set by the BPLC Remuneration Committee
- Consider and endorse the incentive pool for the Company and its subsidiaries and the remuneration of key BBPLC executives and other specified individuals as determined by the Remuneration Committee from time to time
- Exercise oversight of remuneration issues within the Barclays Bank Group
- Approve the remuneration and compensation arrangement of employees that fall within the remit of the Remuneration Committee.

In addition to scheduled meetings, the Remuneration Committee also held a number of additional meetings during 2020. Attendance by the Remuneration Committee members is shown in the table below. Remuneration Committee meetings are attended by management, including the Chief Executive Officer and the BPLC HR Director.

Attendance at the Remuneration Committee during 2020 was as follows:

Member	Meetings attended/eligible to attend	Appointment Dates
Tim Breedon (Chairman)	6/6	Appointed 25 September 2019
Mary Francis	6/6	Appointed 25 September 2019

During 2020, the principal activities of the Committee included:
- Reviewing and adopting the Barclays Group People Risk Reward Policy, Material Risk Taker Identification Methodology and 2020 Incentive Funding Frameworks
- Adopting the funding ratio
- Endorsing the 2020 ex-ante risk adjustments
- Considering regular updates on stakeholder, regulatory and legal, financial and risk performance, pay round timings and approach
- Reviewing specific remuneration arrangements for individuals within the Remuneration Committee's remit
- Reviewing Committee effectiveness.

An internal review of the effectiveness of the Remuneration Committee was undertaken in respect of Committee performance in 2020. The results confirm that the Committee is operating effectively. The Committee continues to provide an effective level of challenge and oversight of the areas within its remit. The Committee's interaction with the Board, Board Committees and senior management is considered effective, with continued positive engagement and dialogue with senior management.

Following the consolidation of the membership of the Committee with the BPLC Board Remuneration Committee in September 2019, coverage of BBPLC matters within aligned meetings was considered adequate.

Board Risk Committee

The Risk Committee is comprised solely of independent Non-Executive Directors with membership of the Committee broadly aligned with the BPLC Risk Committee. The Risk Committee is chaired by Tim Breedon. Mike Ashley, Mohamed El-Erian (with effect from 1 July 2020), Dawn Fitzpatrick and Diane Schueneman are the other members of the Committee. Mary Anne Citrino was a member of the Committee until she stepped down from the Board on 30 September 2020. In addition to scheduled meetings, the Risk Committee also held a number of additional meetings during 2020. One of the key roles of the Risk Committee is to review and challenge the risk profile and risk appetite of the Barclays Bank Group and to consider key risk issues and internal control and risk policies concerning the Barclays Bank Group. Risk Committee meetings are attended by management, including the Barclays Group Finance Director and Barclays Group and/or BBPLC Chief Risk Officer, Chief Compliance Officer, Chief Internal Auditor, General Counsel, as appropriate, and the Company's external auditors, KPMG. Following the BPLC and BBPLC consolidation, the Committee continued to invite the relevant BBPLC Senior management to attend meetings for the appropriate agenda items.

Attendance at the Risk Committee during 2020 was as follows:

Member	Meetings attended/eligible to attend	Appointment/Resignation Dates
Tim Breedon (Chairman)	12/12	Appointed 25 September 2019
Mike Ashley	12/12	Appointed 25 September 2019
Mohamed El-Erian	5/5	Appointed 1 July 2020
Dawn Fitzpatrick	10/12	Appointed 1 January 2020
Diane Schueneman	9/12	Appointed 25 September 2019
Mary Anne Citrino	7/9	Appointed 25 September 2019; resigned 30 September 2020

The principal role and responsibilities of the Risk Committee, pursuant to its Terms of Reference, are:

- Review, on behalf of the Board, the management of the principal risks as set out in the ERMF with the exception of Reputation Risk which is a matter reserved to the Board
- Consider and recommend to the Board, within the risk parameters set by the BPLC risk committee, the Company's risk appetite and tolerance for those principal risks
- Review, on behalf of the Board, the Barclays Bank Group's risk profile for those principal risks
- Commission, receive and consider reports on key risk issues.

During 2020, the principal activities of the Risk Committee included:

- Advising the Board on the appropriate risk appetite and risk tolerance for the principal risks in the ERMF when determining strategy, including recommending to the Board for approval the proposed overall risk appetite statement and risk limits for the Company. The Committee continued, periodically, to review and /or approve risk appetite and risk limits throughout the year
- Considering and approving the Company's internal stress test themes and scenarios and the results of different stress and reverse stress assumptions, including both internal stress tests and a climate change stress test in the context of consideration of the MTP and risk appetite for 2021
- Reviewing enhancements to the stress testing process and models
- Receiving updates on the positive quantitative and qualitative results of Barclays US LLC's submission of the Comprehensive Capital Analysis and Review following submission of the CCAR stress test results to the Federal Reserve Bank (the FRB). The FRB also required US banks, including Barclays US LLC, to resubmit capital plans using new supervisory and internal baseline stress scenarios, which were reviewed by the Committee
- Ensuring that the Company has enough capital, liquidity and financial resources to meet its regulatory requirements and obligations, taking into account potential impacts for the COVID-19 pandemic and other macro-economic factors
- Reviewing and considering the operational risks arising from the Company's procedures, processes, systems and policies, and annual approval of the operational risk tolerance statement. The Committee focussed particular attention on the financial and capital implications of operational risk throughout the year, including in light of the COVID-19 pandemic as the workforce largely switched to remote working
- Evaluating the appropriateness of Barclays' Model Risk Management framework and receiving and considering reports from management in relation to managing model risk
- Overseeing the management of Conduct risk within BBPLC, and the performance of the Compliance function
- Overseeing the Company's regulatory requirements, as they relate to risk management, including regulatory and internal capital and funding requirements, approving the Company's Internal Capital Adequacy Assessment Process and Individual Liquidity Adequacy Assessment Process, including reviewing later updates to reflect the impact of the COVID-19 pandemic
- Reviewing the frameworks, policies and resources in place to support effective risk management and oversight of the Barclays Bank Group
- Reviewing performance against risk metrics and advising the Remuneration Committee when making remuneration decisions for 2020
- Reviewing and, as appropriate, endorsing statements in relation to the Company's principal risks and the effectiveness of the Company's risk management systems made in the Company's Strategic Report, Annual Report, and BBPLC elements of the BPLC Pillar 3 reporting.

The Risk Committee continually considers the impact of issues on the Barclays Bank Group and the risk environment in which it operates. It reviews steps taken by the business to manage exposures in this context. The Risk Committee also received focused presentations on a number of areas specific to the business and activities of Barclays Bank Group (including through joint presentations with the BPLC Risk Committee), including:

- Risk appetite and risk profile: to review the key themes arising from the current and prospective macro-economic, geopolitical, macro-prudential and financial environment and their impact on the Company's risk appetite and risk profile. This included responses to the COVID –19 pandemic and management actions to manage its impact
- Conduct risk: to receive an overview of the oversight and management of Conduct risk across the Barclays Bank Group and the role of the Compliance function in the management of conduct risk. This included a review of the Compliance functions contribution in supporting the Company's response to the COVID-19 pandemic through monitoring areas of heightened conduct risk and overseeing the implementation of additional controls, particularly in the context of ongoing remediation activities, monitoring working from home arrangements and reprioritisation of risks
- Stress testing: the Risk Committee considered stress test scenarios for an internal stress test, reverse stress test and climate change stress.
- Deep dives on key operational risks including, amongst others, settlements, cyber-security and suppliers and credit risks in light of the COVID-19 pandemic, including updates on risks from the CIB.

An internal review of the effectiveness of the Risk Committee was undertaken in respect of Committee performance in 2020. The results of the review were positive and indicated that the Committee is operating effectively; and that it is well constituted and provides an effective and broad level of challenge and oversight of the areas within its remit. The Committee was considered to be both challenging and influential, providing strong support to the new Chief Risk Officer. The review noted that the Committee has a broad remit having taken on oversight of Conduct and Compliance matters in 2019 following the disbanding of the Reputation Committee and that a continued focus on these areas was considered to be beneficial. The review concluded that the Committee's interaction with the Board, Board Committees and senior management is considered effective.

Following the consolidation of the membership of the Committee with the BPLC Board Risk committee in September 2019, coverage of BBPLC matters within concurrent meetings was considered appropriate.

Leadership

Individual roles on the Board and their responsibilities are set out in the Company's 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. A copy of the Charter of Expectations can be found at home.barclays/who-we-are/ourgovernance/board-responsibilities.

Appointment and retirement of Directors

The appointment and retirement of Directors is governed by the Company's Articles of Association (the Articles), the Companies Act 2006 (the Act) and related legislation.

The Articles may be amended only by a special resolution of the shareholders. The Board has the power to appoint additional Directors or to fill a casual vacancy amongst the Directors. Any such Director holds office only until the next Annual General Meeting (AGM) and may offer himself/herself for re-election. All Directors will stand for election or re-election at the 2021 AGM.

All appointments to the Board and senior management are viewed through a diversity lens and are based on merit and objective criteria, which focus on the skills and experience required for the Board's effectiveness and the delivery of the Company's strategy. Board appointments are made following a rigorous and transparent process facilitated by the Nominations Committee, with the aid of an external search consultancy firm. You can read more about the work of the Nominations Committee on page 22 to 23.

Diversity across the Barclays Group remains a key area of focus. For more detail on the Barclays Bank Group actions to increase diversity please see page 27.

The Nominations Committee regularly reviews the composition of the Board, Board Committees and Executive Committee and the core competencies, diversity and experience required. For the Board, it is standard practice to appoint any new Non-Executive Director or Chair for an initial three-year term, subject to annual re-election at the AGM, which may be extended for up to a further three-year term. As such, Non-Executive directors typically serve up to a total of six years.

Effectiveness

Appointments to the Board are made via a formal, rigorous and transparent process, based on merit, taking into account the skills, experience and diversity needed on the Board in the context of the Company's strategic direction.

As at the date of this report, we have met the Board gender diversity target of 33% with three female directors. The Board is committed to regularly reviewing its broad diversity profile.

The Company considers the composition of principal Board Committees to meet the independence criteria of the 2018 UK Corporate Governance Code, notwithstanding that the Company has chosen not to adopt and report against the 2018 UK Corporate Governance Code, as stated above, and there is appropriate cross-membership on the Board Committees to further promote effectiveness.

All Directors are expected to commit sufficient time to fulfil their duties to the Company. This includes attending, and being well-prepared for, all Board and Committee meetings, as well as making time to understand the business and meet with executives. The Company's Charter of Expectations sets out responsibilities for providing the Board with accurate, timely and high-quality information necessary for it to fulfil its duties.

An internal evaluation of the Board and Board Committees, led by the Senior Independent Director of Barclays PLC and the Company Secretary has been concluded, relating to 2020 activity. The results confirm the Board was operating effectively. Challenge by the Board was considered to be strong yet constructive and collegiate.

In its 2020 Annual Report Barclays PLC has disclosed the following in relation to its annual director effectiveness assessment:

In accordance with the Code, all of the current Directors of Barclays PLC, other than Sir Ian Cheshire who is stepping down from the Board at the end of the AGM, will be submitting themselves for election or re-election at the 2021 AGM to be held on 5 May 2021 and will be unanimously recommended by the Board for election or re-election as appropriate. As part of its decision in respect of Mr Staley, the Board has had regard to the conclusions it reached last year, which conclusions remain unchanged, in relation to the investigations by the PRA and the FCA, details of which were disclosed in our 2019 Annual Report and which remain ongoing.

Accountability

The Board is responsible for setting the Barclays Bank Group risk appetite within the overall parameters set by the Barclay's Group, being the level of risk it is prepared to take in the context of achieving the Barclays' Group strategic objectives. The ERMF is designed to identify and set minimum requirements in respect of the main risks to achieving Barclays' strategic objectives and to provide reasonable assurance that internal controls are effective.

The Board, assisted by the Risk Committee, conducts robust assessments of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

The Audit Committee oversees the effectiveness of BBPLC internal and external auditors. The Directors also review the effectiveness of the Barclays Bank Group's systems of internal control and risk management.

The Board has put in place processes to support the presentation to stakeholders of fair, balanced and understandable information.

Corporate Governance Statement

Remuneration

The Remuneration Committee reviews and adopts the Barclays Group's Remuneration Policy for use in the Barclays Bank Group. The purpose and activities of this Committee are contained in the Remuneration Committee report on page 23 of this report.

The Board has delegated responsibility to the Remuneration Committee for the consideration and approval of the remuneration arrangements of the Chair, Executive Directors, other senior executives and certain Barclays Bank Group employees. The Remuneration Committee when considering the remuneration policies and practices, seeks to ensure that they support the Company's strategy and promote the long-term success of the Company and that they are aligned to successful delivery of the Barclays Group's strategy. All executive and senior management remuneration policies will be developed only in accordance with the Barclays Group's formal and transparent procedures (ensuring that no Director is involved in deciding his/her own remuneration outcome) and having regard to workforce remuneration and related policies and the alignment of incentives and rewards with culture. All Remuneration Committee members are expected to demonstrate independent judgement and discretion when determining and approving remuneration outcomes. The Board as a whole, with the Non-Executive Directors abstaining, considers annually the fees paid to Non-Executive Directors.

Controls over financial reporting

A framework of disclosure controls and procedures is in place to support the approval of the financial statements of the Barclays Bank Group. Specific governance committees are responsible for examining the financial reports and disclosures to ensure that they have been subject to adequate verification and comply with applicable standards and legislation.

These committees report their conclusions to the Audit Committee, which debates the conclusions and provides further challenge. Finally, the Board scrutinises and approves results announcements and the BBPLC Annual Report, and ensures that appropriate disclosures have been made. This governance process ensures that both management and the Board are given sufficient opportunity to debate and challenge the financial statements of the Barclays Bank Group and other significant disclosures before they are made public.

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.

As referenced above, the Board is responsible for ensuring that management maintains an effective system of risk management and internal control and for assessing its effectiveness. Such a system is designed to identify, evaluate and manage, rather than eliminate, the risk of failure to achieve business objectives and can provide only reasonable, rather than absolute, assurance against material misstatement or loss.

Processes are in place for identifying, evaluating and managing the Principal Risks facing the Company. A key component of the framework is the 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 Company's 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 in the Risk Management section of the Strategic Report on pages 6 to 7.

The effectiveness of the risk management and internal control systems is reviewed regularly by the Risk Committee and the Audit Committee (as detailed above).
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. Further detail of the work of the Risk Committee can be found on pages 23 to 26 of this report.

As referenced above, the Audit 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 auditors. Throughout the year ended 31 December 2020 and to date, the Company has operated a system of internal control that provides reasonable assurance of effective operations covering all controls, including financial and operational controls and compliance with laws and regulations.

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 Barclays Internal Auditor and the Lead Audit Engagement Partner of the external auditor without management present. Further details of the work of the Audit Committee can be found on pages 21 to 23 of this report.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting under the supervision of the principal executive and financial officers, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements, in accordance with International Financial Reporting Standards (IFRS). Internal control over financial reporting includes policies and procedures that pertain to the maintenance of records that, in reasonable detail:

- Accurately and fairly reflect transactions and dispositions of assets
- Provide reasonable assurances that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS and that receipts and expenditures are being made only in accordance with authorisations of management and the respective Directors

- Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposition of assets that could have a material effect on the financial statements.

Internal control systems, no matter how well designed, have inherent limitations and may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that internal controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the internal control over financial reporting as of 31 December 2020. In making its assessment, management utilised the criteria set out in the 2013 COSO framework and concluded that, based on its assessment, the internal control over financial reporting was effective as of 31 December 2020.

The system of internal financial and operational controls is also subject to regulatory oversight in the UK and overseas. Further information on supervision by the financial services regulators is provided under Supervision and Regulation in the Risk review section on page 124 to 130.

Changes in internal control over financial reporting

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

Executive Committee

During 2020, the Executive Committee membership included the Chief Executive Officer, Global Heads of Markets and Banking (the Co-Presidents of BBPLC), Corporate Banking and Consumer Banking & Payments along with their functional partners, the Chief Financial Officer, Chief Risk Officer and other functional partners. The Executive Committee meets monthly and is chaired by the Chief Executive Officer. In addition to the day-to-day management of the Company, the Executive Committee supports the Chief Executive Officer in ensuring that the values, strategy and culture align, are implemented and are communicated consistently to colleagues – for example through regular leadership team conferences, and communications that are available to all colleagues.

Non-Executive Directors time commitment and conflict of interest

Non-Executive Directors, including the Chairman, are informed of the minimum time commitment prior to their appointment and they are required to devote sufficient time to the Company to discharge their responsibilities effectively.

The time commitments of Directors are considered by the Board on appointment and are reviewed when appropriate. External appointments must be agreed with the Chairman and disclosed to the Board, before appointment, with an indication of the time involved. The Board is satisfied that there are no Directors whose time commitment is considered to be a matter for concern.

In accordance with the Act and the Articles, the Board has authority to authorise conflicts of interest, and this ensures that the influence of third parties does not compromise or override 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.

Training and induction

During 2020, Directors engaged regularly (albeit virtually for the majority of the year) with senior management, as well as attending town halls and senior leadership gatherings (virtually). 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. Opportunities for in-person Director training were more limited in 2020 as a result of social distancing and as the Board and senior management focussed on the response to the COVID-19 pandemic. However, training and development was supported through Board deep dives. The Board also received an annual briefing on regulatory responsibilities including the Senior Mangers Regime and on Barclays' conduct and financial crime policies and standards.

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, to support Directors in understanding the nature of the business and the key issues the Company faces. When a Director joins a Board Committee, the schedule includes an induction to the operation of that Board Committee.

Diversity and inclusion

The Board recognises the importance of ensuring that there is broad diversity among 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 Diversity and Inclusion (D&I) strategy 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, as adopted by the Board, and D&I strategy can be found on pages 84 of the Barclays PLC Annual Report 2020.

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 Act requires the Directors to present a Strategic Report in the Annual Report. The information can be found on pages 1 to 13.

BBPLC 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 50 to 51. 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.

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 can 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:

	Pages
Performance Measures	8
Corporate Governance Report	16
Risk Management	35
Principal Risks	52
Disclosures required pursuant to Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as updated by the 2018 Regulations can be found on the following pages:	
Engagement with employees (Sch.7 Para 11 and 11A Regs 2008/2018 and S172(1) Statement)	11
Policy concerning the employment of disabled persons (Sch.7 Para 10 Regs 2008)	12
Financial Instruments (Sch.7 Para 6 Regs 2008)	180
Hedge accounting policy (Sch.7 Para 6 Regs 2008)	182

Profits and dividends

The results of the Barclays Bank Group show statutory profit after tax of £2,451m (2019: £2,780m). The Barclays Bank Group had net assets of £53,710m at 31 December 2020 (2019: £50,615m).

Barclays PLC will pay a full year dividend in respect of 2020 of 1p (2019: nil) per ordinary share on 1 April 2021 to shareholders on the share register on 26 February 2021. The Company will pay a £174m dividend to Barclays PLC in order to fund Barclays PLC's external dividend payment. In addition, the Company will pay a £520m dividend to Barclays PLC in order to partially fund a share buy-back. Further details on total dividends on ordinary shares paid in 2020 are set out in Note 10 to the financial statements. Dividends paid on preference shares for the year ended 31 December 2020 amounted to £42m (2019: £41m).

Share Capital

There was no increase in ordinary share capital during the year. Barclays PLC 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 securities or voting rights. Further information on the Company's share capital, including preference shares can be found in Note 27 of 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 Articles. No shares were issued or bought back in 2020. The Directors are authorised to issue and allot shares and to buy back shares subject to annual shareholder approval at the AGM. Such authorities were granted by shareholders at the 2020 AGM. It will be proposed at the 2021 AGM that the Directors be granted new authorities to allot and buy-back shares.

Repurchase of preference shares

No preference shares were redeemed by the Company during 2020.

Directors

The list of current Directors of the Company can be found in the Corporate Governance Statement. 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
Mohamed El Erian	Non-Executive Director	Appointed 1 January 2020
Tushar Morzaria*	Executive Director	Appointed 7 February 2020
Matthew Lester	Non-Executive Director	Resigned 1 January 2020
Mary Anne Citrino	Non-Executive Director	Resigned 30 September 2020

*Tushar Morzaria was appointed as an Executive Director, pending regulatory approval, on 25 September 2019. Regulatory approval was given on 7 February 2020, the date on which his formal appointment became effective.

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' & Officers' Liability Insurance which gives appropriate cover for legal action brought against its Directors.

Qualifying pension scheme indemnity provisions (as defined by section 235 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 directors of Barclays Pension Funds Trustees Limited as trustee of the Barclays Bank UK Retirement Fund, Barclays Capital International Pension Scheme (No.1) and Barclays PLC Funded Unapproved Retirement Benefits Scheme. The directors of the trustee are indemnified against liability incurred in connection with the trustee's activities in relation to the aforementioned schemes.

Political donations

The Barclays Bank Group did not give any money for political purposes in the UK, the EU or outside the EU, nor did it make any political donations to political parties or other political organisations or to any independent election candidates, 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 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. In November 2020, on its way to achieving that ambition, Barclays Group set out the methodology and targets that begin to align the emissions Barclays finances with the Paris Climate Agreement. More information is set out in the Barclays Group Environmental Social Governance Report, published alongside the Barclays PLC Annual Report 2020.

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

Barclays Group invests in improving the energy efficiency of its operations and offsets 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 its lending practices, which is embedded into its 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. For more information about how Barclays Group's is helping to tackle climate change please see page 5 of the Strategic Report and the Barclays PLC Annual Report 2020.

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 the Barclays Group website at home.barclays.com/esg.

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

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

For further information on managing our supply chain, please see our ESG Report at **home.barclays/esg**.

Branches and Country-by-Country reporting

The Barclays Bank Group operates through branches, offices and subsidiaries in the UK and overseas. Those branches are in a number of different jurisdictions including in Hong Kong, Singapore and New York.

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 PLC. This information is available on the Barclays website: home.barclays/annualreport.

Research and development

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

Change of control

There are no significant agreements to which the Company is a party that are affected by a change of control of the Company following a takeover bid. There are no agreements between the Company and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid.

The Auditors

The BPLC Audit Committee reviews the appointment of the external auditors, as well as their relationship with the Barclays Group, including monitoring the Barclays Group's use of the external auditors for non-audit services and the balance of audit and non-audit fees paid to them. The BBPLC Audit Committee also monitors the use of the external auditors for non-audit services within BBPLC. More details on this can be found in Note 39 to the financial statements.

Directors' report

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

Non-audit services

In order to safeguard the auditor's independence and objectivity, the Barclays Group has in place a policy setting out the circumstances in which the auditor may be engaged to provide services other than those covered by the Barclays Group audit. The Barclays Group Policy on the Provision of Services by the Group Statutory Auditor (the Policy) applies to all Barclays' subsidiaries and other material entities over which Barclays has significant influence. The core principle of the Policy is that non-audit services (other than those legally required to be carried out by the Barclays Group's auditor) should be performed by the auditor only in certain controlled circumstances. The Policy sets out those types of services that are strictly permitted.

Under the Policy, except for specific categories of 'permitted' services that require explicit Committee approval, the BPLC audit committee has pre-approved all permitted services for which fees are less than £100,000. All requests to engage the auditor are assessed by independent management before work can commence. Requests for permitted service types in respect of which the fees are expected to meet or exceed the above threshold must be approved by the Chairman of the BPLC audit committee before work is permitted to begin. Services where the fees are expected to be £250,000 or higher must be approved by the BPLC Audit Committee as a whole. All expenses and disbursements must be included in the fees calculation. More information on this can be found in the Barclays PLC Annual Report 2020.

The fees payable to KPMG for the year ended 31 December 2020 amounted to £38m (2019:£35m), of which £8m (2019:£7m) was payable in respect of non-audit services. A breakdown of the fees payable to the auditor for statutory audit and non-audit work can be found in Note 39 to the financial statements.

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 auditors are 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 auditors are 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 132 to 147, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditor in relation to the accounts.

Going concern

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

In preparing each of the Barclays Bank Group and Company financial statements, the Directors are required to:

- assess the Barclays Bank Group and Company'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 Group or to cease operations, or have no realistic alternative but to do so.

The Barclays Bank 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 the Company and the Barclays Bank Group accounts for each financial year and, with regard to Barclays Bank Group accounts, in accordance with article 4 of the IAS regulation. The Directors have prepared these 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. Pursuant to 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 Group and the Company and of their profit or loss for that period.

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

The Directors are satisfied that the Annual Report and Financial Statements, taken as a whole, are fair, balanced and understandable, and provide the information necessary for shareholders to assess the 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 Group keeps accounting records which disclose, with reasonable accuracy, the financial position of the Company and the Barclays Bank Group, and which enable them to ensure that the accounts 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 19, confirm to the best of their knowledge that:

(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
(b) the management report, on pages 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

Stephen Shapiro
Company Secretary
17 February 2021

Barclays Bank PLC
Registered in England. Company No. 1026167

Risk review
Contents

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

Contents

Risk performance continued

Risk review
Contents

Risk management

Barclays' risk management strategy

The Barclays Bank Group's risk management strategy

This section introduces the Barclays Bank 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 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 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 Group CEO and other senior managers, as well as the Barclays Bank Group committees.

The ERMF is complemented by frameworks, policies and standards which are mainly aligned to individual Principal Risks:

- Frameworks cover the management approach for a collection of related activities and define the associated policies used to govern them.
- Policies set out principles and other core requirements for the activities of the Barclays Bank 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 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 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 risks 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

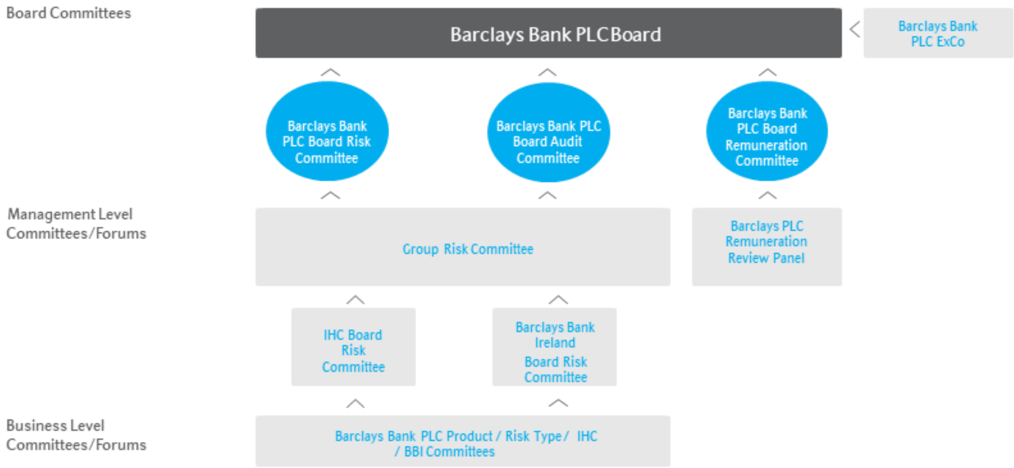
Risk appetite is defined as the level of risk which the Barclays Bank Group's businesses are prepared to accept in the conduct of their activities. It provides a basis for ongoing dialogue between management and Board with respect to the Barclays Bank Group's current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis.

The Barclays Group's total risk appetite and its allocation to the Barclays Bank Group are supported by limits to control exposures and activities that have material concentration risk implications.

Risk review

Risk management

Barclays' risk management strategy



Risk Committees

Barclays Bank Group Product/Risk Type Committees consider risk matters relevant to their business, and escalate as required to the Barclays Group Risk Committee, whose Chairman, in turn, escalates to the Barclays Bank PLC Board Committees and the Barclays Bank PLC Board.

There are two Board-level forums which oversee the application of the ERMF and review and monitor risk across Barclays Bank PLC. These are: the Barclays Bank PLC Board Risk Committee and the Barclays Bank PLC Board Audit Committee. Additionally, the Barclays Bank PLC Board Remuneration Committee oversees pay practices focusing on aligning pay to sustainable performance in line with policies. Finally, the Barclays Bank PLC Board receives regular information on the risk profile of Barclays Bank Group, and has ultimate responsibility for risk appetite and capital plans, within the parameters set by the Barclays PLC Board.

- **The Barclays Bank PLC Board:** One of the Board's responsibilities is the approval of the risk appetite of Barclays Bank Group. Risk appetite is approved by the Barclays PLC Board and disseminated across legal entities, including the Barclays Bank Group. The Barclays Bank Group may choose to adopt a lower risk appetite than allocated to it by the Barclays Group. The Barclays Bank PLC Board is also responsible for the adoption of the ERMF.
- **The Barclays Bank PLC Board Risk Committee (BRC):** The BRC monitors Barclays Bank Group's risk profile against the agreed appetite. Where actual performance differs from expectations, the actions taken by management are reviewed to ascertain that the BRC is comfortable with them. The Barclays Bank Group CRO regularly presents a report to the BRC summarising developments in the risk environment and performance trends in the key portfolios. The BRC also reviews certain key risk methodologies, the effectiveness of risk management, and the Barclays Bank Group 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 Group CRO or senior risk managers in the businesses.

  All members are independent non-executive Directors. The Chairman of the BRC also sits on the BAC.
- **The Barclays Bank PLC Board Audit Committee (BAC):** The 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 PLC Board Remuneration Committee (RemCo):** The RemCo receives a detailed 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.

A small number of risk management forums, supported by reporting processes, include representation from the Barclays Group risk management executives, as well as from the operating entities (including the Barclays Bank Group) as appropriate. This is typically to consider matters that are relevant to the risk profile of the Barclays Group, and/or where it is appropriate to make decisions that apply uniformly across the Barclays Group (for instance, the Barclays Group Impairment Committee approves impairment results).

Role of the Barclays Group Risk Management Processes and Forums in the Barclays Bank Group
The Barclays Group Risk teams and Board Committees conduct risk management activity, and oversight, in respect of the Barclays Bank Group:

- The Barclays Group Board allocates a portion of the overall risk appetite to the Barclays Bank Group;
- Certain Barclays Group Committees and executives review, and take decisions on, matters, events or transactions originating in the Barclays Bank Group that are relevant to the risk profile of the Barclays Group;
- Barclays Group-wide risk policies are owned by the Barclays Group Risk Function teams, and adopted by the Barclays Bank Group. Entity-specific addenda are agreed with the Barclays Group where local regulations would otherwise preclude adoption, or to clarify or emphasise particular aspects.

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 Group identifies, escalates and manages risk matters.

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

Risk management

Barclays' risk management strategy

- 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 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.

Risk review
Material existing and emerging risks

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

The Barclays Bank 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 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 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 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 Group.

The COVID-19 pandemic has caused disruption to the Barclays Bank Group's customers, suppliers and staff globally. Most jurisdictions in which the Barclays Bank Group operates have implemented severe restrictions on the movement of their respective populations, with a resultant significant impact on economic activity in those jurisdictions. These restrictions are being determined by the governments of individual jurisdictions (including through the implementation of emergency powers) and impacts (including the timing of implementation and any subsequent lifting or extension of restrictions) may vary from jurisdiction to jurisdiction and/or within jurisdictions. It remains unclear how the COVID-19 pandemic will evolve through 2021 (including whether there will be further waves of the COVID-19 pandemic, whether COVID-19 vaccines approved for use by regulatory authorities will be deployed successfully with desired results, whether further new strains of COVID-19 will emerge and whether, and in what manner, additional restrictions will be imposed and/or existing restrictions extended) and the Barclays Bank Group continues to monitor the situation closely. However, despite the COVID-19 contingency plans established by the Barclays Bank 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 Group's customers, potential litigation costs (including regulatory fines, penalties and other sanctions), and reputational damage.

In many of the jurisdictions in which the Barclays Bank Group operates, schemes have been initiated by central banks, national governments and regulators to provide financial support to parts of the economy most impacted by the COVID-19 pandemic. These schemes have been designed and implemented at pace, meaning lenders (including Barclays) continue to address operational issues which have arisen in connection with the implementation of the schemes, including resolving the interaction between the schemes and existing law and regulation. In addition, the full extent of how these schemes will impact the Barclays Bank Group's customers and therefore the impact on the Barclays Bank 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 certain of the Barclays Bank Group's portfolios and may reduce fee income being earned on certain products and negatively impact the Barclays Bank 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 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 Group is required by any government or regulator to offer forbearance or additional financial relief to borrowers or if the Barclays Bank Group is unable to rely on guarantees provided by governments in connection with financial support schemes as a result of the Barclays Banks Group's failure to comply with scheme requirements or otherwise.

As these schemes and other financial support schemes provided by national governments (such as job retention and furlough schemes) expire, are withdrawn or are no longer supported, economic growth may be negatively impacted which may impact the Barclays Bank Group's results of operations and profitability. In addition, the Barclays Bank 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 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 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 Group's rights not being enforced as intended. For further details, refer to "viii) Legal risk and legal, competition and regulatory matters" below.

Material existing and emerging risks

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

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

The disruption to economic activity globally caused by the COVID-19 pandemic could adversely impact the Barclays Bank Group's other assets such as goodwill and intangibles, and the value of Barclays Bank PLC's investments in subsidiaries. It could also impact the Barclays Bank 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 Group's RWAs and capital position, and potential liquidity stress due to (among other things) increased customer drawdowns, notwithstanding the significant initiatives that governments and central banks have put in place to support funding and liquidity. Furthermore, a significant increase in the utilisation of credit cards by customers could have a negative impact on the Barclays Bank Group's RWAs and capital position.

Furthermore, in order to support lending activity to promote economic growth, governments and/or regulators may limit management's flexibility in managing its business, require the deployment of capital in particular business lines or otherwise restrict or limit capital distributions and capital allocation.

Any and all such events mentioned above could have a material adverse effect on the Barclays Bank 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 Group's customers, employees and suppliers.

ii) Business conditions, general economy and geopolitical issues

The Barclays Bank 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 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 Group; (iv) mark-to-market losses in trading portfolios resulting from changes in factors such as credit ratings, share prices and solvency of counterparties; and (v) revisions to calculated ECLs leading to increases in impairment allowances. In addition, the Barclays Bank Group's ability to borrow from other financial institutions or raise funding from external investors may be affected by deteriorating economic conditions and market disruption.

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

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

- A significant proportion of the Barclays Bank Group's portfolio is located in the US, including a major credit card portfolio and a range of corporate and investment banking exposures. The possibility of significant continued changes in US policy in certain sectors (including trade, healthcare and commodities) may have an impact on the Barclays Bank Group's associated portfolios. Stress in the US economy, weakening GDP and the associated exchange rate fluctuations, heightened trade tensions (such as the current dispute between the US and China), an unexpected rise in unemployment and/or an increase in interest rates could lead to increased levels of impairment, resulting in a negative impact on the Barclays Bank Group's profitability.
- An escalation in geopolitical tensions or increased use of protectionist measures may negatively impact the Barclays Bank Group's business in the affected regions.
- In China the pace of credit growth remains a concern, given the high level of leverage and despite government and regulatory action. A stronger than expected slowdown could result if authorities fail to appropriately manage growth during the transition from manufacturing towards services and the end of the investment and credit-led boom. Deterioration in emerging markets could affect the Barclays Bank Group if it results in higher impairment charges via sovereign or counterparty defaults.

iii) The UK's withdrawal from the European Union

There are a number of factors associated with the UK's withdrawal from the EU, which could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

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

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

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

Current provision of financial services
The TCA does not cover financial services regulation. Accordingly, UK-based entities within the Barclays Group (such as Barclays Bank PLC and Barclays Bank UK PLC) are no longer able to rely on the European passporting framework for financial services. Barclays Bank PLC and Barclays Capital Securities Limited have put in place new arrangements in the provision of cross-border banking and investment services to customers and counterparties in the EEA (including by servicing EEA clients through the Barclays Group's EEA hub (Barclays Bank Ireland PLC), whilst Barclays Bank UK PLC remains focused on UK customers.

The TCA was accompanied by a Joint Declaration on Financial Services, requiring the parties to agree a Memorandum of Understanding (MoU), by March 2021, establishing the framework for cooperation in financial services. The MoU will also cover how to move forward on equivalence determinations between the EU and the UK.

There can be no assurance that the EU and the UK will reach further agreement on equivalence decisions. As a result, equivalence decisions which would enable UK firms to access EEA clients on a cross border basis for certain markets products, cannot be relied upon to allow UK-based entities within the Barclays Bank Group to meet all of the needs of customers and clients based in the EEA. However, there are certain other types of equivalence decisions which are material to the operations of the Barclays Bank Group. To date, the EU and the UK have only agreed a temporary position on mutual equivalence in relation to clearing and settlement (CCP equivalence). If the current mutual, temporary equivalence decision in relation to CCP equivalence expires and is not replaced, this could have a material adverse effect on the Barclays Bank Group's business as well as its clients. In addition, HM Treasury has made certain unilateral equivalence decisions, (including under the Capital Requirements Regulation (CRR) and the removal of such decisions could have a material impact on the operations of the Barclays Bank Group.

The Barclays Bank Group provides the majority of its cross-border banking and investment services to EEA clients via Barclays Bank Ireland PLC. Additionally, in certain EEA Member States, Barclays Bank PLC and Barclays Capital Securities Limited (BCSL) have applied for and received cross border licences to enable them to continue to conduct a limited range of activities, including accessing EEA trading venues and interdealer trading. As a result of the onshoring of EU legislation in the UK and the exercise of the UK regulators' Temporary Transitional Powers, UK-based entities within the Barclays Bank Group are currently subject to substantially the same rules and regulations as prior to the UK's withdrawal from the EU. It is the UK's intention eventually to recast onshored EU legislation as part of UK legislation and PRA and FCA rules, which could result in changes to regulatory requirements in the UK.

If the regulatory regimes for EU and UK financial services change further, or if temporary permissions and equivalence decisions expire, and are not replaced, the provision of cross-border banking and investment services across the Barclays Bank Group may become more complex and costly which could have a material adverse effect on the Barclays Bank Group's business and results of operations and could result in the Barclays Bank Group modifying its legal entity, capital and funding structures and business mix, exiting certain business activities altogether or not expanding in areas despite otherwise attractive potential returns. This may also be exacerbated if, Barclays Bank Ireland PLC expands further and, as a result of its growth and importance to the Barclays Bank Group and the EEA banking system as a whole, Barclays Bank Ireland PLC is made subject to higher capital requirements or restrictions are imposed by regulators on capital allocation and capital distributions by Barclays Bank Ireland PLC.

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

Changes to interest rates are significant for the Barclays Bank Group, especially given the uncertainty as to the direction of interest rates and the pace at which they may change particularly in the Barclays Bank Group's main markets of the UK and the US.

A continued period of low interest rates and flat yield curves, including any further rate cuts and/or negative interest rates, may affect and continue to put pressure on the Barclays Bank 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 Group.

Interest rate rises could positively impact the Barclays Bank Group's profitability as retail and corporate business income increases due to margin de-compression. However, further increases in interest rates, if larger or more frequent than expected, could lead to generally weaker than expected growth, reduced business confidence and higher unemployment. This, in turn, could cause stress in the lending portfolio and underwriting activity of the Barclays Bank Group with resultant higher credit losses driving an increased impairment charge which would most notably impact retail unsecured portfolios and wholesale non-investment grade lending and could have a material effect on the Barclays Bank 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 Group's liquid asset portfolio. Consequently, this could create more volatility than expected through the Barclays Bank Group's Fair Value through Other Comprehensive Income (FVOCI) reserves.

v) Competition in the banking and financial services industry

The Barclays Bank Group operates in a highly competitive environment (in particular, in the UK and US) in which it must evolve and adapt to the significant changes as a result of financial regulatory reform, technological advances, increased public scrutiny and current economic conditions. The Barclays Bank 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 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 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 Group's products and services, which could reduce the Barclays Bank Group's revenues and profitability, or may cause the Barclays Bank 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 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 Group's ability to attract or retain clients and customers. Any such impact could, in turn, reduce the Barclays Bank Group's revenues.

vi) Regulatory change agenda and impact on business model

The Barclays Bank Group remains subject to ongoing significant levels of regulatory change and scrutiny in many of the countries in which it operates (including, in particular, the UK and the US). As a result, regulatory risk will remain a focus for senior management. Furthermore, a more intensive regulatory approach and enhanced requirements together with the potential lack of international regulatory co-ordination as enhanced supervisory standards are developed and implemented may adversely affect the Barclays Bank Group's business, capital and risk management strategies and/or may result in the Barclays Bank 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 Group's business mix or exiting other businesses; and/or
- undertaking other actions to strengthen the Barclays Bank Group's position.

- The derivatives market has been the subject of particular focus for regulators in recent years across the G20 countries and beyond, with regulations introduced which require the reporting and clearing of standardised over the counter (OTC) derivatives and the mandatory margining of non-cleared OTC derivatives. These regulations may increase costs for market participants, as well as reduce liquidity in the derivatives markets, in particular if there are areas of overlapping or conflicting regulation. More broadly, changes to the regulatory framework (in particular, the review of the second Markets in Financial Instruments Directive and the implementation of the Benchmarks Regulation) could entail significant costs for market participants and may have a significant impact on certain markets in which the Barclays Bank Group operates.
- The Barclays Group and certain of its members (including Barclays Bank PLC) are subject to supervisory stress testing exercises in a number of jurisdictions. These exercises currently include the programmes of the Bank of England, the European Banking Authority (EBA), the Federal Deposit Insurance Corporation (FDIC) and the Federal Reserve Board (FRB). Failure to meet the requirements of regulatory stress tests, or the failure by regulators to approve the stress test results and capital plans of the Barclays Group, could result in the Barclays Group or certain of its members (including Barclays Bank 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 Group, see the Supervision and regulation section.

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

As the economy transitions to a low-carbon economy, financial institutions such as the Barclays Bank Group may face significant and rapid developments in stakeholder expectations, policy, law and regulation which could impact the lending activities the Barclays Bank Group undertakes, as well as the risks associated with its lending portfolios, and the value of the Barclays Bank Group's financial assets. As sentiment towards climate change shifts and societal preferences change, the Barclays Bank 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 Group's products, returns on certain business activities and the value of certain assets and trading positions resulting in impairment charges.

In addition, the impacts of physical and transition climate risks can lead to second order connected risks, which have the potential to affect the Barclays Bank 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 Group's clients, higher ECLs, and increased charge-offs and defaults among retail customers.

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

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

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

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

Uncertainty as to the nature of such potential changes, the availability and/or suitability of alternative "risk-free" reference rates and other reforms may adversely affect a broad range of transactions (including any securities, loans and derivatives which use LIBOR to determine the amount of interest payable that are included in the Barclays Bank Group's financial assets and liabilities) that use these reference rates and indices and introduce a number of risks for the Barclays Bank 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 Group faces conduct risks. These may lead to customer complaints, regulatory sanctions or reputational impact if the Barclays Bank 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 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 Group to calculate and model amounts receivable by them on certain financial assets and determine the amounts payable on certain financial liabilities (such as debt securities issued by them) because currently alternative "risk-free" reference rates (such as the Sterling Overnight Index Average (SONIA) and the Secured Overnight Financing Rate (SOFR)) are look-back rates whereas term rates (such as LIBOR) allow borrowers to calculate at the start of any interest period exactly how much is payable at the end of such interest period. This may have a material adverse effect on the Barclays Bank Group's cashflows;
- **Pricing risk:** changes to existing reference rates and indices, discontinuation of any reference rate or indices and transition to alternative "risk-free" reference rates may impact the pricing mechanisms used by the Barclays Bank Group on certain transactions;
- **Operational risk:** changes to existing reference rates and indices, discontinuation of any reference rate or index and transition to alternative "risk-free" reference rates may require changes to the Barclays Bank 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 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 Group's financial results and performance.

Any of these factors may have a material adverse effect on the Barclays Bank 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 Group, see Note 40 to the financial statements.

Material existing and emerging risks impacting individual principal risks

i) Credit risk

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

In addition, the move from incurred losses to ECLs has the potential to impact the Barclays Bank Group's performance under stressed economic conditions or regulatory stress tests. For more information, refer to Note 7 to the financial statements.

b) Specific sectors and concentrations

The Barclays Bank 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 Group's portfolio which could have a material impact on performance:

- **UK retail, hospitality and leisure.** Softening demand, rising costs and a structural shift to online shopping is fuelling pressure on the UK High Street and other sectors heavily reliant on consumer discretionary spending. As these sectors continue to reposition themselves, the trend represents a potential risk in the Barclays Bank Group's UK corporate portfolio from the perspective of its interactions with both retailers and their landlords.
- **Consumer affordability** has remained a key area of focus, particularly in unsecured lending. Macroeconomic factors, such as rising unemployment, that impact a customer's ability to service unsecured debt payments could lead to increased arrears in both unsecured and secured products. The Barclays Bank Group is exposed to the adverse credit performance of unsecured products, particularly in the US through its US Cards business.
- **UK real estate market.** Barclays Bank Group's corporate credit exposure is vulnerable to the impacts of the ongoing COVID-19 stress, with particular weakness in retail property as a result of reduced rent collections and residential development, and faces the risk of increased impairment from a material fall in property prices.
- **Leverage finance underwriting.** The Barclays Bank Group takes on sub-investment grade underwriting exposure, including single name risk, particularly in the US and Europe. The Barclays Bank Group is exposed to credit events and market volatility during the underwriting period. Any adverse events during this period may potentially result in loss for the Barclays Bank Group, or an increased capital requirement should there be a need to hold the exposure for an extended period.

Material existing and emerging risks

- **Italian mortgage and wholesale exposure**. The Barclays Bank Group is exposed to a decline in the Italian economic environment through a mortgage portfolio in run-off and positions to wholesale customers. The Italian economy was severely impacted by the COVID-19 pandemic in 2020 and recovery has been slower than anticipated. Should the Italian economy deteriorate further or any recovery take longer to materialise, there could be a material adverse effect on the Barclays Bank Group's results of operations including, but not limited to, increased credit losses and higher impairment charges.
- **Oil & Gas sector.** The Barclays Bank Group's corporate credit exposure includes companies whose performance is dependent on the oil and gas sector. Weaker demand for energy products, in particular as a result of the COVID-19 pandemic, combined with a sustained period of lower energy prices has led to the erosion of balance sheet strength, particularly for higher cost producers and those businesses who supply goods and services to the oil and gas sector. Any recovery from the drop in demand is likely to remain volatile and energy prices could remain subdued at low levels for the foreseeable future, below the break-even point for some companies. Furthermore, in the longer term, costs associated with the transition towards renewable sources of energy may place great demands on companies that the Barclays Bank Group has exposure to globally. These factors could have a material adverse effect on the Barclays Bank Group's business, results of operations and financial condition through increased impairment charges.

The Barclays Bank Group also has large individual exposures to single name counterparties, both in its lending activities and in its financial services and trading activities, including transactions in derivatives and transactions with brokers, central clearing houses, dealers, other banks, mutual and hedge funds and other institutional clients. The default of such counterparties could have a significant impact on the carrying value of these assets. In addition, where such counterparty risk has been mitigated by taking collateral, credit risk may remain high if the collateral held cannot be realised, or has to be liquidated at prices which are insufficient to recover the full amount of the loan or derivative exposure. Any such defaults could have a material adverse effect on the Barclays Bank Group's results due to, for example, increased credit losses and higher impairment charges.

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

ii) Market risk

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

Economic and financial market uncertainties remain elevated, as the path of the COVID-19 pandemic is inherently difficult to predict. Further waves of the COVID-19 pandemic, deployment of COVID-19 vaccines not being as successful as desired, intensifying social unrest that weighs on market sentiment, and deteriorating trade and geopolitical tensions are some of the factors that could heighten market risks for the Barclays Bank Group's portfolios.

In addition, the Barclays Bank Group's trading business is generally exposed to a prolonged period of elevated asset price volatility, particularly if it negatively affects the depth of marketplace liquidity. Such a scenario could impact the Barclays Bank Group's ability to execute client trades and may also result in lower client flow-driven income and/or market-based losses on its existing portfolio of market risks. These can include having to absorb higher hedging costs from rebalancing risks that need to be managed dynamically as market levels and their associated volatilities change.

It is difficult to predict changes in market conditions, and such changes could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

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

iii) Treasury and capital risk

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

a) Liquidity risk

Liquidity risk is the risk that the Barclays Bank 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 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 Group faces include:

- **The stability of the Barclays Bank Group's current funding profile:** In particular, that part which is based on accounts and deposits payable on demand or at short notice, could be affected by the Barclays Bank Group failing to preserve the current level of customer and investor confidence. The Barclays Bank Group also regularly accesses the money and capital markets to provide short-term and long-term funding to support its operations. Several factors, including adverse macroeconomic conditions, adverse outcomes in conduct and legal, competition and regulatory matters and loss of confidence by investors, counterparties and/or customers in the Barclays Bank Group, can affect the ability of the Barclays Bank Group to access the capital markets and/or the cost and other terms upon which the Barclays Bank 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 PLC and certain members of the Barclays Bank Group. Credit ratings are based on a number of factors, including some which are not within the Barclays Bank Group's control (such as political and regulatory developments, changes in rating methodologies, macroeconomic conditions and the sovereign credit ratings of the countries in which the Barclays Bank Group operates).

Whilst the impact of a credit rating change will depend on a number of factors (including the type of issuance and prevailing market conditions), any reductions in a credit rating (in particular, any downgrade below investment grade) may affect the Barclays Bank Group's access to the money or capital markets and/or terms on which the Barclays Bank Group is able to obtain market funding, increase costs of funding and credit spreads, reduce the size of the Barclays Bank 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 Group. Any of these factors could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects.

Material existing and emerging risks

b) Capital risk

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

- **Failure to meet prudential capital requirements:** This could lead to the Barclays Bank 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 Group's capital or leverage position.
- **Adverse changes in FX rates impacting capital ratios:** The Barclays Bank Group has capital resources, risk weighted assets and leverage exposures denominated in foreign currencies. Changes in foreign currency exchange rates may adversely impact the Sterling equivalent value of these items. As a result, the Barclays Bank Group's regulatory capital ratios are sensitive to foreign currency movements. Failure to appropriately manage the Barclays Bank Group's balance sheet to take account of foreign currency movements could result in an adverse impact on the Barclays Bank Group's regulatory capital and leverage ratios.
- **Adverse movements in the pension fund:** Adverse movements in pension assets and liabilities for defined benefit pension schemes could result in deficits on a funding and/or accounting basis. This could lead to the Barclays Bank Group making substantial additional contributions to its pension plans and/or a deterioration in its capital position. Under IAS 19, the liabilities discount rate is derived from the yields of high quality corporate bonds. Therefore, the valuation of the Barclays Bank Group's defined benefits schemes would be adversely affected by a prolonged fall in the discount rate due to a persistent low interest rate and/or credit spread environment. Inflation is another significant risk driver to the pension fund as the liabilities are adversely impacted by an increase in long-term inflation expectations.

c) Interest rate risk in the banking book

Interest rate risk in the banking book is the risk that the Barclays Bank 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 Group's hedge programmes for interest rate risk in the banking book rely on behavioural assumptions and, as a result, the success of the hedging strategy cannot be guaranteed. A potential mismatch in the balance or duration of the hedge assumptions could lead to earnings deterioration. A decline in interest rates in G3 currencies may also compress net interest margin on retail portfolios. In addition, the Barclays Bank 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 Group's approach to treasury and capital risk, see the treasury and capital risk management and treasury and capital risk performance sections.

iv) Operational risk

Operational risk is the risk of loss to the Barclays Bank 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 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 Group and across the financial services industry, whether arising through impacts on the Barclays Bank Group's technology systems 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 Group's business processes depend, may result in significant customer detriment, costs to reimburse losses incurred by the Barclays Bank 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 Group, like other financial institutions, experiences numerous attempts to compromise its cyber security.

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

A failure in the Barclays Bank 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 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 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 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 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 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 Group.

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

c) New and emergent technology

Technology is fundamental to the Barclays Bank 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 Group, with new solutions being developed both in-house and in association with third-party companies. For example, payment services and securities, futures and options trading are increasingly occurring electronically, both on the Barclays Bank Group's own systems and through other alternative systems, and becoming automated. Whilst increased use of electronic payment and trading systems and direct electronic access to trading markets could significantly reduce the Barclays Bank Group's cost base, it may, conversely, reduce the commissions, fees and margins made by the Barclays Bank Group on these transactions which could have a material adverse effect on the Barclays Bank 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 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 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). 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 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 Group's business, results of operations, financial condition and prospects.

e) Data management and information protection

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

The international nature of both the Barclays Bank Group's business and its IT infrastructure also means that personal information may be available in countries other than those from where it originated. Accordingly, the Barclays Bank Group needs to ensure that its collection, use, transfer and storage of personal information complies with all applicable laws and regulations in all relevant jurisdictions, which could: (i) increase the Barclays Bank Group's compliance and operating costs; (ii) impact the development of new products or services, impact the offering of existing products or services, or affect how products and services are offered to clients and customers; (iii) demand significant oversight by the Barclays Bank Group's management; and (iv) require the Barclays Bank Group to review some elements of the structure of its businesses, operations and systems in less efficient ways.

Concerns regarding the effectiveness of the Barclays Bank Group's measures to safeguard personal information, or even the perception that those measures are inadequate, could expose the Barclays Bank Group to the risk of loss or unavailability of data or data integrity issues and/or cause the Barclays Bank Group to lose existing or potential clients and customers, and thereby reduce the Barclays Bank Group's revenues. Furthermore, any failure or perceived failure by the Barclays Bank 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 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 Group's reputation and otherwise materially adversely affect its business, results of operations, financial condition and prospects.

f) Algorithmic trading

In some areas of the investment banking business, trading algorithms are used to price and risk manage client and principal transactions. An algorithmic error could result in erroneous or duplicated transactions, a system outage, or impact the Barclays Bank Group's pricing abilities, which could have a material adverse effect on the Barclays Bank Group's business, results of operations, financial condition and prospects and reputation.

g) Processing error

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

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

h) Supplier exposure

The Barclays Bank Group depends on suppliers for the provision of many of its services and the development of technology. Whilst the Barclays Bank Group depends on suppliers, it remains fully accountable for any risk arising from the actions of suppliers. The dependency on suppliers and sub-contracting of outsourced services introduces concentration risk where the failure of specific suppliers could have an impact on the Barclays Bank 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 Group's business, results of operations, financial condition and prospects.

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

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

j) Tax risk

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

k) Ability to hire and retain appropriately qualified employees

As a regulated financial institution, the Barclays Bank Group requires diversified and specialist skilled colleagues. The Barclays Bank 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 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 Group's approach to operational risk, see the operational risk management and operational risk performance sections.

v) Model risk

Model risk is the risk of potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports. The Barclays Bank 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 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 Group making inappropriate business decisions and/or inaccuracies or errors being identified in the Barclays Bank 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 Group's business, results of operations, financial condition and prospects.

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

vi) Conduct risk

Conduct risk is the risk of detriment to customers, clients, market integrity, effective competition or the Barclays Bank 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 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 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 Group's business include (i) employees improperly selling or marketing the Barclays Bank 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 Group, its customers or third parties. These risks may be exacerbated in circumstances where the Barclays Bank 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 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 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 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 Group throughout their lifecycle, However, there is a risk that the design and review of the Barclays Bank Group 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 Group, and this focus is set to continue in 2021.

d) Financial crime

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

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

vii) Reputation risk

Reputation risk is the risk that an action, transaction, investment, event, decision or business relationship will reduce trust in the Barclays Bank Group's integrity and 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 Group's overall reputation and any one transaction, investment or event (in the perception of key stakeholders) can reduce trust in the Barclays Bank Group's integrity and competence. The Barclays Bank 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 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 Group conducts its business activities, or the Barclays Bank 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 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 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 Group (see "iv) Operational risk" above).

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

viii) Legal risk and legal, competition and regulatory matters

The Barclays Bank 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 Group's businesses and business practices. In each case, this exposes the Barclays Bank 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 Group to meet their respective legal obligations, including legal or contractual requirements. Legal risk may arise in relation to any number of the risk material existing and emerging risks identified above.

A breach of applicable legislation and/or regulations by the Barclays Bank 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 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 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 Group being liable to third parties or may result in the Barclays Bank Group's rights not being enforced as intended.

Details of legal, competition and regulatory matters to which the Barclays Bank Group is currently exposed are set out in Note 25. In addition to matters specifically described in Note 25, the Barclays Bank Group is engaged in various other legal proceedings which arise in the ordinary course of business. The Barclays Bank 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 Group is, or has been, engaged.

The outcome of legal, competition and regulatory matters, both those to which the Barclays Bank 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 Group may incur significant expense, regardless of the ultimate outcome, and any such matters could expose the Barclays Bank 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 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 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 Group's business, results of operations, financial condition and prospects.

Climate change risk management

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 the bank has implemented a Financial and Operational Risks of Climate Change Plan built around three main pillars:

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

For more detail on how climate change risks arise and their impact on the Barclays Bank 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 Group CRO for matters pertaining to the Barclays Bank 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 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 a 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. Sovereigns: a risk factor matrix, incorporating Physical, Transition and Connected risk factors, has been developed to assess a sovereign's ability and capacity to respond to climate-related challenges. Carbon Emissions Model - BlueTrack™: has been developed to support Barclays' portfolio transition in line with the Paris Agreement.
Market Risk	Stress tests are used to assess and aggregate exposures arising from climate related risks. Stress test scenarios are applied to a range of assets, reflecting the impact of climate change across sectors, countries and regions.
Treasury and Capital Risk	Exposures within the oversight of the Treasury and Capital Risk function are assessed and informed by analysis and stress testing for understanding of how they are impacted by climate change
Operational Risk	The Risks associated with Climate Change are relevant to the following Operational Risk Categories/Themes which are managed through the Operational Risk Framework: Resilience Risk Theme, which includes Barclays supply chain requirements, and Premises Risk. Climate Change has been included in the Strategic Risk Assessment to understand exposure on a forward looking basis across the five-year business planning cycle

Linking with ESG and Reputation Risk:

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

Overview

The credit risk that the Barclays Bank Group faces arises from wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts with clients; trading activities, including: debt securities, settlement balances with market counterparties, FVOCI assets and reverse repurchase loans.

Credit risk management objectives are to:

- maintain a framework of controls to oversee credit risk;
- identify, assess and measure credit risk clearly and accurately across the Barclays Bank 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 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 the Barclays Group Risk Committee.

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

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

For wholesale portfolios, credit risk managers are organised in sanctioning teams by geography, industry and/or product. In wholesale portfolios, credit risk approval is undertaken by experienced credit risk professionals operating within a clearly defined delegated authority framework, with only the most senior credit officers assigned the higher levels of delegated authority. The largest credit exposures, which are outside the Risk Sanctioning Unit or Risk Distribution Committee authority, require the support of the Barclays Bank PLC Senior Credit Officers. For exposures in excess of the Barclays Bank PLC Senior Credit Officers' authority, approval by the Barclays Group Senior Credit Officer/Barclays PLC Board Risk Committee is also required. The Barclays Group Credit Risk Committee, attended by the Barclays Bank PLC Senior Credit Officers, provides a formal mechanism for the Barclays Group Senior Credit Officer to exercise the highest level of credit authority over the most material Barclays Group single name exposures.

Credit risk mitigation

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

- **home loans:** a fixed charge over residential property in the form of houses, flats and other dwellings.
- **wholesale lending:** a fixed charge over commercial property and other physical assets, in various forms.
- **other retail lending:** includes charges over motor vehicles and other physical assets; second lien charges over residential property and finance lease receivables.
- **derivatives:** the Barclays Bank Group also often seeks to enter into a margin agreement (e.g. Credit Support Annex) with counterparties with which the Barclays Bank 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 Group subject to an agreement to return them for a fixed price.
- **financial guarantees and similar off-balance sheet commitments:** cash collateral may be held against these arrangements.

Risk transfer

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

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

Market risk management (audited)

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

Overview

Market risk arises primarily as a result of client facilitation in wholesale markets, involving market making activities, risk management solutions and execution of syndications. Upon execution of a trade with a client, the Barclays Bank Group will look to hedge against the risk of the trade moving in an adverse direction. Mismatches between client transactions and hedges result in market risk due to changes in asset prices, volatility or correlations.

Organisation, roles and responsibilities

Market risk in the businesses resides primarily in CIB and Treasury. These businesses have the mandate to assume market risk. The front office and Treasury trading desks are responsible for managing market risk on a day-to-day basis, where they are required to understand and adhere to all limits applicable to their businesses. The Market Risk team support the trading desks with the day-to-day limit management of market risk exposures through governance processes which are outlined in supporting market risk policies and standards.

Market risk oversight and challenge is provided by business committees and Barclays Group committees, including the Market Risk Committee (MRC).

The objectives of market risk management are to:

- Identify, understand and control market risk by robust measurement, limit setting, reporting and oversight
- facilitate business growth within a controlled and transparent risk management framework
- control market risk in the businesses according to the allocated appetite.

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

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

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

In addition to MRC, the Corporate and Investment Bank Risk Committee (CIBRC) is the main forum in which market risk exposures are discussed and reviewed with senior business heads. The Committee is chaired by the CRO of Barclays International and meets weekly, covering current market events, notable market risk exposures, and key risk topics. New business initiatives are generally socialised at CIBRC before any changes to risk appetite or associated limits are considered in other governance committees.

Management value at risk (VaR)

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

In some instances, historical data is not available for particular market risk factors for the entire look-back period, for example, complete historical data would not be available for an equity security following an initial public offering. In these cases, market risk managers will proxy the unavailable market risk factor data with available data for a related market risk factor.

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

See page 100 for a review of management VaR in 2020.

Principal risk management

Treasury and capital risk management

This comprises:

Liquidity risk: The risk that Barclays Bank PLC 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 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 Group's pension plans.

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

Liquidity risk management (audited)

Overview

The efficient management of liquidity is essential to Barclays Bank PLC 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 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.

Organisation, roles and responsibilities

Treasury has the primary responsibility for managing liquidity risk within the set risk appetite. Both Risk and Treasury contribute to the production of the Internal Liquidity Adequacy Assessment Process (ILAAP). The Treasury and Capital Risk function is responsible for the management and governance of the liquidity risk mandate, as defined by the Barclays Bank PLC Board.

The liquidity risk control framework is designed to deliver the appropriate term and structure of funding, consistent with the liquidity risk appetite set by the Barclays Bank PLC Board.

The control framework incorporates a range of ongoing business management tools to monitor, limit and stress test the Barclays Bank PLC 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 maintains a Group recovery plan which includes application to Barclays Bank PLC. Together, these tools reduce the likelihood that a liquidity stress event could lead to an inability to meet Barclays Bank PLC obligations as they fall due.

The Barclays Bank PLC Board approves the Barclays Bank PLC funding plan, internal stress tests and of regulatory stress tests results, recovery plan and Liquidity Risk Appetite. Barclays Bank PLC's Asset and Liability Committee ('ALCO') is responsible for monitoring and managing liquidity risk in line with Barclays Bank PLC's funding management objectives, funding plan and risk appetite. . The Barclays Group Treasury and Capital Risk Committee monitors and reviews the liquidity risk profile and control environment, providing second line oversight of the management of liquidity risk. The Barclays Bank PLC Board Risk Committee reviews the risk profile, and annually reviews risk appetite and the impact of stress scenarios on Barclays Bank PLC's funding plan/forecast in order to agree Barclays Bank PLC'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 Group and its legal entities to withstand the impact of the risks that may arise under normal and stressed conditions, and maintain adequate capital to cover current and forecast business needs and associated risks to provide a viable and sustainable business offering.

Organisation, roles and responsibilities

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

Capital risk management is underpinned by a control framework and policy. The capital management strategy, outlined in the relevant legal entity capital plans, is developed in alignment with the control framework and policy for capital risk, and is implemented consistently in order to deliver on the Barclays Bank Group's objectives, which are aligned to those of the Barclays Group.

The Barclays Bank PLC Board approves the Barclays Bank PLC capital plan, internal stress tests and results of regulatory stress tests and those of the relevant Barclays Bank Group entities. The Barclays PLC Board also approves the Barclays Group recovery plan which takes into account management actions identified at the Barclays Bank Group level. The Barclays Bank PLC Treasury Committee together with the Barclays Group Treasury Committee are responsible for monitoring and managing capital risk in line with Barclays Bank Group's capital management objectives, capital plan and risk frameworks. The BRC monitors and reviews the capital risk profile and control environment, providing second line oversight of the management of capital risk.

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

Principal risk management

Pension risk

The Barclays Bank Group maintains a number of defined benefit pension schemes for past and current employees. The ability of schemes to meet pension payments is achieved with investments and contributions.

Pension risk arises because the market value of pension fund assets might decline; investment returns might reduce; or the estimated value of pension liabilities might increase. The Barclays Bank Group monitors the pension risks arising from its defined benefit pension schemes and works with Trustees to address shortfalls. In these circumstances the Barclays Bank Group could be required or might choose to make extra contributions to the pension fund. The Barclays Bank Group's main defined benefit scheme was closed to new entrants in 2012.

Interest rate risk in the banking book management (IRRBB)

Overview

Interest rate risk in the banking book is driven by customer deposit taking and lending activities, investments in the liquid asset portfolio and funding activities. As per the Barclays Bank Group's policy to remain within the defined risk appetite, hedging strategies are executed to mitigate the risks. However, the Barclays Bank 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 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 PLC Treasury Committee, together with the Barclays Group Treasury Committee, are responsible for monitoring and managing IRRBB risk in line with Barclays Bank's management objectives and risk frameworks. The BRC and Treasury and Capital Risk Committee monitors and reviews the IRRBB risk profile and control environment, providing second line oversight of the management of IRRBB. The BRC reviews the interest rate risk profile, including annual review of the risk appetite and the impact of stress scenarios on the interest rate risk of the Barclays Bank PLC's banking books.

In addition, the Barclays Bank Group's IRRBB policy sets out the processes and key controls required to identify all IRRBB risks arising from banking book operations, to monitor the risk exposures via a set of metrics with a frequency in line with the risk management horizon, and to manage these risks within agreed risk appetite and limits.

Operational risk management

The risk of loss to Barclays Bank 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 Group's strategy, the stated risk appetite and stakeholder needs.

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

Organisation, roles and responsibilities

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

The Barclays Group Head of Operational Risk is responsible for establishing, owning and maintaining an appropriate Barclays Group-wide Operational Risk Management Framework, meanwhile the Barclays Bank 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 Barclays Bank 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.

Principal risk management

Operational risk categories

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

In addition to the above, operational risk encompasses risks associated with prudential regulation. This includes the risk of failing to: adhere to prudential regulatory requirements, provide regulatory submissions; or monitor and manage adherence to new prudential regulatory requirements.

Risk themes

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

For definitions of the Barclays Bank Group's operational risk categories and enterprise risk themes, refer to pages 202 to 203 of the Barclays PLC Pillar 3 Report 2020.

Model risk management

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

Overview

The Barclays Bank 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 the Barclays 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 Group.

The key model risk management activities include:

- Correctly identifying models across all relevant areas of the Barclays Bank Group, and recording models in the Barclays 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 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 Group manages and measures its Conduct Risk Profile. The Barclays Group Chief Compliance Officer is accountable for developing, maintaining and overseeing a group-wide CRMF. The Barclays Bank 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 Bank Group achieve the right conduct outcomes and evolve a conduct-focused culture.

The governance of conduct risk within the Barclays Bank Group is fulfilled through management committees and forums operated by the first and second lines of defence with clear escalation and reporting lines to the Board. The Barclays Group and Barclays Bank Group Risk Committee 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 Group and Barclays Bank Group.

Reputation risk management

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

Overview

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

Organisation, roles and responsibilities

The governance of reputation risk within the Barclays Bank 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 relevant Barclays Bank Group Board committees.

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

The Reputation Risk Management Framework (RRMF) comprises a number of elements that allow the Barclays Bank Group to manage and measure its reputation risk profile. The RRMF sets out what is required to manage reputation risk across the Barclays Bank Group.

The Barclays Bank PLC Chief Compliance Officer is responsible for assessing the appropriateness of the relevant reputation risk policy and standards and oversight of the implementation of controls to manage the risk. The Barclays Bank Group is required to prepare reports for the Barclays Bank Group Risk Committee highlighting the most significant current and potential reputation risks and issues and how they are being managed.

Legal risk management

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

Overview

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

Organisation, roles and responsibilities

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

Summary of Contents

		Page
Credit risk represents a significant risk to the Barclays Bank Group and mainly arises from exposure to wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts entered into with clients.	▪ Credit risk overview and summary of performance	59
	▪ Maximum exposure and effects of netting, collateral and risk transfer	61
This section outlines the expected credit loss allowances, the movements in allowances during the period, material management adjustments to model output and measurement uncertainty and sensitivity analysis.	▪ Expected credit losses	65
	– Loans and advances at amortised cost by product	65
	– Movement in gross exposure and impairment allowance for loans and advances at amortised cost including provisions for loan commitments and financial guarantees	67
	– Stage 2 decomposition	75
	– Stage 3 decomposition	75
	▪ Management adjustments to models for impairment	75
	▪ Measurement uncertainty and sensitivity analysis	76
The Barclays Bank Group reviews and monitors risk concentrations in a variety of ways. This section outlines performance against key concentration risks.	▪ Analysis of the concentration of credit risk	87
	– Geographic concentrations	87
	– Industry concentrations	89
	▪ Approach to management and representation of credit quality	91
	– Asset credit quality	91
	– Debt securities	91
	– Balance sheet credit quality	91
	– Credit exposures by internal PD grade	94
Credit Risk monitors exposure performance across a range of significant portfolios.	▪ Analysis of specific portfolios and asset types	98
	– Credit cards, unsecured loans and other retail lending	98

Risk performance

Credit risk

All disclosures in this section pages 59 to 98 are unaudited unless otherwise stated.

Overview

Credit risk represents a significant risk to the Barclays Bank Group and mainly arises from exposure to wholesale and retail loans and advances together with the counterparty credit risk arising from derivative contracts entered into with clients.

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 pages 75 to 76 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 £3,377m (2019: £1,202m). CIB credit impairment charges increased to £1,565m (2019: £157m) and CC&P credit impairment charges increased to £1,720m (2019: £1,016m) due to the deterioration in economic outlook driven by the COVID-19 pandemic. The current year charge is broadly driven by non-default provision for potential future customer and client stress of £711m in CIB and £752m in CC&P, and £800m of single name wholesale charges. As at 31 December 2020, 30 and 90 days arrears rates in US cards were 2.5% (2019: 2.7%) and 1.4% (2019: 1.4%) respectively.

Key metrics

Increase of £1,887m impairment allowance

Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements of the allowance in Barclays Bank Group increased by £1,887m to £5,835m (2019: £3,948m) during the year. This is driven by an increase in Wholesale Loans of £922m, Credit cards, unsecured loans and other retail lending of £362m and Home Loans £86m and an increase in off-balance sheet provisions of £517m. Please refer to page 65 Expected Credit loss section for further details.

Please see risk management section on pages 52 to 53 for details of governance, policies and procedures.

Risk performance

Credit risk

Analysis of the Balance Sheet

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

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

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

This and subsequent analyses of credit risk exclude other financial assets not subject to credit risk, mainly equity securities.

The Barclays Bank 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 52 to 53 of the credit risk management section.

Overview
As at 31 December 2020, the Barclays Bank Group's net exposure to credit risk, after taking into account credit risk mitigation, increased 9% to £719.6bn. Overall, the extent to which the Barclays Bank Group holds mitigation against its total exposure increased to 43% (2019: 40%).

Of the unmitigated on balance sheet exposure, a significant portion relates to cash held at central banks, cash collateral and settlement balances, and debt securities issued by governments, all of which are considered to be lower risk. The increase in the Barclays Bank Group's net exposure to credit risk has been driven by increases in cash and balances at central banks, cash collateral and settlement balances, trading portfolio assets and derivative financial instruments. Trading portfolio liability positions, which to a significant extent economically hedge trading portfolio assets but which are not held specifically for risk management purposes, are excluded from the analysis. The credit quality of counterparties to derivatives, financial investments and wholesale loan assets are predominantly investment grade and there are no significant changes from prior year. Further analysis on the credit quality of assets is presented on pages 91 to 97.

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

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

Barclays Bank 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	155,902	-	-	-	-	155,902
Cash collateral and settlement balances	97,616	-	-	-	-	97,616
Loans and advances at amortised cost:						
Home loans	11,193	-	(283)	(10,782)	(85)	43
Credit cards, unsecured loans and other retail lending	23,368	-	(827)	(3,459)	(195)	18,887
Wholesale loans	99,706	(6,988)	(50)	(24,328)	(4,419)	63,921
Total loans and advances at amortised cost	134,267	(6,988)	(1,160)	(38,569)	(4,699)	82,851
Of which credit-impaired (Stage 3):						
Home loans	*723*	-	*(13)*	*(708)*	-	*2*
Credit cards, unsecured loans and other retail lending	*600*	-	*(10)*	*(218)*	*(2)*	*370*
Wholesale loans	*1,327*	-	*(4)*	*(167)*	*(85)*	*1,071*
Total credit-impaired loans and advances at amortised cost	*2,650*	-	*(27)*	*(1,093)*	*(87)*	*1,443*
Reverse repurchase agreements and other similar secured lending	8,981	-	-	(8,981)	-	-
Trading portfolio assets:						
Debt securities	56,196	-	-	(391)	-	55,805
Traded loans	8,348	-	-	(374)	-	7,974
Total trading portfolio assets	64,544	-	-	(765)	-	63,779
Financial assets at fair value through the income statement:						
Loans and advances	27,449	-	(9)	(21,819)	-	5,621
Debt securities	1,697	-	-	(292)	-	1,405
Reverse repurchase agreements	138,558	-	(685)	(137,466)	-	407
Other financial assets	315	-	-	-	-	315
Total financial assets at fair value through the income statement	168,019	-	(694)	(159,577)	-	7,748
Derivative financial instruments	302,693	(233,088)	(43,164)	(4,656)	(6,409)	15,376
Financial assets at fair value through other comprehensive income	51,901	-	-	(106)	(1,065)	50,730
Other assets	614	-	-	-	-	614
Total on-balance sheet	984,537	(240,076)	(45,018)	(212,654)	(12,173)	474,616
Off-balance sheet:						
Contingent liabilities	20,932	-	(1,095)	(2,135)	(282)	17,420
Loan commitments	265,022	-	(56)	(35,970)	(1,479)	227,517
Total off-balance sheet	285,954	-	(1,151)	(38,105)	(1,761)	244,937
Total	1,270,491	(240,076)	(46,169)	(250,759)	(13,934)	719,553

Off-balance sheet exposures are shown gross of provisions of £769m (2019: £252m). See Note 24 for further details.

In addition to the above, Barclays Bank Group holds forward starting reverse repos amounting to £30.8bn (2019: £31.1bn). The balances are fully collateralised.

Wholesale loans and advances at amortised cost include £1bn of CBILs and CLBILs supported by UK government guarantees.

For further information on credit risk mitigation techniques, refer to pages 52 to 53 within the credit risk management section.

Risk performance

Credit risk

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

Barclays Bank 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	125,940	-	-	-	-	125,940
Cash collateral and settlement balances	79,486	-	-	-	-	79,486
Loans and advances at amortised cost:						
Home loans	10,986	-	(293)	(10,582)	(69)	42
Credit cards, unsecured loans and other retail lending	33,503	-	(695)	(4,753)	(256)	27,799
Corporate loans	97,147	(7,636)	(146)	(25,915)	(4,550)	58,900
Total loans and advances at amortised cost	141,636	(7,636)	(1,134)	(41,250)	(4,875)	86,741
Of which credit-impaired (Stage 3):						
Home loans	*764*	-	*(2)*	*(749)*	*(13)*	-
Credit cards, unsecured loans and other retail lending	*658*	-	*(7)*	*(271)*	*(3)*	*377*
Corporate loans	*780*	-	*(9)*	*(209)*	*(19)*	*543*
Total credit-impaired loans and advances at amortised cost	*2,202*	-	*(18)*	*(1,229)*	*(35)*	*920*
Reverse repurchase agreements and other similar secured lending	1,731	-	-	(1,731)	-	-
Trading portfolio assets:						
Debt securities	51,880	-	-	(423)	-	51,457
Traded loans	5,378	-	-	(134)	-	5,244
Total trading portfolio assets	57,258	-	-	(557)	-	56,701
Financial assets at fair value through the income statement:						
Loans and advances	19,137	-	(14)	(14,791)	(57)	4,275
Debt securities	5,220	-	-	-	-	5,220
Reverse repurchase agreements	97,823	-	(1,132)	(96,672)	-	19
Other financial assets	742	-	-	-	-	742
Total financial assets at fair value through the income statement	122,922	-	(1,146)	(111,463)	(57)	10,256
Derivative financial instruments	229,641	(176,022)	(33,469)	(5,403)	(5,564)	9,183
Financial assets at fair value through other comprehensive income	45,405	-	-	(305)	(727)	44,373
Other assets	614	-	-	-	-	614
Total on-balance sheet	804,633	(183,658)	(35,749)	(160,709)	(11,223)	413,294
Off-balance sheet:						
Contingent liabilities	23,777	-	(400)	(4,412)	(159)	18,806
Loan commitments	270,027	-	(48)	(42,420)	(1,913)	225,646
Total off-balance sheet	293,804	-	(448)	(46,832)	(2,072)	244,452
Total	1,098,437	(183,658)	(36,197)	(207,541)	(13,295)	657,746

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

Barclays Bank 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	133,386	-	-	-	-	133,386
Cash collateral and settlement balances	87,723	-	-	-	-	87,723
Loans and advances at amortised cost:						
Home loans	5,298	-	(241)	(5,004)	(32)	21
Credit cards, unsecured loans and other retail lending	4,188	-	(697)	(2,373)	(45)	1,073
Wholesale loans	182,052	(6,988)	(3,032)	(27,109)	(4,380)	140,543
Total loans and advances at amortised cost	191,538	(6,988)	(3,970)	(34,486)	(4,457)	141,637
Of which credit-impaired (Stage 3):						
Home loans	*525*	-	*(7)*	*(516)*	-	*2*
Credit cards, unsecured loans and other retail lending	*141*	-	*(10)*	*(112)*	*(2)*	*17*
Wholesale loans	*1,229*	-	*(4)*	*(167)*	*(85)*	*973*
Total credit-impaired loans and advances at amortised cost	*1,895*	-	*(21)*	*(795)*	*(87)*	*992*
Reverse repurchase agreements and other similar secured lending	11,535	-	-	(11,535)	-	-
Trading portfolio assets:						
Debt securities	35,442	-	-	(391)	-	35,051
Traded loans	8,241	-	-	(374)	-	7,867
Total trading portfolio assets	43,683	-	-	(765)	-	42,918
Financial assets at fair value through the income statement:						
Loans and advances	36,117	-	(9)	(11,537)	-	24,571
Debt securities	2,139	-	-	-	-	2,139
Reverse repurchase agreements	164,670	-	(625)	(164,045)	-	-
Other financial assets	22	-	-	-	-	22
Total financial assets at fair value through the income statement	202,948	-	(634)	(175,582)	-	26,732
Derivative financial instruments	297,129	(238,339)	(34,081)	(4,454)	(6,409)	13,846
Financial assets at fair value through other comprehensive income	50,308	-	-	(106)	(1,065)	49,137
Other assets	741	-	-	-	-	741
Total on-balance sheet	1,018,991	(245,327)	(38,685)	(226,928)	(11,931)	496,120
Off-balance sheet:						
Contingent liabilities	28,558	-	(1,076)	(2,113)	(269)	25,100
Loan commitments	183,762	-	(15)	(37,437)	(1,457)	144,853
Total off-balance sheet	212,320	-	(1,091)	(39,550)	(1,726)	169,953
Total	1,231,311	(245,327)	(39,776)	(266,478)	(13,657)	666,073

Off-balance sheet exposures are shown gross of provisions of £654m (2019: £214m). See Note 24 for further details.

In addition to the above, Barclays Bank PLC holds forward starting reverse repos amounting to £29.8bn (2019: £27.9bn). The balances are fully collateralised.

Wholesale loans and advances at amortised cost include £1bn of CBILs and CLBILs supported by UK government guarantees.

.

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

Barclays Bank 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	112,287	-	-	-	-	112,287
Cash collateral and settlement balances	75,822	-	-	-	-	75,822
Loans and advances at amortised cost:						
Home loans	4,846	-	(277)	(4,524)	(34)	11
Credit cards, unsecured loans and other retail lending	4,333	-	(630)	(2,195)	(77)	1,431
Wholesale loans	152,484	(7,651)	(9,380)	(26,094)	(4,534)	104,825
Total loans and advances at amortised cost	161,663	(7,651)	(10,287)	(32,813)	(4,645)	106,267
Of which credit-impaired (Stage 3):						
Home loans	*607*	-	*(2)*	*(591)*	*(14)*	-
Credit cards, unsecured loans and other retail lending	*211*	-	*(7)*	*(200)*	*(3)*	*1*
Wholesale loans	*782*	-	*(9)*	*(206)*	*(19)*	*548*
Total credit-impaired loans and advances at amortised cost	*1,600*	-	*(18)*	*(997)*	*(36)*	*549*
Reverse repurchase agreements and other similar secured lending	4,939	-	-	(4,939)	-	-
Trading portfolio assets:						
Debt securities	38,457	-	-	(423)	-	38,034
Traded loans	5,177	-	-	(134)	-	5,043
Total trading portfolio assets	43,634	-	-	(557)	-	43,077
Financial assets at fair value through the income statement:						
Loans and advances	33,671	-	(9)	(8,504)	(57)	25,101
Debt securities	6,117	-	-	-	-	6,117
Reverse repurchase agreements	122,497	-	(1,062)	(121,434)	-	1
Other financial assets	19	-	-	-	-	19
Total financial assets at fair value through the income statement	162,304	-	(1,071)	(129,938)	(57)	31,238
Derivative financial instruments	229,338	(177,955)	(29,949)	(5,179)	(5,564)	10,691
Financial assets at fair value through other comprehensive income	43,760	-	-	(305)	(727)	42,728
Other assets	719	(27)	-	-	-	692
Total on-balance sheet	834,466	(185,633)	(41,307)	(173,731)	(10,993)	422,802
Off-balance sheet:						
Contingent liabilities	27,343	-	(400)	(4,382)	(126)	22,435
Loan commitments	190,850	-	(35)	(46,227)	(1,905)	142,683
Total off-balance sheet	218,193	-	(435)	(50,609)	(2,031)	165,118
Total	1,052,659	(185,633)	(41,742)	(224,340)	(13,024)	587,920

Expected Credit Losses

Loans and advances at amortised cost by product

The table below presents 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 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	9,627	761	53	87	901	1,099	11,627
Credit cards, unsecured loans and other retail lending	18,923	4,987	393	191	5,571	1,853	26,347
Wholesale loans	83,254	14,184	1,066	688	15,938	2,167	101,359
Total	111,804	19,932	1,512	966	22,410	5,119	139,333
Impairment allowance							
Home loans	6	40	6	6	52	376	434
Credit cards, unsecured loans and other retail lending	399	1,092	111	124	1,327	1,253	2,979
Wholesale loans	280	475	49	9	533	840	1,653
Total	685	1,607	166	139	1,912	2,469	5,066
Net exposure							
Home loans	9,621	721	47	81	849	723	11,193
Credit cards, unsecured loans and other retail lending	18,524	3,895	282	67	4,244	600	23,368
Wholesale loans	82,974	13,709	1,017	679	15,405	1,327	99,706
Total	111,119	18,325	1,346	827	20,498	2,650	134,267
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.1	5.3	11.3	6.9	5.8	34.2	3.7
Credit cards, unsecured loans and other retail lending	2.1	21.9	28.2	64.9	23.8	67.6	11.3
Wholesale loans	0.3	3.3	4.6	1.3	3.3	38.8	1.6
Total	0.6	8.1	11.0	14.4	8.5	48.2	3.6
As at 31 December 2019							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	9,604	544	48	82	674	1,056	11,334
Credit cards, unsecured loans and other retail lending	29,541	3,806	304	340	4,450	2,129	36,120
Wholesale loans	89,200	6,489	354	672	7,515	1,163	97,878
Total	128,345	10,839	706	1,094	12,639	4,348	145,332
Impairment allowance							
Home loans	16	24	9	7	40	292	348
Credit cards, unsecured loans and other retail lending	362	523	99	162	784	1,471	2,617
Wholesale loans	114	219	8	7	234	383	731
Total	492	766	116	176	1,058	2,146	3,696
Net exposure							
Home loans	9,588	520	39	75	634	764	10,986
Credit cards, unsecured loans and other retail lending	29,179	3,283	205	178	3,666	658	33,503
Wholesale loans	89,086	6,270	346	665	7,281	780	97,147
Total	127,853	10,073	590	918	11,581	2,202	141,636
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.2	4.4	18.8	8.5	5.9	27.7	3.1
Credit cards, unsecured loans and other retail lending	1.2	13.7	32.6	47.6	17.6	69.1	7.2
Wholesale loans	0.1	3.4	2.3	1.0	3.1	32.9	0.7
Total	0.4	7.1	16.4	16.1	8.4	49.4	2.5

Note
a Other financial assets subject to impairment excluded 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 £150.3bn (December 2019: £125.5bn) and impairment allowance of £145m (December 2019: £22m). This comprises £7m (December 2019: £10m) ECL on £146.3bn (December 2019: £124.7bn) Stage 1 assets, £6m (December 2019: £2m) on £3.8bn (December 2019: £0.8bn) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £132m (December 2019: £10m) on £132m (December 2019: £10m) Stage 3 other assets. Loan commitments and financial guarantee contracts have total ECL of £769m (December 2019: £252m).

Barclays Bank PLC

As at 31 December 2020	Stage 1	Stage 2				Stage 3	Total[a]
		Not past due	<=30 days past due	>30 days past due	Total		
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	4,630	55	23	68	146	863	5,639
Credit cards, unsecured loans and other retail lending	3,576	390	168	10	568	205	4,349
Wholesale loans	166,521	13,396	1,005	680	15,081	2,020	183,622
Total	174,727	13,841	1,196	758	15,795	3,088	193,610
Impairment allowance							
Home loans	2	1	-	-	1	338	341
Credit cards, unsecured loans and other retail lending	54	26	13	4	43	64	161
Wholesale loans	280	450	41	8	499	791	1,570
Total	336	477	54	12	543	1,193	2,072
Net exposure							
Home loans	4,628	54	23	68	145	525	5,298
Credit cards, unsecured loans and other retail lending	3,522	364	155	6	525	141	4,188
Wholesale loans	166,241	12,946	964	672	14,582	1,229	182,052
Total	174,391	13,364	1,142	746	15,252	1,895	191,538
Coverage ratio	%	%	%	%	%	%	%
Home loans	–	1.8	-	-	0.7	39.2	6.0
Credit cards, unsecured loans and other retail lending	1.5	6.7	7.7	40.0	7.6	31.2	3.7
Wholesale loans	0.2	3.4	4.1	1.2	3.3	39.2	0.9
Total	0.2	3.4	4.5	1.6	3.4	38.6	1.1
As at 31 December 2019							
Gross exposure	£m	£m	£m	£m	£m	£m	£m
Home loans	4,138	48	2	62	112	878	5,128
Credit cards, unsecured loans and other retail lending	3,619	505	9	48	562	287	4,468
Wholesale loans	145,094	5,981	326	650	6,957	1,131	153,182
Total	152,851	6,534	337	760	7,631	2,296	162,778
Impairment allowance							
Home loans	9	-	-	2	2	271	282
Credit cards, unsecured loans and other retail lending	24	23	6	6	35	76	135
Wholesale loans	112	223	7	7	237	349	698
Total	145	246	13	15	274	696	1,115
Net exposure							
Home loans	4,129	48	2	60	110	607	4,846
Credit cards, unsecured loans and other retail lending	3,595	482	3	42	527	211	4,333
Wholesale loans	144,982	5,758	319	643	6,720	782	152,484
Total	152,706	6,288	324	745	7,357	1,600	161,663
Coverage ratio	%	%	%	%	%	%	%
Home loans	0.2	-	-	3.2	1.8	30.9	5.5
Credit cards, unsecured loans and other retail lending	0.7	4.6	66.7	12.5	6.2	26.5	3.0
Wholesale loans	0.1	3.7	2.1	1.1	3.4	30.9	0.5
Total	0.1	3.8	3.9	2.0	3.6	30.3	0.7

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 £138.9bn (December 2019: £120.3bn) and impairment allowance of £146m (December 2019: £19m). This comprises £13m ECL (December 2019: £11m) on £134.9bn Stage 1 assets (December 2019: £119.5bn), £5m (December 2019: £2m) on £3.8bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2019: £0.8bn) and £128m (December 2019: £6m) on £128m Stage 3 other assets (December 2019: £6m). Loan commitments and financial guarantee contracts have total ECL of £654m (December 2019: £214m).

Movement in gross exposures and impairment allowance including provisions for loan commitments and financial guarantees

The following tables present a reconciliation of the opening to the closing balance of the exposure and impairment allowance. Explanation of the terms: 12-month ECL, lifetime ECL and credit-impaired are included in page 169. 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 Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2020	9,604	16	674	40	1,056	292	11,334	348
Transfers from Stage 1 to Stage 2	(537)	(1)	537	1	-	-	-	-
Transfers from Stage 2 to Stage 1	204	7	(204)	(7)	-	-	-	-
Transfers to Stage 3	(157)	-	(52)	(7)	209	7	-	-
Transfers from Stage 3	29	-	55	1	(84)	(1)	-	-
Business activity in the year	1,193	1	-	-	1	-	1,194	1
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	133	(17)	(62)	25	32	96	103	104
Final repayments	(842)	-	(47)	(1)	(98)	(1)	(987)	(2)
Disposals[b]	-	-	-	-	-	-	-	-
Write-offs[c]	-	-	-	-	(17)	(17)	(17)	(17)
As at 31 December 2020[d]	9,627	6	901	52	1,099	376	11,627	434
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	29,541	362	4,450	784	2,129	1,471	36,120	2,617
Transfers from Stage 1 to Stage 2	(4,116)	(92)	4,116	92	-	-	-	-
Transfers from Stage 2 to Stage 1	994	139	(994)	(139)	-	-	-	-
Transfers to Stage 3	(464)	(19)	(516)	(188)	980	207	-	-
Transfers from Stage 3	21	12	59	8	(80)	(20)	-	-
Business activity in the year	3,467	35	130	32	29	7	3,626	74
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(4,613)	15	(1,231)	806	38	731	(5,806)	1,552
Final repayments	(2,232)	(29)	(168)	(23)	(68)	(8)	(2,468)	(60)
Transfers to Barclays Group[a]	(2,182)	(16)	(92)	(25)	(47)	(41)	(2,321)	(82)
Disposals[b]	(1,493)	(8)	(183)	(20)	(92)	(58)	(1,768)	(86)
Write-offs[c]	-	-	-	-	(1,036)	(1,036)	(1,036)	(1,036)
As at 31 December 2020[d]	18,923	399	5,571	1,327	1,853	1,253	26,347	2,979
Wholesale loans								
As at 1 January 2020	89,200	114	7,515	234	1,163	383	97,878	731
Transfers from Stage 1 to Stage 2	(10,213)	(31)	10,213	31	-	-	-	-
Transfers from Stage 2 to Stage 1	2,651	25	(2,651)	(25)	-	-	-	-
Transfers to Stage 3	(772)	(3)	(642)	(50)	1,414	53	-	-
Transfers from Stage 3	189	-	34	1	(223)	(1)	-	-
Business activity in the year	19,773	44	1,954	144	393	67	22,120	255
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	7,033	154	2,969	248	5	687	10,007	1,089
Final repayments	(24,098)	(22)	(2,844)	(28)	(283)	(59)	(27,225)	(109)
Transfers to Barclays Group[a]	(509)	(1)	(600)	(22)	(18)	(6)	(1,127)	(29)
Disposals[b]	-	-	(10)	-	-	-	(10)	-
Write-offs[c]	-	-	-	-	(284)	(284)	(284)	(284)
As at 31 December 2020[d]	83,254	280	15,938	533	2,167	840	101,359	1,653

Notes

a Transfers to Barclays Group include a £2.3bn transfer of the Barclays Partner Finance retail portfolio reported within Credit cards, unsecured loans and other retail lending and £1.1bn transfer of the Barclays Mercantile Business Finance Limited reported within Wholesale loans to Barclays Principal Investments Limited.

b The £1.8bn disposals reported within Credit cards, unsecured loans and other retail lending portfolio include sale of motor financing business within the Barclays Partner Finance business. Disposal within Wholesale loans include sale of debt securities as part of Group Treasury Operations.

c In 2020, gross write-offs amounted to £1,337m (2019: £1,293m) and post write-off recoveries amounted to £4m (2019: £73m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £1,333m (2019: £1,220m).

d Other financial assets subject to impairment excluded 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 £150.3bn (December 2019: £125.5bn) and impairment allowance of £145m (December 2019: £22m). This comprises £7m (December 2019: £10m) ECL on £146.3bn (December 2019: £124.7bn) Stage 1 assets, £6m (December 2019: £2m) on £3.8bn (December 2019: £0.8bn) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £132m (December 2019: £10m) on £132m (December 2019: £10m) Stage 3 other assets. Loan commitments and financial guarantee contracts have total ECL of £769m (December 2019: £252m).

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
Home loans	103
Credit cards, unsecured loans and other retail lending	1,484
Wholesale loans	1,206
ECL movement excluding assets derecognised due to disposals and write-offs	2,793
Recoveries and reimbursements[a]	(368)
Exchange and other adjustments[b]	267
Impairment charge on loan commitments and financial guarantees	547
Impairment charge on other financial assets[c]	138
Income statement charge for the period	3,377

Notes
a Recoveries and reimbursements includes £364m for reimbursements expected to be received under the arrangement where Group has entered into financial guarantee contracts which provide credit protection over certain loans assets with third parties. Cash recoveries of previously written off amounts to £4m.
b Includes foreign exchange and interest and fees in suspense
c Other financial assets subject to impairment excluded 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 £150.3bn (December 2019: £125.5bn) and impairment allowance of £145m (December 2019: £22m). This comprises £7m (December 2019: £10m) ECL on £146.3bn (December 2019: £124.7bn) Stage 1 assets, £6m (December 2019: £2m) on £3.8bn (December 2019: £0.8bn) Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets and £132m (December 2019: £10m) on £132m (December 2019: £10m) Stage 3 other assets. Loan commitments and financial guarantee contracts have total ECL of £769m (December 2019: £252m).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2020	34	-	-	-	-	-	34	-
Net transfers between stages	(4)	-	4	-	-	-	-	-
Business activity in the year	113	-	-	-	-	-	113	-
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1	-	-	-	4	-	5	-
Limit management and final repayments	(19)	-	(2)	-	-	-	(21)	-
As at 31 December 2020	125	-	2	-	4	-	131	-
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	78,257	22	2,053	15	67	14	80,377	51
Net transfers between stages	(4,124)	6	3,603	(2)	521	(4)	-	-
Business activity in the year	4,591	2	128	1	1	1	4,720	4
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1,471	5	1,076	20	(553)	15	1,994	40
Limit management and final repayments	(11,984)	(1)	(616)	(1)	(6)	(3)	(12,606)	(5)
As at 31 December 2020	68,211	34	6,244	33	30	23	74,485	90
Wholesale loans								
As at 1 January 2020	183,001	63	12,053	97	636	41	195,690	201
Net transfers between stages	(28,048)	67	27,052	(72)	996	5	-	-
Business activity in the year	42,904	32	4,705	102	774	2	48,383	136
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	12,755	50	(219)	334	(79)	(19)	12,457	365
Limit management and final repayments	(50,208)	(7)	(4,165)	(15)	(296)	(1)	(54,669)	(23)
As at 31 December 2020	160,404	205	39,426	446	2,031	28	201,861	679

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2020	4,138	9	112	2	878	271	5,128	282
Transfers from Stage 1 to Stage 2	(69)	-	69	-	-	-	-	-
Transfers from Stage 2 to Stage 1	33	-	(33)	-	-	-	-	-
Transfers to Stage 3	(123)	-	(8)	-	131	-	-	-
Transfers from Stage 3	29	-	31	1	(60)	(1)	-	-
Business activity in the year	958	1	-	-	-	-	958	1
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	85	(8)	4	(2)	19	80	108	70
Final repayments	(421)	-	(29)	-	(93)	-	(543)	-
Disposals[a]	-	-	-	-	-	-	-	-
Write-offs[b]	-	-	-	-	(12)	(12)	(12)	(12)
As at 31 December 2020[c]	4,630	2	146	1	863	338	5,639	341
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	3,619	24	562	35	287	76	4,468	135
Transfers from Stage 1 to Stage 2	(211)	(3)	211	3	-	-	-	-
Transfers from Stage 2 to Stage 1	107	9	(107)	(9)	-	-	-	-
Transfers to Stage 3	(43)	(1)	(21)	(8)	64	9	-	-
Transfers from Stage 3	8	2	50	1	(58)	(3)	-	-
Business activity in the year	1,004	7	2	1	2	-	1,008	8
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(222)	17	(61)	26	(7)	19	(290)	62
Final repayments	(686)	(1)	(68)	(6)	(48)	(2)	(802)	(9)
Disposals[a]	-	-	-	-	-	-	-	-
Write-offs[b]	-	-	-	-	(35)	(35)	(35)	(35)
As at 31 December 2020[c]	3,576	54	568	43	205	64	4,349	161
Wholesale loans								
As at 1 January 2020	145,094	112	6,957	237	1,131	349	153,182	698
Transfers from Stage 1 to Stage 2	(9,233)	(27)	9,233	27	-	-	-	-
Transfers from Stage 2 to Stage 1	2,499	23	(2,499)	(23)	-	-	-	-
Transfers to Stage 3	(678)	(2)	(598)	(50)	1,276	52	-	-
Transfers from Stage 3	189	-	34	1	(223)	(1)	-	-
Business activity in the year	48,192	45	1,732	143	393	67	50,317	255
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	7,062	152	3,014	193	(12)	634	10,064	979
Final repayments	(26,325)	(22)	(2,695)	(26)	(282)	(51)	(29,302)	(99)
Transfer to Barclays Bank Ireland	(279)	(1)	(87)	(3)	(9)	(5)	(375)	(9)
Disposals[a]	-	-	(10)	-	-	-	(10)	-
Write-offs[b]	-	-	-	-	(254)	(254)	(254)	(254)
As at 31 December 2020[c]	166,521	280	15,081	499	2,020	791	183,622	1,570

Notes
a Disposal within Wholesale loans include sale of debt securities as part of Group Treasury Operations.
b In 2020, gross write-offs amounted to £301m (2019: £154m) and post write-off recoveries amounted to £4m (2019: £39m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £297m (2019: £115m).
c Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £138.9bn (December 2019: £120.3bn) and impairment allowance of £146m (December 2019: £19m). This comprises £13m ECL (December 2019: £11m) on £134.9bn Stage 1 assets (December 2019: £119.5bn), £5m (December 2019: £2m) on £3.8bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2019: £0.8bn) and £128m (December 2019: £6m) on £128m Stage 3 other assets (December 2019: £6m). Loan commitments and financial guarantee contracts have total ECL of £654m (December 2019: £214m).

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
Home loans	71
Credit cards, unsecured loans and other retail lending	61
Wholesale loans	1,126
ECL movement excluding assets derecognised due to disposals and write-offs	1,258
Recoveries and reimbursements[a]	(352)
Exchange and other adjustments[b]	60
Impairment charge on loan commitments and financial guarantees	469
Impairment charge on other financial assets[c]	142
Income statement charge for the period	1,577

Notes
a Recoveries and reimbursements includes £348m for reimbursements expected to be received under the arrangement where Bank has entered into financial guarantee contracts which provide credit protection over certain loans assets with third parties. Cash recoveries of previously written off amounts to £4m.
b Includes foreign exchange and interest and fees in suspense.
c Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £138.9bn (December 2019: £120.3bn) and impairment allowance of £146m (December 2019: £19m). This comprises £13m ECL (December 2019: £11m) on £134.9bn Stage 1 assets (December 2019: £119.5bn), £5m (December 2019: £2m) on £3.8bn Stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2019: £0.8bn) and £128m (December 2019: £6m) on £128m Stage 3 other assets (December 2019: £6m). Loan commitments and financial guarantee contracts have total ECL of £654m (December 2019: £214m).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2020	11	-	-	-	-	-	11	-
Net transfers between stages	(4)	-	4	-	-	-	-	-
Business activity in the year	38	-	-	-	-	-	38	-
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	-	-	-	-	-	-	-	-
Limit management and final repayments	(19)	-	(2)	-	-	-	(21)	-
As at 31 December 2020	26	-	2	-	-	-	28	-
Credit cards, unsecured loans and other retail lending								
As at 1 January 2020	5,071	7	663	3	27	13	5,761	23
Net transfers between stages	88	5	(205)	(2)	117	(3)	-	-
Business activity in the year	770	2	29	1	1	1	800	4
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(293)	(2)	236	6	(110)	15	(167)	19
Limit management and final repayments	(463)	(1)	(56)	(1)	(6)	(3)	(525)	(5)
As at 31 December 2020	5,173	11	667	7	29	23	5,869	41
Wholesale loans								
As at 1 January 2020	183,702	57	11,040	92	613	42	195,355	191
Net transfers between stages	(26,586)	67	25,674	(72)	912	5	-	-
Business activity in the year	39,929	30	3,929	80	772	2	44,630	112
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	15,275	42	(498)	316	(69)	(20)	14,708	338
Transfer to Barclays Bank Ireland	(3,990)	(2)	(886)	(4)	(6)	-	(4,882)	(6)
Limit management and final repayments	(48,074)	(7)	(3,980)	(14)	(296)	(1)	(52,350)	(22)
As at 31 December 2020	160,256	187	35,279	398	1,926	28	197,461	613

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2019	11,486	26	860	47	1,194	307	13,540	380
Transfers from Stage 1 to Stage 2	(320)	(1)	320	1	-	-	-	-
Transfers from Stage 2 to Stage 1	301	11	(301)	(11)	-	-	-	-
Transfers to Stage 3	(103)	-	(94)	(12)	197	12	-	-
Transfers from Stage 3	13	-	70	2	(83)	(2)	-	-
Business activity in the year	785	1	-	-	-	-	785	1
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(793)	(19)	(58)	19	(70)	1	(921)	1
Final repayments	(1,042)	(1)	(61)	(2)	(159)	(5)	(1,262)	(8)
Disposals[b]	(723)	(1)	(62)	(4)	(2)	-	(787)	(5)
Write-offs[c]	-	-	-	-	(21)	(21)	(21)	(21)
As at 31 December 2019[d]	9,604	16	674	40	1,056	292	11,334	348
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	29,548	356	4,926	972	2,078	1,433	36,552	2,761
Transfers from Stage 1 to Stage 2	(1,611)	(41)	1,611	41	-	-	-	-
Transfers from Stage 2 to Stage 1	2,134	312	(2,134)	(312)	-	-	-	-
Transfers to Stage 3	(585)	(15)	(524)	(244)	1,109	259	-	-
Transfers from Stage 3	4	3	16	8	(20)	(11)	-	-
Business activity in the year	6,007	75	311	56	45	10	6,363	141
Changes to models used for calculation[a]	-	16	-	(57)	-	(7)	-	(48)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(3,690)	(318)	410	346	341	1,018	(2,939)	1,046
Final repayments	(2,266)	(26)	(166)	(26)	(202)	(31)	(2,634)	(83)
Disposals[b]	-	-	-	-	(54)	(32)	(54)	(32)
Write-offs[c]	-	-	-	-	(1,168)	(1,168)	(1,168)	(1,168)
As at 31 December 2019[d]	29,541	362	4,450	784	2,129	1,471	36,120	2,617
Wholesale loans								
As at 1 January 2019	81,555	107	8,238	236	917	359	90,710	702
Transfers from Stage 1 to Stage 2	(2,465)	(6)	2,465	6	-	-	-	-
Transfers from Stage 2 to Stage 1	2,905	42	(2,905)	(42)	-	-	-	-
Transfers to Stage 3	(305)	(1)	(381)	(13)	686	14	-	-
Transfers from Stage 3	52	-	92	15	(144)	(15)	-	-
Business activity in the year	31,714	44	1,496	22	31	-	33,241	66
Changes to models used for calculation[a]	-	(9)	-	(19)	-	-	-	(28)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	7,366	(33)	615	70	139	220	8,120	257
Final repayments	(31,622)	(30)	(2,105)	(41)	(362)	(91)	(34,089)	(162)
Disposals[b]	-	-	-	-	-	-	-	-
Write-offs[c]	-	-	-	-	(104)	(104)	(104)	(104)
As at 31 December 2019[d]	89,200	114	7,515	234	1,163	383	97,878	731

Notes
a Changes to models used for calculation include a £48m movement in Credit cards, unsecured loans and other retail lending and a £28m movement in Wholesale loans. These reflect methodology changes made during the year. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.
b The £787m movement of gross loans and advances disposed of across Home Loans relates to the sale of a portfolio of mortgages from the Italian loan book. The £54m 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 £1,293m (2018: £1,456m) and post write-off recoveries amounted to £73m (2018: £86m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £1,220m (2018: £1,370m).
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 £125.5bn (December 2018: £120.1bn) and impairment allowance of £22m (December 2018: £11m). This comprises £10m ECL (December 2018 £9m) on £124.7bn stage 1 assets (December 2018: £119.6bn) and £2m (December 2018: £2m) on £0.8bn stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2018: £0.5bn) and £10m (December 2018: £nil) on £10m Stage 3 other assets (December 2018: £nil).

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
Home loans	(6)
Credit cards, unsecured loans and other retail lending	1,056
Wholesale loans	133
ECL movement excluding assets derecognised due to disposals and write-offs	1,183
Recoveries and reimbursements	(73)
Exchange and other adjustments[a]	31
Impairment charge on loan commitments and financial guarantees	55
Impairment charge on other financial assets[b]	6
Income statement charge for the period	1,202

Notes
a Includes foreign exchange and interest and fees in suspense.
b Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £125.5bn (December 2018: £120.1bn) and impairment allowance of £22m (December 2018: £11m). This comprises £10m ECL (December 2018: £9m) on £124.7bn stage 1 assets (December 2018: £119.6bn) and £2m (December 2018: £2m) on £0.8bn stage 2 fair value through other comprehensive income assets, cash collateral and settlement assets (December 2018: £0.5bn) and £10m (December 2018: £nil) on £10m Stage 3 other assets (December 2018: £nil).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank Group	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2019	15	-	1	-	-	-	16	-
Net transfers between stages	-	-	-	-	-	-	-	-
Business activity in the year	18	-	-	-	-	-	18	-
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1	-	(1)	-	-	-	-	-
Limit management and final repayments	-	-	-	-	-	-	-	-
As at 31 December 2019	34	-	-	-	-	-	34	-
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	74,624	32	4,304	21	69	20	78,997	73
Net transfers between stages	251	4	(981)	(3)	730	(1)	-	-
Business activity in the year	13,322	2	173	-	6	6	13,501	8
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	1,169	(15)	(810)	(2)	(725)	(10)	(366)	(27)
Limit management and final repayments	(11,109)	(1)	(633)	(1)	(13)	(1)	(11,755)	(3)
As at 31 December 2019	78,257	22	2,053	15	67	14	80,377	51
Wholesale loans								
As at 1 January 2019	173,951	59	12,139	83	352	2	186,442	144
Net transfers between stages	(881)	7	585	(8)	296	1	-	-
Business activity in the year	53,666	22	2,777	22	16	-	56,459	44
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	686	(1)	1,211	36	238	41	2,135	76
Limit management and final repayments	(44,421)	(24)	(4,659)	(36)	(266)	(3)	(49,346)	(63)
As at 31 December 2019	183,001	63	12,053	97	636	41	195,690	201

Loans and advances at amortised cost (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2019	10,673	24	799	47	1,134	306	12,606	377
Transfers from Stage 1 to Stage 2	(102)	-	102	-	-	-	-	-
Transfers from Stage 2 to Stage 1	107	2	(107)	(2)	-	-	-	-
Transfers to Stage 3	(83)	-	(54)	(5)	137	5	-	-
Transfers from Stage 3	12	-	29	1	(41)	(1)	-	-
Business activity in the year	759	1	-	-	-	-	759	1
Changes to models used for calculation[a]	-	-	-	-	-	-	-	-
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	(543)	(9)	(34)	4	(74)	(6)	(651)	(11)
Final repayments	(811)	(1)	(48)	(1)	(112)	(1)	(971)	(3)
Transfer to Barclays Bank Ireland	(5,874)	(8)	(575)	(42)	(146)	(12)	(6,595)	(62)
Disposals	-	-	-	-	-	-	-	-
Write-offs[b]	-	-	-	-	(20)	(20)	(20)	(20)
As at 31 December 2019[c]	4,138	9	112	2	878	271	5,128	282
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	3,915	19	592	42	383	113	4,890	174
Transfers from Stage 1 to Stage 2	(183)	(1)	183	1	-	-	-	-
Transfers from Stage 2 to Stage 1	183	14	(183)	(14)	-	-	-	-
Transfers to Stage 3	(171)	-	(31)	(7)	202	7	-	-
Transfers from Stage 3	-	-	5	-	(5)	-	-	-
Business activity in the year	974	6	22	2	35	4	1,031	12
Changes to models used for calculation[a]	-	4	-	(7)	-	(7)	-	(10)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	23	(15)	24	20	(7)	39	40	44
Final repayments	(1,078)	(3)	(50)	(2)	(167)	(9)	(1,295)	(14)
Transfer to Barclays Bank Ireland	(44)	-	-	-	(116)	(33)	(160)	(33)
Disposals	-	-	-	-	-	-	-	-
Write-offs[b]	-	-	-	-	(38)	(38)	(38)	(38)
As at 31 December 2019[c]	3,619	24	562	35	287	76	4,468	135
Wholesale loans								
As at 1 January 2019	131,654	99	7,933	223	907	353	140,494	675
Transfers from Stage 1 to Stage 2	(2,406)	(6)	2,406	6	-	-	-	-
Transfers from Stage 2 to Stage 1	2,786	38	(2,786)	(38)	-	-	-	-
Transfers to Stage 3	(304)	(1)	(377)	(13)	681	14	-	-
Transfers from Stage 3	52	-	92	15	(144)	(15)	-	-
Business activity in the year	50,498	41	1,394	21	31	-	51,923	62
Changes to models used for calculation[a]	-	(9)	-	(19)	-	-	-	(28)
Net drawdowns, repayments, net re-measurement and movements due to exposure and risk parameter changes	5,991	(18)	438	84	179	201	6,608	267
Final repayments	(41,968)	(30)	(1,894)	(36)	(355)	(84)	(44,217)	(150)
Transfer to Barclays Bank Ireland	(1,209)	(2)	(249)	(6)	(72)	(24)	(1,530)	(32)
Disposals	-	-	-	-	-	-	-	-
Write-offs[b]	-	-	-	-	(96)	(96)	(96)	(96)
As at 31 December 2019[c]	145,094	112	6,957	237	1,131	349	153,182	698

Notes
a Changes to models used for calculation include a £10m movement in Credit cards, unsecured loans and other retail lending and a £28m movement in Wholesale loans. These reflect methodology changes made during the year. Barclays continually review the output of models to determine accuracy of the ECL calculation including review of model monitoring, external benchmarking and experience of model operation over an extended period of time. This ensures that the models used continue to reflect the risks inherent across the businesses.
b In 2019, gross write-offs amounted to £154m (2018: £565m) and post write-off recoveries amounted to £39m (2018: £50m). Net write-offs represent gross write-offs less post write-off recoveries and amounted to £115m (£515m).
c Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £120.3bn (December 2018: £110.7bn) and impairment allowance of £19m (December 2018: £12m). This comprises £11m ECL (December 2018: £10m) on £119.5bn stage 1 assets (December 2018: £110.2bn) and £2m (December 2018: £2m) on £0.8bn stage 2 fair value through other comprehensive income assets, cash collateral and other settlement balances (December 2018: £0.5bn) and £6m (December 2018: £nil) on £6m Stage 3 other assets (December 2018: £nil).

Reconciliation of ECL movement to impairment charge/(release) for the period	£m
Home loans	(75)
Credit cards, unsecured loans and other retail lending	(1)
Wholesale loans	119
ECL movement excluding assets derecognised due to disposals and write-offs	43
Recoveries and reimbursements	(39)
Exchange and other adjustments[a]	159
Impairment charge on loan commitments and financial guarantees	64
Impairment charge on other financial assets[b]	8
Income statement charge for the period	235

Notes
a Includes foreign exchange and interest and fees in suspense.
b Other financial assets subject to impairment not included in the table above include cash collateral and settlement balances, financial assets at fair value through other comprehensive income, accrued income and sundry debtors. These have a total gross exposure of £120.3bn (December 2018: £110.7bn) and impairment allowance of £19m (December 2018: £12m). This comprises £11m ECL (December 2018: £10m) on £119.5bn stage 1 assets (December 2018: £110.2bn) and £2m (December 2018: £2m) on £0.8bn stage 2 fair value through other comprehensive income assets, cash collateral and other settlement balances (December 2018: £0.5bn) and £6m (December 2018: £nil) on £6m Stage 3 other assets (December 2018: £nil).

Loan commitments and financial guarantees (audited)	Stage 1		Stage 2		Stage 3		Total	
Barclays Bank PLC	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m	Gross £m	ECL £m
Home loans								
As at 1 January 2019	4	-	-	-	-	-	4	-
Net transfers between stages	-	-	-	-	-	-	-	-
Business activity in the year	7	-	-	-	-		7	-
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	-	-	-	-	-	-	-	-
Limit management and final repayments	-	-	-	-	-	-	-	-
As at 31 December 2019	11	-	-	-	-	-	11	-
Credit cards, unsecured loans and other retail lending								
As at 1 January 2019	4,950	5	1,069	6	23	20	6,042	31
Net transfers between stages	263	5	(330)	(3)	67	(2)	-	-
Business activity in the year	1,212	2	27	-	6	6	1,245	8
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(404)	(4)	88	1	(67)	(10)	(383)	(13)
Limit management and final repayments	(930)	(1)	(191)	(1)	(2)	(1)	(1,123)	(3)
Transfer to Barclays Bank Ireland	(20)	-	-	-	-	-	(20)	-
As at 31 December 2019	5,071	7	663	3	27	13	5,761	23
Wholesale loans								
As at 1 January 2019	187,226	57	12,053	84	352	2	199,631	143
Net transfers between stages	(947)	7	651	(8)	296	1	-	-
Business activity in the year	49,486	22	2,376	21	16	-	51,878	43
Net drawdowns, repayments, net re-measurement and movement due to exposure and risk parameter changes	(1,180)	(3)	977	34	228	42	25	73
Limit management and final repayments	(40,889)	(24)	(4,583)	(36)	(266)	(3)	(45,738)	(63)
Transfer to Barclays Bank Ireland	(9,994)	(2)	(434)	(3)	(13)	-	(10,441)	(5)
As at 31 December 2019	183,702	57	11,040	92	613	42	195,355	191

Stage 2 decomposition

Loans and advances at amortised cost[a]

As at 31 December	2020 Gross Exposure £m	2020 Impairment allowance £m	2019 Gross Exposure £m	2019 Impairment allowance £m
Quantitative test	17,434	1,698	8,415	848
Qualitative test	3,228	180	3,365	181
30 days past due backstop	1,748	34	859	29
Total Stage 2	22,410	1,912	12,639	1,058

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 probability of default (PD) has deteriorated more than a pre-determined amount since origination during the year driven by changes in macro-economic variables. This is augmented by inclusion of accounts meeting the designated high risk criteria (including watchlist) for the portfolio under the qualitative test. Qualitative tests include £2bn (2019: £1.7bn) relating to Corporate and Investment Bank, £0.3bn (2019: £0.9bn) relating to Barclaycard International and £0.7bn (2019: £0.7bn) relating to Private Bank.

A small number of other accounts (2% of impairment allowances and 8% of gross exposure) are included in Stage 2. These accounts are not otherwise identified by the quantitative or qualitative tests but are more than 30 days past due. The percentage triggered by these backstop criteria is a measure of the effectiveness of the Stage 2 criteria in identifying deterioration prior to delinquency. These balances include items in Corporate and Investment Bank for reasons such as outstanding interest and fees rather than principal balances.

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

Stage 3 decomposition

Loans and advances at amortised cost

As at 31 December	2020 Gross Exposure £m	2020 Impairment allowance £m	2019 Gross Exposure £m	2019 Impairment allowance £m
Exposures not charged-off including within cure period[a]	1,294	398	1,429	490
Exposures individually assessed or in recovery book[b]	3,825	2,071	2,919	1,656
Total Stage 3	5,119	2,469	4,348	2,146

Notes
a Includes £0.6bn (2019: £0.6bn) 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]

As at 31 December	2020 Management adjustments to impairment allowances £m	2020 Proportion of total impairment allowances %	2019 Management adjustments to impairment allowances £m	2019 Proportion of total impairment allowances[b] %
Home loans	54	12.4	-	-
Credit cards, unsecured loans and other retail lending	960	31.3	3	0.1
Wholesale loans	(78)	(3.3)	(40)	(4.3)
Total	936	16.0	(37)	(0.9)

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

As at 31 December 2020	Impairment allowance pre management adjustments[c] £m	Economic uncertainty adjustments £m	Other adjustments £m	Total impairment allowance £m
Home loans	380	21	33	434
Credit cards, unsecured loans and other retail lending	2,109	986	(26)	3,069
Wholesale loans	2,410	379	(457)	2,332
Total	**4,899**	**1,386**	**(450)**	**5,835**

Note
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 £3.9bn of modelled ECL, £0.8bn of individually assessed impairments and £0.2bn 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 US cards (2020: 2.5%; 2019: 2.7%). A similar phenomenon is observed in wholesale, where the average risk profile of the portfolio has broadly remained stable between Dec'19 and Dec'20 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 economic consensus has not yet captured the range of economic uncertainty.

The COVID-19 adjustments of £1.4bn are broadly comprised as follows:

- Use of expert judgement to adjust the probability of default £0.1bn to pre-COVID levels to reflect the impact of temporary support measures on underlying customer behaviour.
- Adjusting macro-economic variables deemed temporarily influenced by support measures, enabling models to consume the expected stress, £1.0bn.
- A £0.3bn adjustment has been applied to selected sectors in Stage 1 to increase the ECL coverage on these names in line with the average Stage 2 coverage of the respective sector. This adjustment is materially in response to the increased stress in these sectors not captured through the ECL models.

Other adjustments:

Wholesale loans: Adjustments include a release in the Investment Bank to limit excessive ECL sensitivity to the macroeconomic variable for Federal Tax Receipts and a correction to Corporate and Investment Bank ECL to adjust for model inaccuracies informed by back-testing.

Management adjustments of £37m in 2019 represent a number of small adjustments to PDs and losses given default (LGD) partially offset by £50m 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 PDs, LGD, a range of unbiased future economic scenarios, estimation of expected lives, estimation of exposures at default (EAD) and assessing significant increases in credit risk.

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

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

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

Scenario weights (audited)

The methodology for estimating probability weights for each of the scenarios involves a comparison of the distribution of key historical UK and US macroeconomic variables against the forecast paths of the five scenarios. The methodology works such that the Baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favourable scenarios depend on the deviation from the Baseline; the further from the Baseline, the smaller the weight. This is reflected in the table below where the probability weights of the scenarios are shown. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The same scenarios and weights that are used in the estimation of expected credit losses are also used for Barclays internal planning purposes. The impacts across the portfolios are different because of the sensitivities of each of the portfolios to specific macroeconomic variables, for example, mortgages are highly sensitive to house prices 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 on the next page show the key consensus macroeconomic variables used in the five scenarios (Three-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 3 year period, which is calculated relative to the start point for GDP and HPI.

Baseline average macroeconomic variables used in the calculation of ECL

As at 31.12.20	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)
US GDP[a]	3.9	3.1	2.9	1.0
US unemployment[d]	6.9	5.7	5.6	7.5
US HPI[e]	2.8	4.7	4.7	0.7
US federal funds rate	0.3	0.3	0.3	0.3

As at 31.12.19	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
US GDP[a]	2.1	1.9	1.9	0.5
US unemployment[d]	3.6	3.9	4.0	4.0
US HPI[e]	3.4	2.9	2.8	1.0
US federal funds rate	1.7	1.5	1.7	1.5

Downside 2 average macroeconomic variables used in the calculation of ECL

As at 31.12.20	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)
US GDP[a]	(2.4)	3.6	2.1	(6.0)
US unemployment[d]	13.4	11.9	10.1	13.7
US HPI[e]	(17.2)	(0.7)	0.6	(17.8)
US federal funds rate	0.3	0.3	0.3	0.3

As at 31.12.19	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
US GDP[a]	(1.2)	(2.6)	(0.6)	(5.3)
US unemployment[d]	4.9	7.7	8.5	8.5
US HPI[e]	(4.4)	(13.6)	(2.9)	(19.8)
US federal funds rate	3.1	3.5	3.5	2.5

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)
US GDP[a]	0.4	3.6	2.3	(3.0)
US unemployment[d]	11.0	8.9	6.9	11.5
US HPI[e]	(5.9)	1.8	2.6	(5.9)
US federal funds rate	0.3	0.3	0.3	0.3

As at 31.12.19	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
US GDP[a]	1.2	0.4	0.8	0.2
US unemployment[d]	4.0	5.1	5.3	5.4
US HPI[e]	1.2	0.5	0.8	0.5
US federal funds rate	2.6	3.0	3.0	2.0

Upside 2 average macroeconomic variables used in the calculation of ECL

As at 31.12.20	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
US GDP[a]	7.1	4.6	4.0	3.4
US unemployment[d]	5.5	4.3	4.1	6.1
US HPI[e]	8.8	9.1	8.9	1.7
US federal funds rate	0.3	0.4	0.6	0.3

As at 31.12.19	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
US GDP[a]	3.4	4.2	3.6	1.0
US unemployment[d]	3.3	3.0	3.0	3.5
US HPI[e]	7.4	7.6	7.2	1.6
US federal funds rate	1.7	1.5	1.5	1.5

Upside 1 average macroeconomic variables used in the calculation of ECL

As at 31.12.20	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
US GDP[a]	5.5	4.0	3.7	2.1
US unemployment[d]	6.0	4.8	4.6	6.7
US HPI[e]	6.8	6.7	6.3	1.4
US federal funds rate	0.3	0.3	0.5	0.3

As at 31.12.19	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
US GDP[a]	2.8	3.3	2.9	0.8
US unemployment[d]	3.5	3.6	3.7	3.7
US HPI[e]	5.1	4.7	4.4	1.4
US federal funds rate	1.7	1.5	1.5	1.5

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

Scenario probability weighting (audited)

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

Specific bases show 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**	**–**	**0.6**	**0.6**
US GDP[b]	**15.7**	**12.8**	**1.6**	**(10.6)**	**(10.6)**
US unemployment[c]	**3.8**	**3.8**	**6.4**	**13.0**	**13.7**
US HPI[d]	**42.2**	**30.9**	**3.8**	**(3.7)**	**(15.9)**
US federal funds rate[c]	**0.1**	**0.1**	**0.3**	**1.3**	**1.3**
As at 31 December 2019					
UK GDP[b]	15.4	11.7	1.5	0.2	(4.6)
UK unemployment[c]	3.4	3.8	4.1	5.8	8.8
UK HPI[d]	41.1	28.8	2.8	(6.3)	(31.1)
UK bank rate[c]	0.5	0.5	0.7	2.8	4.0
US GDP[b]	17.9	14.9	2.1	0.5	(3.0)
US unemployment[c]	3.0	3.5	3.9	5.4	8.5
US HPI[d]	35.8	23.7	3.2	0.3	(16.7)
US federal funds rate[c]	1.5	1.5	1.8	3.0	3.5

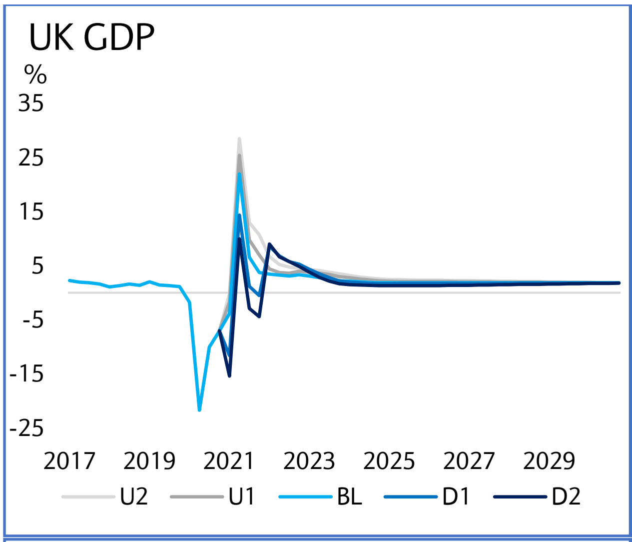
Average basis represents the average quarterly value of variables in the 20 quarter period with GDP and HPI based on yearly average and quarterly CAGRs respectively.

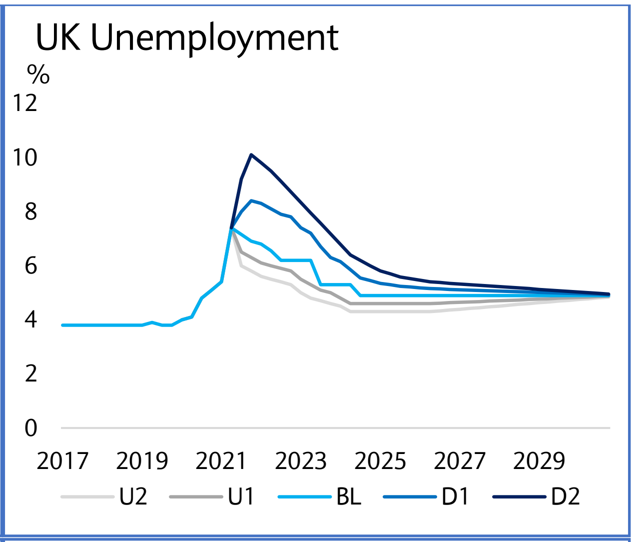
Macroeconomic variables used in the calculation of ECL (5-year averages) (audited)[a]

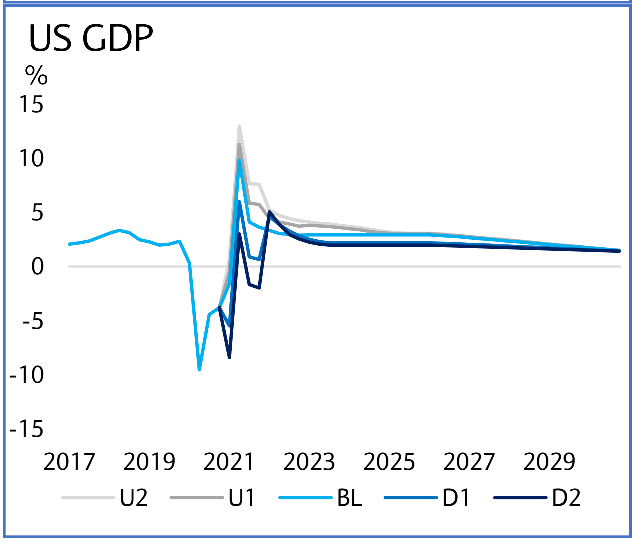
	Upside 2 %	Upside 1 %	Baseline %	Downside 1 %	Downside 2 %
As at 31 December 2020					
UK GDP[e]	**2.5**	**1.6**	**0.7**	**0.1**	**(0.9)**
UK unemployment[f]	**5.0**	**5.3**	**5.7**	**6.5**	**7.2**
UK HPI[g]	**8.2**	**5.5**	**3.6**	**(0.2)**	**(3.6)**
UK bank rate[f]	**0.3**	**0.2**	**–**	**–**	**(0.1)**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

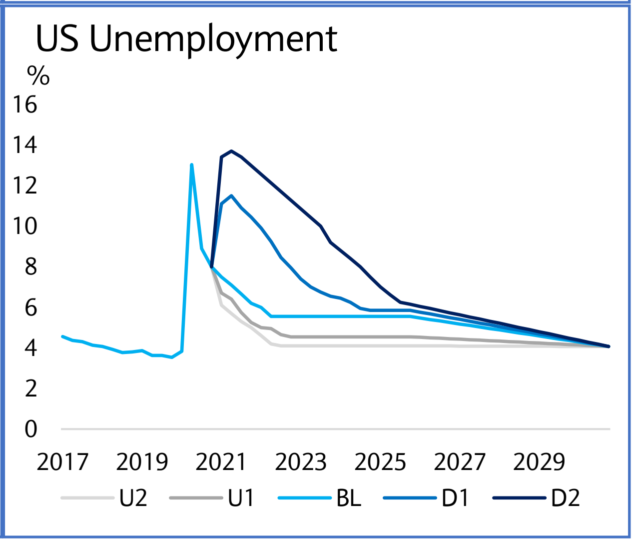
Notes
a UK GDP = Real GDP growth seasonally adjusted; UK unemployment = UK unemployment rate 16-year+; UK HPI = Halifax All Houses, All Buyers Index; US GDP = Real GDP growth seasonally adjusted; US unemployment = US civilian unemployment rate 16-year+; US HPI = FHFA house price index.
b Maximum growth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

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









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 Expected Credit Risk (ECL) assuming scenarios have been 100% weighted. Model exposures are allocated to a stage based on the individual scenario rather than through a probability-weighted approach as required for Barclays reported impairment allowances. As a result, it is not possible to back solve to the final reported weighted ECL from the individual scenarios as a balance may be assigned to a different stage dependent on the scenario. Model exposure uses Exposure at default (EAD) values and is not directly comparable to gross exposure used in prior disclosures. For Credit cards, unsecured loans and other retail lending, an average EAD measure is used (12 month or lifetime depending on stage allocation in each scenario). Therefore, the model exposure movement into Stage 2 is higher than the corresponding Stage 1 reduction.

All ECL using a model is included, with the exception of Treasury assets (£8.8m 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 75.

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% in UK markets and 14% in US markets 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 £17bn of model exposure into Stage 2 between the Weighted and Downside 2 scenario. ECL increases in Stage 2 predominantly due to unsecured portfolios as economic conditions deteriorate.

	Scenarios					
As at 31 December 2020	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model Exposure (£m)						
Home loans	4,404	4,422	4,416	4,407	4,387	4,365
Credit cards, unsecured loans and other retail lending	24,980	24,929	25,097	24,820	24,411	24,247
Wholesale loans	115,949	121,769	120,741	118,930	113,027	101,759
Stage 1 Model ECL (£m)						
Home loans	4	4	4	4	5	5
Credit cards, unsecured loans and other retail lending	236	187	204	230	258	263
Wholesale loans	219	239	231	205	218	221
Stage 1 Coverage (%)						
Home loans	0.1	0.1	0.1	0.1	0.1	0.1
Credit cards, unsecured loans and other retail lending	0.9	0.8	0.8	0.9	1.1	1.1
Wholesale loans	0.2	0.2	0.2	0.2	0.2	0.2
Stage 2 Model Exposure (£m)						
Home loans	557	539	545	554	575	597
Credit cards, unsecured loans and other retail lending	3,171	2,111	2,462	3,215	4,721	5,796
Wholesale loans	29,834	24,015	25,043	26,853	32,757	44,024
Stage 2 Model ECL (£m)						
Home loans	33	31	31	32	36	40
Credit cards, unsecured loans and other retail lending	512	327	382	481	796	1,045
Wholesale loans	1,358	922	1,010	1,174	1,683	2,751
Stage 2 Coverage (%)						
Home loans	5.9	5.8	5.7	5.8	6.3	6.7
Credit cards, unsecured loans and other retail lending	16.1	15.5	15.5	15.0	16.9	18.0
Wholesale loans	4.6	3.8	4.0	4.4	5.1	6.2
Stage 3 Model Exposure (£m)						
Home loans	728	728	728	728	728	728
Credit cards, unsecured loans and other retail lending	1,279	1,279	1,279	1,279	1,279	1,279
Wholesale loans[a]	863	863	863	863	863	863
Stage 3 Model ECL (£m)						
Home loans	298	278	281	284	306	363
Credit cards, unsecured loans and other retail lending	1,190	1,170	1,180	1,191	1,211	1,210
Wholesale loans[a]	25	20	21	23	29	40
Stage 3 Coverage (%)						
Home loans	40.9	38.2	38.6	39.0	42.0	49.9
Credit cards, unsecured loans and other retail lending	93.0	91.5	92.3	93.1	94.7	94.6
Wholesale loans[a]	2.9	2.3	2.4	2.7	3.4	4.6
Total Model ECL (£m)						
Home loans	335	313	316	320	347	408
Credit cards, unsecured loans and other retail lending	1,938	1,684	1,766	1,902	2,265	2,518
Wholesale loans[a]	1,602	1,181	1,262	1,402	1,930	3,012
Total ECL	3,875	3,178	3,344	3,624	4,542	5,938

Note
a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £835m is reported as individually assessed impairments in the table below.

Risk performance

Credit risk

Reconciliation to total ECL	£m
Total model ECL	3,875
ECL from individually assessed impairments	835
ECL from non-modelled and other management adjustments[a]	1,125
Total ECL	**5,835**

Note
a Includes £0.9bn of post model adjustments and £0.2bn 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 7%, largely driven wholesale loans.

Home loans: Total weighted ECL of £335m represents a 5% increase over the Baseline ECL (£320m) reflecting the nature of the Italy portfolio.

Credit cards, unsecured loans and other retail lending: Total weighted ECL of £1,938m represents a 2% increase over the Baseline ECL (£1,902m) reflecting the range of economic scenarios used, mainly impacted by Unemployment and key retail variables. Total ECL increases to £2,518m under the Downside 2 scenario, mainly driven by Stage 2, where coverage rates increase to 18% from a weighted scenario approach of 16.1% 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 £1,602m represents a 14% increase over the Baseline ECL (£1,402m) reflecting the range of economic scenarios used, with exposures in the Investment Bank particularly sensitive to the Downside 2 scenario.

As at 31 December 2019	Scenarios					
	Weighted	Upside 2	Upside 1	Baseline	Downside 1	Downside 2
Stage 1 Model Exposure (£m)						
Home loans	4,887	4,902	4,894	4,887	4,876	4,863
Credit cards, unsecured loans and other retail lending	37,599	37,361	37,534	37,269	37,921	38,414
Wholesale loans	141,272	142,393	142,125	141,806	139,227	126,882
Stage 1 Model ECL (£m)						
Home loans	5	4	4	5	5	5
Credit cards, unsecured loans and other retail lending	350	344	347	342	349	356
Wholesale loans	184	141	152	164	244	268
Stage 1 Coverage (%)						
Home loans	0.1	0.1	0.1	0.1	0.1	0.1
Credit cards, unsecured loans and other retail lending	0.9	0.9	0.9	0.9	0.9	0.9
Wholesale loans	0.1	0.1	0.1	0.1	0.2	0.2
Stage 2 Model Exposure (£m)						
Home loans	511	496	505	512	522	535
Credit cards, unsecured loans and other retail lending	4,228	3,350	3,540	4,025	5,615	7,204
Wholesale loans	13,099	11,979	12,246	12,566	15,145	27,489
Stage 2 Model ECL (£m)						
Home loans	36	32	34	35	41	47
Credit cards, unsecured loans and other retail lending	784	584	638	739	1,115	2,450
Wholesale loans	352	253	280	314	493	1,240
Stage 2 Coverage (%)						
Home loans	7.1	6.6	6.7	6.8	7.8	8.8
Credit cards, unsecured loans and other retail lending	18.5	17.4	18.0	18.4	19.8	34.0
Wholesale loans	2.7	2.1	2.3	2.5	3.3	4.5
Stage 3 Model Exposure (£m)						
Home loans	711	711	711	711	711	711
Credit cards, unsecured loans and other retail lending	1,697	1,697	1,697	1,697	1,697	1,697
Wholesale loans[a]	279	279	279	279	279	279
Stage 3 Model ECL (£m)						
Home loans	260	258	259	260	261	264
Credit cards, unsecured loans and other retail lending	1,382	1,367	1,374	1,380	1,395	1,418
Wholesale loans[a]	3	2	2	3	4	5
Stage 3 Coverage (%)						
Home loans	36.5	36.3	36.4	36.5	36.7	37.2
Credit cards, unsecured loans and other retail lending	81.5	80.5	81.0	81.3	82.2	83.6
Wholesale loans[a]	1.0	0.8	0.9	0.9	1.3	1.9
Total Model ECL (£m)						
Home loans	301	294	297	300	307	316
Credit cards, unsecured loans and other retail lending	2,516	2,295	2,359	2,461	2,859	4,224
Wholesale loans[a]	539	396	434	481	741	1,513
Total ECL	3,356	2,985	3,090	3,242	3,907	6,053

Note
a Material wholesale loan defaults are individually assessed across different recovery strategies. As a result, ECL of £398m is reported as individually assessed impairments in the table below.

Reconciliation to total ECL[a]	£m
Total model ECL	3,355
ECL from individually assessed impairments	398
ECL from non-modelled and other management adjustments	195
Total ECL	**3,948**

Note
a The table has been re-presented to separately show the impact of individually assessed impairments of £398m. This was included in the Barclays Bank PLC Annual Report 2019 with non-modelled and other adjustments of £232m. Non-modelled and other adjustments are now disclosed within the other management adjustments category of £195m.

Staging sensitivity (audited)

An increase of 1% (£1,393m) of total gross exposure into Stage 2 (from Stage 1), would result in an increase in ECL impairment allowance of £110m based on applying the difference in Stage 2 and Stage 1 average impairment coverage ratios to the movement in gross exposure (refer to Loans and advances at amortised cost by product on page 65).

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 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.

Geographic concentrations

Exposure is concentrated in the Americas 41% (2019: 43%), in the UK 25% (2019: 26%) and Europe 26% (2019: 24%).

Credit risk concentrations by geography (audited)

Barclays Bank Group

As at 31 December 2020	United Kingdom £m	Americas £m	Europe £m	Asia £m	Africa and Middle East £m	Total £m
On-balance sheet:						
Cash and balances at central banks	31,235	36,063	69,962	17,987	655	155,902
Cash collateral and settlement balances	30,261	27,255	30,105	9,487	508	97,616
Loans and advances at amortised cost	61,754	40,403	23,931	4,859	3,320	134,267
Reverse repurchase agreements and other similar secured lending	10	152	323	8,285	211	8,981
Trading portfolio assets	9,787	31,003	16,861	5,947	946	64,544
Financial assets at fair value through the income statement	31,745	88,302	25,706	14,742	7,524	168,019
Derivative financial instruments	93,685	90,796	101,099	14,532	2,581	302,693
Financial assets at fair value through other comprehensive income	6,921	19,451	22,138	3,276	115	51,901
Other assets	392	185	37	-	-	614
Total on-balance sheet	265,790	333,610	290,162	79,115	15,860	984,537
Off-balance sheet:						
Contingent liabilities	5,200	10,121	3,809	1,222	580	20,932
Loan commitments	46,746	175,893	36,713	4,132	1,538	265,022
Total off-balance sheet	51,946	186,014	40,522	5,354	2,118	285,954
Total	317,736	519,624	330,684	84,469	17,978	1,270,491
As at 31 December 2019						
On-balance sheet:						
Cash and balances at central banks	29,791	28,273	52,003	15,128	745	125,940
Cash collateral and settlement balances	23,775	23,593	25,955	5,326	837	79,486
Loans and advances at amortised cost	62,568	45,863	24,450	5,881	2,874	141,636
Reverse repurchase agreements and other similar secured lending	12	15	401	470	833	1,731
Trading portfolio assets	11,538	27,249	12,922	4,786	763	57,258
Financial assets at fair value through the income statement	26,363	70,832	11,272	12,534	1,921	122,922
Derivative financial instruments	70,256	63,337	83,165	11,189	1,694	229,641
Financial investments - debt securities	8,383	16,092	17,884	2,945	101	45,405
Other assets	407	124	81	2	-	614
Total on-balance sheet	233,093	275,378	228,133	58,261	9,768	804,633
Off-balance sheet:						
Contingent liabilities	6,789	10,838	3,862	1,562	726	23,777
Loan commitments	39,247	192,857	33,182	3,130	1,611	270,027
Total off-balance sheet	46,036	203,695	37,044	4,692	2,337	293,804
Total	279,129	479,073	265,177	62,953	12,105	1,098,437

Credit risk concentrations by geography (audited)

Barclays Bank PLC

As at 31 December 2020	United Kingdom £m	Americas £m	Europe £m	Asia £m	Africa and Middle East £m	Total £m
On-balance sheet:						
Cash and balances at central banks	31,235	32,376	51,306	17,815	654	133,386
Cash collateral and settlement balances	34,134	28,329	18,323	6,475	462	87,723
Loans and advances at amortised cost	141,961	23,611	15,574	7,764	2,628	191,538
Reverse repurchase agreements and other similar secured lending	10	2	1,756	9,556	211	11,535
Trading portfolio assets	9,530	17,812	11,241	4,214	886	43,683
Financial assets at fair value through the income statement	75,052	73,769	30,176	16,487	7,464	202,948
Derivative financial instruments	101,898	79,020	99,398	14,236	2,577	297,129
Financial assets at fair value through other comprehensive income	6,570	19,450	20,936	3,237	115	50,308
Other assets	703	20	10	7	1	741
Total on-balance sheet	401,093	274,389	248,720	79,791	14,998	1,018,991
Off-balance sheet:						
Contingent liabilities	15,703	10,080	1,052	1,170	553	28,558
Loan commitments	43,908	117,490	17,168	4,042	1,154	183,762
Total off-balance sheet	59,611	127,570	18,220	5,212	1,707	212,320
Total	460,704	401,959	266,940	85,003	16,705	1,231,311

As at 31 December 2019	United Kingdom £m	Americas £m	Europe £m	Asia £m	Africa and Middle East £m	Total £m
On-balance sheet:						
Cash and balances at central banks	29,790	26,554	40,687	14,512	744	112,287
Cash collateral and settlement balances	28,493	20,587	21,609	4,425	708	75,822
Loans and advances at amortised cost	108,085	23,280	20,256	7,745	2,297	161,663
Reverse repurchase agreements and other similar secured lending	12	2	1,017	3,075	833	4,939
Trading portfolio assets	11,465	15,778	11,945	3,762	684	43,634
Financial assets at fair value through the income statement	72,151	57,756	14,927	15,609	1,861	162,304
Derivative financial instruments	76,364	55,994	84,414	10,874	1,692	229,338
Financial investments - debt securities	7,609	16,086	17,081	2,883	101	43,760
Other assets	672	31	8	7	1	719
Total on-balance sheet	334,641	216,068	211,944	62,892	8,921	834,466
Off-balance sheet:						
Contingent Liabilities	13,120	10,820	1,165	1,519	719	27,343
Loan Commitments	41,881	124,981	19,448	3,115	1,425	190,850
Total off-balance sheet	55,001	135,801	20,613	4,634	2,144	218,193
Total	389,642	351,869	232,557	67,526	11,065	1,052,659

Risk performance

Credit risk

Industry concentrations

Total exposures concentrated in banks and other financial institutions is 51% (2019: 46%), predominantly within derivative financial instruments and financial assets. The proportion of the overall exposure concentrated in governments and central banks is 21% (2019: 20%). Further details on material and emerging risks can be found on pages 38 to 49.

Credit risk concentrations by industry (audited)

Barclays Bank 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	3	-	-	-	155,899	-	-	-	-	-	-	155,902
Cash collateral and settlement balances	17,961	66,696	375	35	10,828	871	30	576	-	-	244	97,616
Loans and advances at amortised cost	8,649	24,766	7,122	12,889	13,759	4,554	7,814	13,528	11,193	23,955	6,038	134,267
Reverse repurchase agreements and other similar secured lending	656	7,964	-	-	361	-	-	-	-	-	-	8,981
Trading portfolio assets	2,752	11,464	4,104	516	35,607	3,052	1,883	2,625	-	-	2,541	64,544
Financial assets at fair value through the income statement	22,766	131,929	603	2,481	5,519	13	64	3,479	971	-	194	168,019
Derivative financial instruments	155,986	116,421	4,126	2,725	11,649	3,288	1,235	2,496	-	-	4,767	302,693
Financial assets at fair value through other comprehensive income	13,003	4,258	1	333	33,774	-	-	527	-	-	5	51,901
Other assets	303	193	5	3	1	10	1	95	-	-	3	614
Total on-balance sheet	222,079	363,691	16,336	18,982	267,397	11,788	11,027	23,326	12,164	23,955	13,792	984,537
Off-balance sheet:												
Contingent liabilities	1,150	5,501	3,187	1,260	1,028	3,223	978	2,283	-	155	2,167	20,932
Loan commitments	1,773	51,900	39,447	12,843	1,398	25,766	16,626	24,001	134	69,646	21,488	265,022
Total off-balance sheet	2,923	57,401	42,634	14,103	2,426	28,989	17,604	26,284	134	69,801	23,655	285,954
Total	225,002	421,092	58,970	33,085	269,823	40,777	28,631	49,610	12,298	93,756	37,447	1,270,491
As at 31 December 2019												
On-balance sheet:												
Cash and balances at central banks	4	-	-	-	125,936	-	-	-	-	-	-	125,940
Cash collateral and settlement balances	16,638	54,582	516	64	6,122	536	51	642	-	-	335	79,486
Loans and advances at amortised cost	9,185	20,230	7,940	13,610	11,402	5,278	8,226	14,588	10,986	33,560	6,631	141,636
Reverse repurchase agreements and other similar secured lending	1,172	486	-	-	73	-	-	-	-	-	-	1,731
Trading portfolio assets	2,806	9,050	2,787	1,053	32,298	2,996	842	3,158	-	-	2,268	57,258
Financial assets at fair value through the income statement	11,694	97,824	620	3,609	5,340	37	-	3,318	358	-	122	122,922
Derivative financial instruments	125,612	83,286	2,049	2,273	7,811	3,077	562	1,635	-	2	3,334	229,641
Financial assets at fair value through other comprehensive income	13,158	2,938	-	208	28,489	-	-	415	-	-	197	45,405
Other assets	180	312	1	-	2	7	-	104	-	2	6	614
Total on-balance sheet	180,449	268,708	13,913	20,817	217,473	11,931	9,681	23,860	11,344	33,564	12,893	804,633
Off-balance sheet:												
Contingent liabilities	1,250	8,043	3,549	703	1,231	3,318	1,072	2,831	-	109	1,671	23,777
Loan commitments	1,861	47,619	42,001	13,358	1,703	29,865	14,320	22,491	49	73,573	23,187	270,027
Total off-balance sheet	3,111	55,662	45,550	14,061	2,934	33,183	15,392	25,322	49	73,682	24,858	293,804
Total	183,560	324,370	59,463	34,878	220,407	45,114	25,073	49,182	11,393	107,246	37,751	1,098,437

Credit risk concentrations by industry (audited)

Barclays Bank PLC	Banks	Other financial insti-tutions	Manu-facturing	Const-ruction and property	Govern-ment and central bank	Energy and water	Wholesale and retail distribution and leisure	Business and other services	Home loans	Cards, unsecured loans and other personal lending	Other	Total
As at 31 December 2020	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
On-balance sheet:												
Cash and balances at central banks	-	-	-	-	133,386	-	-	-	-	-	-	133,386
Cash collateral and settlement balances	19,530	57,176	312	34	9,626	347	28	506	-	-	164	87,723
Loans and advances at amortised cost	13,321	106,865	6,606	12,271	13,411	4,031	7,488	11,763	5,287	4,688	5,807	191,538
Reverse repurchase agreements and other similar secured lending	1,939	9,235	-	-	361	-	-	-	-	-	-	11,535
Trading portfolio assets	1,544	5,399	3,823	438	23,337	2,914	1,743	2,298	-	-	2,187	43,683
Financial assets at fair value through the income statement	24,164	167,811	472	2,160	5,084	-	63	2,501	637	-	56	202,948
Derivative financial instruments	170,453	104,384	3,777	2,481	6,197	2,255	1,154	2,296	-	-	4,132	297,129
Financial assets at fair value through other comprehensive income	11,824	4,258	1	333	33,360	-	-	527	-	-	5	50,308
Other assets	561	127	-	-	-	-	-	53	-	-	-	741
Total on-balance sheet	243,336	455,255	14,991	17,717	224,762	9,547	10,476	19,944	5,924	4,688	12,351	1,018,991
Off-balance sheet:												
Contingent Liabilities	5,363	11,259	2,081	918	1,028	2,871	912	2,054	-	61	2,011	28,558
Loan commitments	1,537	54,469	35,222	11,783	1,398	21,258	15,327	22,755	29	1,567	18,417	183,762
Total off-balance sheet	6,900	65,728	37,303	12,701	2,426	24,129	16,239	24,809	29	1,628	20,428	212,320
Total	250,236	520,983	52,294	30,418	227,188	33,676	26,715	44,753	5,953	6,316	32,779	1,231,311
As at 31 December 2019												
On-balance sheet:												
Cash and balances at central banks	-	-	-	-	112,287	-	-	-	-	-	-	112,287
Cash collateral and settlement balances	16,098	52,313	446	64	5,723	523	48	412	-	-	195	75,822
Loans and advances at amortised cost	15,060	75,321	7,146	12,887	11,009	4,845	7,569	12,628	4,846	4,358	5,994	161,663
Reverse repurchase agreements and other similar secured lending	1,775	3,091	-	-	73	-	-	-	-	-	-	4,939
Trading portfolio assets	2,383	5,193	2,624	792	24,103	2,749	807	2,910	-	-	2,073	43,634
Financial assets at fair value through the income statement	10,742	140,562	617	3,298	4,985	25	-	1,957	-	-	118	162,304
Derivative financial instruments	129,873	80,815	1,870	2,174	6,732	2,685	539	1,642	-	2	3,006	229,338
Financial assets at fair value through other comprehensive income	12,354	2,939	-	208	27,647	-	-	415	-	-	197	43,760
Other assets	352	306	-	-	-	-	-	61	-	-	-	719
Total on-balance sheet	188,637	360,540	12,703	19,423	192,559	10,827	8,963	20,025	4,846	4,360	11,583	834,466
Off-balance sheet:												
Contingent Liabilities	2,049	13,110	2,445	503	1,231	2,798	963	2,622	-	35	1,587	27,343
Loan commitments	1,554	51,408	38,798	12,822	1,690	27,079	13,282	21,211	17	1,405	21,584	190,850
Total off-balance sheet	3,603	64,518	41,243	13,325	2,921	29,877	14,245	23,833	17	1,440	23,171	218,193
Total	192,240	425,058	53,946	32,748	195,480	40,704	23,208	43,858	4,863	5,800	34,754	1,052,659

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 65 to 75.

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

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

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

These credit quality 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 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.

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 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 Group will use its own internal ratings for the securities.

Balance sheet credit quality

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

Overview

As at 31 December 2020, the ratio of the Barclays Bank Group's on-balance sheet assets classified as strong (0.0 < 0.60%) remained stable at 86% (2019: 85%) of total assets exposed to credit risk.

Risk performance

Credit risk

Balance sheet credit quality (audited)

Barclays Bank Group	PD Range	0.0 to <0.60%	0.60 to <11.35%	11.35% to 100%	Total	0.0 to <0.60%	0.60 to <11.35%	11.35% to 100%	Total
As at 31 December 2020		£m	£m	£m	£m	%	%	%	%
Cash and balances at central banks		**155,902**	**-**	**-**	**155,902**	**100**	**-**	**-**	**100**
Cash collateral and settlement balances		**86,882**	**10,725**	**9**	**97,616**	**89**	**11**	**-**	**100**
Loans and advances at amortised cost									
Home loans		**7,582**	**2,840**	**771**	**11,193**	**68**	**25**	**7**	**100**
Credit cards, unsecured loans and other retail lending		**10,742**	**11,259**	**1,367**	**23,368**	**46**	**48**	**6**	**100**
Wholesale loans		**75,672**	**20,828**	**3,206**	**99,706**	**76**	**21**	**3**	**100**
Total loans and advances at amortised cost		**93,996**	**34,927**	**5,344**	**134,267**	**70**	**26**	**4**	**100**
Reverse repurchase agreements and other similar secured lending		**8,969**	**12**	**-**	**8,981**	**100**	**-**	**-**	**100**
Trading portfolio assets:									
Debt securities		**51,109**	**4,871**	**216**	**56,196**	**91**	**9**	**-**	**100**
Traded loans		**704**	**5,107**	**2,537**	**8,348**	**9**	**61**	**30**	**100**
Total trading portfolio assets		**51,813**	**9,978**	**2,753**	**64,544**	**80**	**16**	**4**	**100**
Financial assets at fair value through the income statement:									
Loans and advances		**13,174**	**14,232**	**43**	**27,449**	**48**	**52**	**-**	**100**
Debt securities		**1,136**	**515**	**46**	**1,697**	**67**	**30**	**3**	**100**
Reverse repurchase agreements		**96,318**	**41,566**	**674**	**138,558**	**70**	**30**	**-**	**100**
Other financial assets		**302**	**13**	**-**	**315**	**96**	**4**	**-**	**100**
Total financial assets at fair value through the income statement		**110,930**	**56,326**	**763**	**168,019**	**66**	**34**	**-**	**100**
Derivative financial instruments		**282,864**	**19,352**	**477**	**302,693**	**94**	**6**	**-**	**100**
Financial assets at fair value through other comprehensive income		**51,893**	**8**	**-**	**51,901**	**100**	**-**	**-**	**100**
Other assets		**572**	**42**	**-**	**614**	**93**	**7**	**-**	**100**
Total on-balance sheet		**843,821**	**131,370**	**9,346**	**984,537**	**86**	**13**	**1**	**100**
As at 31 December 2019									
Cash and balances at central banks		125,940	-	-	125,940	100	-	-	100
Cash collateral and settlement balances		69,351	10,135	-	79,486	87	13	-	100
Loans and advances at amortised cost									
Home loans		7,536	2,626	824	10,986	68	24	8	100
Credit cards, unsecured loans and other retail lending		13,631	18,019	1,853	33,503	40	54	6	100
Wholesale loans		75,638	19,716	1,793	97,147	78	20	2	100
Total loans and advances at amortised cost		96,805	40,361	4,470	141,636	69	28	3	100
Reverse repurchase agreements and other similar secured lending		1,642	89	-	1,731	95	5	-	100
Trading portfolio assets:									
Debt securities		48,258	3,479	143	51,880	93	7	-	100
Traded loans		864	3,219	1,295	5,378	16	60	24	100
Total trading portfolio assets		49,122	6,698	1,438	57,258	85	12	3	100
Financial assets at fair value through the income statement:									
Loans and advances		11,030	7,880	227	19,137	58	41	1	100
Debt securities		4,786	404	30	5,220	91	8	1	100
Reverse repurchase agreements		63,411	34,232	180	97,823	65	35	-	100
Other financial assets		736	6	-	742	99	1	-	100
Total financial assets at fair value through the income statement		79,963	42,522	437	122,922	65	35	-	100
Derivative financial instruments		216,508	13,012	121	229,641	94	6	-	100
Financial assets at fair value through other comprehensive income		45,405	-	-	45,405	100	-	-	100
Other assets		501	113	-	614	82	18	-	100
Total on-balance sheet		685,237	112,930	6,466	804,633	85	14	1	100

Risk performance

Credit risk

Balance sheet credit quality (audited)

Barclays Bank 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		133,386	-	-	133,386	100	-	-	100
Cash collateral and settlement balances		81,327	6,392	4	87,723	93	7	-	100
Loans and advances at amortised cost									
Home loans		4,630	140	528	5,298	87	3	10	100
Credit cards, unsecured loans and other retail lending		3,228	811	149	4,188	77	19	4	100
Wholesale loans		159,177	19,973	2,902	182,052	87	11	2	100
Total loans and advances at amortised cost		167,035	20,924	3,579	191,538	87	11	2	100
Reverse repurchase agreements and other similar secured lending		11,523	12	-	11,535	100	-	-	100
Trading portfolio assets:									
Debt securities		30,750	4,496	196	35,442	87	12	1	100
Traded loans		597	5,107	2,537	8,241	7	62	31	100
Total trading portfolio assets		31,347	9,603	2,733	43,683	72	22	6	100
Financial assets at fair value through the income statement:									
Loans and advances		29,272	6,833	12	36,117	81	19	–	100
Debt securities		1,836	257	46	2,139	86	12	2	100
Reverse repurchase agreements		126,667	37,384	619	164,670	77	23	–	100
Other financial assets		22	-	-	22	100	-	-	100
Total financial assets at fair value through the income statement		157,797	44,474	677	202,948	78	22	-	100
Derivative financial instruments		278,882	17,775	472	297,129	94	6	-	100
Financial assets at fair value through other comprehensive income		50,300	8	-	50,308	100	-	-	100
Other assets		720	21	-	741	97	3	-	100
Total on-balance sheet		912,317	99,209	7,465	1,018,991	89	10	1	100

As at 31 December 2019									
Cash and balances at central banks		112,287	-	-	112,287	100	-	-	100
Cash collateral and settlement balances		70,537	5,285	-	75,822	93	7	-	100
Loans and advances at amortised cost									
Home loans		4,128	108	610	4,846	85	2	13	100
Credit cards, unsecured loans and other retail lending		3,256	846	231	4,333	75	20	5	100
Wholesale loans		132,180	18,562	1,742	152,484	87	12	1	100
Total loans and advances at amortised cost		139,564	19,516	2,583	161,663	86	12	2	100
Reverse repurchase agreements and other similar secured lending		4,850	89	-	4,939	98	2	-	100
Trading portfolio assets:									
Debt securities		34,689	3,638	130	38,457	91	9	-	100
Traded loans		663	3,219	1,295	5,177	13	62	25	100
Total trading portfolio assets		35,352	6,857	1,425	43,634	81	16	3	100
Financial assets at fair value through the income statement:									
Loans and advances		29,371	4,106	194	33,671	87	12	1	100
Debt securities		5,811	276	30	6,117	95	5	-	100
Reverse repurchase agreements		92,873	29,444	180	122,497	76	24	-	100
Other financial assets		19	-	-	19	100	-	-	100
Total financial assets at fair value through the income statement		128,074	33,826	404	162,304	79	21	-	100
Derivative financial instruments		218,324	10,893	121	229,338	95	5	-	100
Financial assets at fair value through other comprehensive income		43,760	-	-	43,760	100	-	-	100
Other assets		629	90	-	719	87	13	-	100
Total on-balance sheet		753,377	76,556	4,533	834,466	90	9	1	100

Credit exposures by internal PD grade

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

Stage 1 higher risk assets, presented gross of associated collateral held, are of weaker credit quality but have not significantly deteriorated since origination. Examples would include leveraged corporate loans or non-prime credit cards.

IFRS 9 Stage 1 and Stage 2 classification is not dependent solely on the absolute probability of default but on elements that determine a Significant Increase in Credit Risk (see Note 7 to the financial statements on page 169), including relative movement in probability of default since initial recognition. There is therefore no direct relationship between credit quality and IFRS 9 stage classification.

Barclays Bank Group

As at 31 December 2020

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

			Gross carrying amount				Allowance for ECL					
Grading	PD range %	Credit quality description	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	36,388	689	-	37,077	2	3	-	5	37,072	-
4-5	0.05 to < 0.15%	Strong	17,008	627	-	17,635	17	4	-	21	17,614	0.1
6-8	0.15 to < 0.30%	Strong	13,667	2,463	-	16,130	34	52	-	86	16,044	0.5
9-11	0.30 to < 0.60%	Strong	21,049	2,432	-	23,481	88	127	-	215	23,266	0.9
12-14	0.60 to < 2.15%	Satisfactory	16,951	4,913	-	21,864	293	351	-	644	21,220	2.9
15-19	2.15 to < 10%	Satisfactory	5,264	6,661	-	11,925	183	651	-	834	11,091	7.0
19	10 to < 11.35%	Satisfactory	1,042	1,698	-	2,740	25	99	-	124	2,616	4.5
20-21	11.35 to < 100%	Higher Risk	435	2,927	-	3,362	43	625	-	668	2,694	19.9
22	100%	Credit Impaired	-	-	5,119	5,119	-	-	2,469	2,469	2,650	48.2
Total			111,804	22,410	5,119	139,333	685	1,912	2,469	5,066	134,267	3.6

As at 31 December 2019

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

			Gross carrying amount				Allowance for ECL					
Grading	PD range %	Credit quality description	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	37,430	564	-	37,994	9	15	-	24	37,970	0.1
4-5	0.05 to < 0.15%	Strong	17,117	783	-	17,900	6	-	-	6	17,894	-
6-8	0.15 to < 0.30%	Strong	15,020	581	-	15,601	16	1	-	17	15,584	0.1
9-11	0.30 to < 0.60%	Strong	24,490	944	-	25,434	71	6	-	77	25,357	0.3
12-14	0.60 to < 2.15%	Satisfactory	24,211	1,740	-	25,951	134	102	-	236	25,715	0.9
15-19	2.15 to < 10%	Satisfactory	7,491	5,450	-	12,941	185	339	-	524	12,417	4.0
19	10 to < 11.35%	Satisfactory	1,945	339	-	2,284	21	34	-	55	2,229	2.4
20-21	11.35 to < 100%	Higher Risk	641	2,238	-	2,879	50	561	-	611	2,268	21.2
22	100%	Credit Impaired	-	-	4,348	4,348	-	-	2,146	2,146	2,202	49.4
Total			128,345	12,639	4,348	145,332	492	1,058	2,146	3,696	141,636	2.5

As at 31 December 2020

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

			Gross carrying amount				Allowance for ECL					
Grading	PD range %	Credit quality description	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	5,502	188	-	5,690	1	-	-	1	5,689	-
4-5	0.05 to < 0.15%	Strong	2,765	428	-	3,193	3	2	-	5	3,188	0.2
6-8	0.15 to < 0.30%	Strong	1,468	165	-	1,633	3	4	-	7	1,626	0.4
9-11	0.30 to < 0.60%	Strong	3,524	552	-	4,076	5	33	-	38	4,038	0.9
12-14	0.60 to < 2.15%	Satisfactory	2,712	546	-	3,258	8	25	-	33	3,225	1.0
15-19	2.15 to < 10%	Satisfactory	305	398	-	703	7	21	-	28	675	4.0
19	10 to < 11.35%	Satisfactory	264	423	-	687	17	83	-	100	587	14.6
20-21	11.35 to < 100%	Higher Risk	40	769	-	809	-	61	-	61	748	7.5
22	100%	Credit Impaired	-	-	654	654	-	-	10	10	644	1.5
Total			16,580	3,469	654	20,703	44	229	10	283	20,420	1.4

As at 31 December 2019

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

			Gross carrying amount				Allowance for ECL					
Grading	PD range %	Credit quality description	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	6,198	118	-	6,316	1	-	-	1	6,315	-
4-5	0.05 to < 0.15%	Strong	4,199	40	-	4,239	1	-	-	1	4,238	-
6-8	0.15 to < 0.30%	Strong	2,953	103	-	3,056	1	-	-	1	3,055	-
9-11	0.30 to < 0.60%	Strong	4,551	136	-	4,687	2	2	-	4	4,683	0.1
12-14	0.60 to < 2.15%	Satisfactory	2,529	654	-	3,183	7	8	-	15	3,168	0.5
15-19	2.15 to < 10%	Satisfactory	663	244	-	907	4	8	-	12	895	1.3
19	10 to < 11.35%	Satisfactory	421	172	-	593	9	9	-	18	575	3.0
20-21	11.35 to < 100%	Higher Risk	117	282	-	399	-	30	-	30	369	7.5
22	100%	Credit Impaired	-	-	354	354	-	-	5	5	349	1.4
Total			21,631	1,749	354	23,734	25	57	5	87	23,647	0.4

As at 31 December 2020

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

			Gross carrying amount				Allowance for ECL					
Grading	PD range %	Credit quality description	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	**52,522**	**5,311**	**-**	**57,833**	**3**	**1**	**-**	**4**	**57,829**	**-**
4-5	0.05 to < 0.15%	Strong	**62,677**	**5,730**	**-**	**68,407**	**11**	**8**	**-**	**19**	**68,388**	**-**
6-8	0.15 to < 0.30%	Strong	**41,621**	**6,260**	**-**	**47,881**	**15**	**20**	**-**	**35**	**47,846**	**0.1**
9-11	0.30 to < 0.60%	Strong	**25,461**	**6,187**	**-**	**31,648**	**14**	**19**	**-**	**33**	**31,615**	**0.1**
12-14	0.60 to < 2.15%	Satisfactory	**20,730**	**6,978**	**-**	**27,708**	**113**	**18**	**-**	**131**	**27,577**	**0.5**
15-19	2.15 to < 10%	Satisfactory	**3,621**	**2,991**	**-**	**6,612**	**23**	**44**	**-**	**67**	**6,545**	**1.0**
19	10 to < 11.35%	Satisfactory	**4,778**	**4,971**	**-**	**9,749**	**11**	**25**	**-**	**36**	**9,713**	**0.4**
20-21	11.35 to < 100%	Higher Risk	**750**	**3,775**	**-**	**4,525**	**5**	**115**	**-**	**120**	**4,405**	**2.7**
22	100%	Credit Impaired	**-**	**-**	**1,411**	**1,411**	**-**	**-**	**41**	**41**	**1,370**	**2.9**
Total			**212,160**	**42,203**	**1,411**	**255,774**	**195**	**250**	**41**	**486**	**255,288**	**0.2**

As at 31 December 2019

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

			Gross carrying amount				Allowance for ECL					
Grading	PD range %	Credit quality description	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	77,725	990	-	78,715	4	-	-	4	78,711	-
4-5	0.05 to < 0.15%	Strong	53,910	1,480	-	55,390	3	-	-	3	55,387	-
6-8	0.15 to < 0.30%	Strong	43,728	811	-	44,539	6	1	-	7	44,532	-
9-11	0.30 to < 0.60%	Strong	28,813	1,294	-	30,107	10	2	-	12	30,095	-
12-14	0.60 to < 2.15%	Satisfactory	27,115	2,066	-	29,181	26	9	-	35	29,146	0.1
15-19	2.15 to < 10%	Satisfactory	4,322	2,050	-	6,372	7	21	-	28	6,344	0.4
19	10 to < 11.35%	Satisfactory	3,454	1,814	-	5,268	4	7	-	11	5,257	0.2
20-21	11.35 to < 100%	Higher Risk	594	1,852	-	2,446	-	15	-	15	2,431	0.6
22	100%	Credit Impaired	-	-	349	349	-	-	50	50	299	14.3
Total			239,661	12,357	349	252,367	60	55	50	165	252,202	0.1

Note
a Excludes loan commitments and financial guarantees carried at fair value of £9.5bn (2019: £17.7bn) for Barclays Bank Group.

Barclays Bank PLC

As at 31 December 2020

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

			Gross carrying amount				Allowance for ECL					
Grading	PD range %	Credit quality description	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	121,776	482	-	122,258	4	-	-	4	122,254	-
4-5	0.05 to < 0.15%	Strong	13,138	598	-	13,736	7	3	-	10	13,726	0.1
6-8	0.15 to < 0.30%	Strong	10,575	2,292	-	12,867	16	14	-	30	12,837	0.2
9-11	0.30 to < 0.60%	Strong	16,456	1,861	-	18,317	58	41	-	99	18,218	0.5
12-14	0.60 to < 2.15%	Satisfactory	9,540	2,978	-	12,518	185	19	-	204	12,314	1.6
15-19	2.15 to < 10%	Satisfactory	2,198	4,170	-	6,368	46	171	-	217	6,151	3.4
19	10 to < 11.35%	Satisfactory	935	1,620	-	2,555	18	78	-	96	2,459	3.8
20-21	11.35 to < 100%	Higher Risk	109	1,794	-	1,903	2	217	-	219	1,684	11.5
22	100%	Credit Impaired	-	-	3,088	3,088	-	-	1,193	1,193	1,895	38.6
Total			174,727	15,795	3,088	193,610	336	543	1,193	2,072	191,538	1.1

As at 31 December 2019

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

			Gross carrying amount				Allowance for ECL					
Grading	PD range %	Credit quality description	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	97,841	449	-	98,290	14	22	-	36	98,254	-
4-5	0.05 to < 0.15%	Strong	12,883	736	-	13,619	2	-	-	2	13,617	-
6-8	0.15 to < 0.30%	Strong	10,513	489	-	11,002	6	1	-	7	10,995	0.1
9-11	0.30 to < 0.60%	Strong	15,940	809	-	16,749	46	5	-	51	16,698	0.3
12-14	0.60 to < 2.15%	Satisfactory	11,575	1,121	-	12,696	33	63	-	96	12,600	0.8
15-19	2.15 to < 10%	Satisfactory	2,039	3,003	-	5,042	29	72	-	101	4,941	2.0
19	10 to < 11.35%	Satisfactory	1,785	214	-	1,999	13	11	-	24	1,975	1.2
20-21	11.35 to < 100%	Higher Risk	275	810	-	1,085	2	100	-	102	983	9.4
22	100%	Credit Impaired	-	-	2,296	2,296	-	-	696	696	1,600	30.3
Total			152,851	7,631	2,296	162,778	145	274	696	1,115	161,663	0.7

As at 31 December 2020

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

			Gross carrying amount				Allowance for ECL					
Grading	PD range %	Credit quality description	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	15,778	188	-	15,966	1	-	-	1	15,965	-
4-5	0.05 to < 0.15%	Strong	2,176	378	-	2,554	2	2	-	4	2,550	0.2
6-8	0.15 to < 0.30%	Strong	1,202	117	-	1,319	2	2	-	4	1,315	0.3
9-11	0.30 to < 0.60%	Strong	2,694	294	-	2,988	3	12	-	15	2,973	0.5
12-14	0.60 to < 2.15%	Satisfactory	2,443	484	-	2,927	8	25	-	33	2,894	1.1
15-19	2.15 to < 10%	Satisfactory	204	288	-	492	5	16	-	21	471	4.3
19	10 to < 11.35%	Satisfactory	264	423	-	687	17	83	-	100	587	14.6
20-21	11.35 to < 100%	Higher Risk	40	733	-	773	-	56	-	56	717	7.2
22	100%	Credit Impaired	-	-	623	623	-	-	10	10	613	1.6
Total			24,801	2,905	623	28,329	38	196	10	244	28,085	0.9

As at 31 December 2019

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

			Gross carrying amount				Allowance for ECL					
Grading	PD range %	Credit quality description	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	12,190	118	-	12,308	2	-	-	2	12,306	-
4-5	0.05 to < 0.15%	Strong	3,429	21	-	3,450	1	-	-	1	3,449	-
6-8	0.15 to < 0.30%	Strong	2,323	89	-	2,412	1	-	-	1	2,411	-
9-11	0.30 to < 0.60%	Strong	4,391	71	-	4,462	2	-	-	2	4,460	-
12-14	0.60 to < 2.15%	Satisfactory	2,205	335	-	2,540	6	7	-	13	2,527	0.5
15-19	2.15 to < 10%	Satisfactory	647	180	-	827	4	6	-	10	817	1.2
19	10 to < 11.35%	Satisfactory	421	172	-	593	9	9	-	18	575	3.0
20-21	11.35 to < 100%	Higher Risk	117	255	-	372	-	29	-	29	343	7.8
22	100%	Credit Impaired	-	-	336	336	-	-	5	5	331	1.5
Total			25,723	1,241	336	27,300	25	51	5	81	27,219	0.3

As at 31 December 2020

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

			Gross carrying amount				Allowance for ECL					
Grading	PD range %	Credit quality description	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	51,130	4,419	-	55,549	2	1	-	3	55,546	-
4-5	0.05 to < 0.15%	Strong	39,752	4,158	-	43,910	6	4	-	10	43,900	-
6-8	0.15 to < 0.30%	Strong	14,155	4,716	-	18,871	7	13	-	20	18,851	0.1
9-11	0.30 to < 0.60%	Strong	14,240	4,303	-	18,543	9	12	-	21	18,522	0.1
12-14	0.60 to < 2.15%	Satisfactory	13,520	5,081	-	18,601	104	10	-	114	18,487	0.6
15-19	2.15 to < 10%	Satisfactory	2,395	1,949	-	4,344	18	29	-	47	4,297	1.1
19	10 to < 11.35%	Satisfactory	4,764	4,953	-	9,717	11	25	-	36	9,681	0.4
20-21	11.35 to < 100%	Higher Risk	698	3,464	-	4,162	3	115	-	118	4,044	2.8
22	100%	Credit Impaired	-	-	1,332	1,332	-	-	41	41	1,291	3.1
Total			140,654	33,043	1,332	175,029	160	209	41	410	174,619	0.2

As at 31 December 2019

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

			Gross carrying amount				Allowance for ECL					
Grading	PD range %	Credit quality description	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Stage 1 £m	Stage 2 £m	Stage 3 £m	Total £m	Net exposure £m	Coverage ratio %
1-3	0.0 to < 0.05%	Strong	78,903	956	-	79,859	3	-	-	3	79,856	-
4-5	0.05 to < 0.15%	Strong	34,481	1,373	-	35,854	2	-	-	2	35,852	-
6-8	0.15 to < 0.30%	Strong	16,148	675	-	16,823	3	-	-	3	16,820	-
9-11	0.30 to < 0.60%	Strong	12,463	789	-	13,252	6	2	-	8	13,244	0.1
12-14	0.60 to < 2.15%	Satisfactory	14,553	1,674	-	16,227	18	7	-	25	16,202	0.2
15-19	2.15 to < 10%	Satisfactory	2,554	1,487	-	4,041	3	14	-	17	4,024	0.4
19	10 to < 11.35%	Satisfactory	3,430	1,803	-	5,233	4	7	-	11	5,222	0.2
20-21	11.35 to < 100%	Higher Risk	529	1,705	-	2,234	-	14	-	14	2,220	0.6
22	100%	Credit Impaired	-	-	304	304	-	-	50	50	254	16.4
Total			163,061	10,462	304	173,827	39	44	50	133	173,694	0.1

Note
a Excludes loan commitments and financial guarantees carried at fair value of £9.0bn (2019: £17.1bn) for Barclays Bank PLC.

Analysis of specific portfolios and asset types

Credit cards, unsecured loans and other retail lending

The principal portfolios listed below accounted for 77% (2019: 83%) of Barclays Bank Group's total credit cards, unsecured loans and other retail lending.

Credit cards and unsecured loans principal portfolios

	Gross exposure	30 day arrears rate, excluding recovery book	90 day arrears rate, excluding recovery book	Annualised gross write-off rate	Annualised net write-off rate
	£m	%	%	%	%
As at 31 December 2020					
US cards	**16,845**	**2.5**	**1.4**	**5.6**	**5.6**
Germany consumer lending	**3,458**	**1.9**	**0.8**	**1.2**	**1.1**
As at 31 December 2019					
US cards	22,041	2.7	1.4	4.5	4.4
Barclays Partner Finance[a]	4,134	0.9	0.3	1.7	1.7
Germany consumer lending	3,683	1.8	0.7	1.1	1.0

Notes
a On 1 April 2020, the Barclays Partner Finance business moved from Barclays International to Barclays UK. The 2019 comparative figures have not been restated.

US cards: 30 days arrears rate decreased to 2.5% (2019: 2.7%) due to government support schemes and payment holidays resulting in fewer accounts entering into delinquency. 90 day arrears rate remained stable at 1.4%. Write-off rates were in line with seasonal trends. A total of 251k payment holidays were provided to customers in the year. At 31 December 2020, the book value of the portfolio where payment holidays remain in place was £54.7m, representing 0.3% of the portfolio.

Germany consumer lending: Increases in 30 and 90 days arrears rates were primarily driven by the drop in the overall balances. A total of 9k payment holidays were provided to customers in the year. At 31 December 2020, the book value of the portfolio where payment holidays remain in place was £0.24m, representing 0.01% of the portfolio.

Risk performance

Market risk

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

Overview

This section contains key statistics describing the market risk profile of the Barclays Bank Group:

- Page 53 covers the management of market risk. Management measures are shown on page 100.

Measures of market risk in the Barclays Bank Group and accounting measures

Traded market risk measures such as VaR and balance sheet exposure measures have fundamental differences:

- Balance sheet measures show accruals-based balances or marked to market values as at the reporting date.
- VaR measures also take account of current marked to market values but, in addition, hedging effects between positions are considered.
- Market risk measures are expressed in terms of changes in value or volatilities as opposed to static values.

For these reasons, it is not possible to present direct reconciliations of traded market risk and accounting measures.

Summary of performance in the period

Average management VaR increased to £31m (2019: £23m), driven by an increase in market volatility in late Q1 and Q2 during the initial phase of the COVID-19 pandemic. Management VaR stabilised and declined in the second half of the year.

Traded market risk review

Review of management measures

The following disclosures provide details of management measures of market risk.

The table below shows the total management VaR on a diversified basis by risk factor. Total management VaR includes all trading positions in CIB and the supporting Barclays Bank Group Treasury desks.

Limits are applied against each risk factor VaR as well as total management VaR, which are then cascaded further by risk managers to each business.

The daily average, maximum and minimum values of management VaR

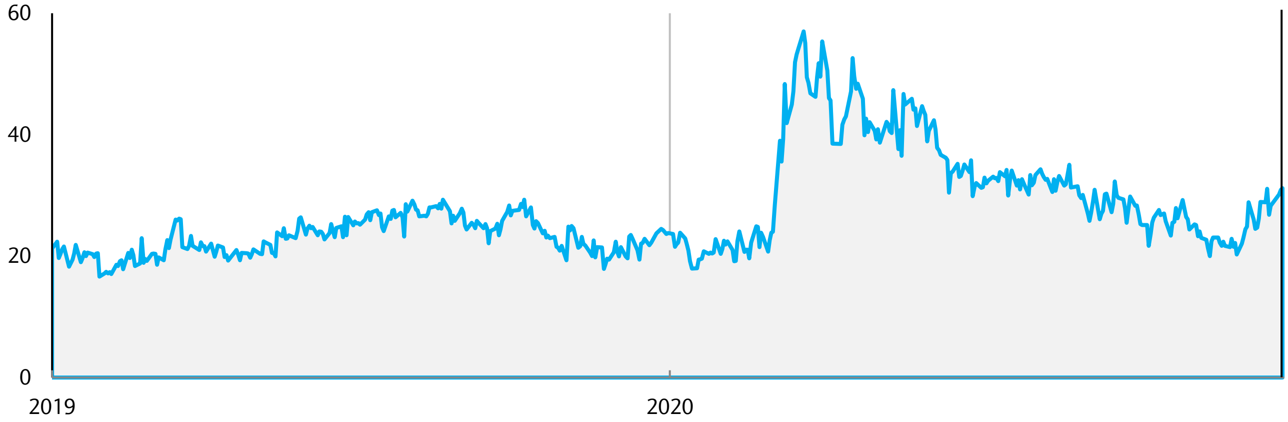
Management VaR (95%, one day) (audited)

	2020			2019		
	Average	High	Low	Average	High	Low
For the year ended 31 December	£m	£m	£m	£m	£m	£m
Credit risk	20	38	10	12	17	8
Interest rate risk	10	17	6	6	11	3
Equity risk	13	35	6	10	22	5
Basis risk	9	14	7	8	11	6
Spread risk	5	9	3	4	5	3
Foreign exchange risk	4	7	2	3	5	2
Commodity risk	1	1	–	1	2	-
Inflation risk	2	3	1	2	3	1
Diversification effect[a]	(33)	n/a	n/a	(23)	n/a	n/a
Total management VaR	31	57	17	23	29	16

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

Risk performance
Market risk

Barclays Bank Group Management VaR[a] (£m)



Business scenario stresses

As part of the Barclays Bank Group's risk management framework, on a regular basis the performance of the trading business in hypothetical scenarios characterised by severe macroeconomic conditions is modelled. Up to seven global scenarios are modelled on a regular basis, for example, a sharp deterioration in liquidity, a slowdown in the global economy, global recession and a sharp increase in economic growth.

In 2020 the scenario analyses showed that the largest market risk related impacts would be due to a severe deterioration in financial liquidity and a global recession.

Risk performance

Treasury and Capital risk

Summary of Contents

Liquidity risk

All disclosures in this section (pages 103 to 111) are unaudited unless otherwise stated.

Overview

The efficient management of liquidity is essential to the Barclays Bank 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.

For the purpose of liquidity management, Barclays Bank PLC and its subsidiary Barclays Capital Securities Limited, a UK broker dealer entity, are monitored on a combined basis by the PRA under a Domestic Liquidity Sub-Group (Barclays Bank PLC DoLSub) arrangement.

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 (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 PLC DoLSub held eligible liquid assets well above 100% of net stressed outflows to its internal and regulatory requirements. The split of the liquidity pool between cash and deposits with central banks, government bonds and other eligible securities is broadly similar to the Barclays Group.

A significant proportion of the liquidity pool is located in Barclays Bank PLC and Barclays Bank Ireland PLC. The residual portion of the liquidity pool, which is predominantly in the US subsidiaries, is held against entity-specific stress outflows and local regulatory requirements.

The liquidity pool increased to £206bn (December 2019: £169bn) and the LCR remained above the 100% regulatory requirement at 145% (December 2019:141%). The increase in the liquidity pool was driven by a 14% growth in deposits and lower unsecured lending in Consumer, Cards and Payments. The growth in deposits was largely a consequence of government and central bank policy response to the COVID19 pandemic.

	As at 31.12.20 £bn	As at 31.12.19 £bn
Barclays Bank Group liquidity pool	**206**	169
	%	%
Barclays Bank PLC DoLSub Liquidity Coverage Ratio	**145**	141

The Barclays Bank Group has direct access to US, European and Asian capital markets through its global investment banking operations and to long-term investors through its clients worldwide. Key sources of wholesale funding include money markets, certificates of deposit, commercial paper, medium term issuances (including structured notes) and securitisations. This funding capacity enables the Barclays Bank Group maintain a stable and diversified funding base.

The Barclays Bank Group also supports various central bank monetary initiatives, such as the Bank of England's Term Funding Scheme (TFS) and Term Funding Scheme with additional incentives for SMEs (TFSME), and the European Central Bank's Targeted Long-Term Refinancing Operations (TLTRO). These are reported under 'repurchase agreements and other similar secured borrowing' on the balance sheet. In addition to the £1.4bn TFS balance outstanding at the beginning of the year, the Barclays Bank Group drew £3.6bn under TFSME and £2.2bn under TLTRO during the year. These balances were outstanding at the year-end.

Contractual maturity of financial assets and liabilities

The table on the next page 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 these items 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 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	155,122	182	598	–	–	–	–	–	–	–	155,902
Cash collateral and settlement balances	1,281	96,335	–	–	–	–	–	–	–	–	97,616
Loans and advances at amortised cost	12,854	11,149	6,291	3,770	4,314	21,271	16,663	22,387	14,127	21,441	134,267
Reverse repurchase agreements and other similar secured lending	150	8,648	–	–	–	–	183	–	–	–	8,981
Trading portfolio assets	127,664	–	–	–	–	–	–	–	–	–	127,664
Financial assets at fair value through the income statement	17,377	123,948	7,547	6,959	4,027	4,294	1,216	2,284	1,853	2,256	171,761
Derivative financial instruments	302,429	24	–	–	–	15	15	112	77	21	302,693
Financial assets at fair value through other comprehensive income	–	3,086	1,627	151	95	3,059	3,770	12,741	19,236	8,137	51,902
Other financial assets	213	286	107	5	–	3	–	–	–	–	614
Total financial assets	617,090	243,658	16,170	10,885	8,436	28,642	21,847	37,524	35,293	31,855	1,051,400
Other assets											8,331
Total assets											1,059,731
Liabilities											
Deposits at amortised cost	181,455	39,409	13,975	3,665	2,283	1,144	532	602	1,252	379	244,696
Cash collateral and settlement balances	1,944	83,605	–	–	–	–	–	–	–	–	85,549
Repurchase agreements and other similar secured borrowing	4	2,545	–	–	–	1,400	2,329	4,073	–	92	10,443
Debt securities in issue	–	12,207	3,808	3,833	1,791	2,124	640	2,815	1,995	210	29,423
Subordinated liabilities	–	3,708	3,222	459	143	3,545	4,811	6,241	5,629	4,247	32,005
Trading portfolio liabilities	46,139	–	–	–	–	–	–	–	–	–	46,139
Financial liabilities designated at fair value	15,555	172,250	8,677	5,067	2,928	8,593	6,939	8,576	8,344	12,697	249,626
Derivative financial instruments	299,637	–	50	–	–	66	67	174	183	403	300,580
Other financial liabilities	70	2,072	15	15	16	233	50	90	187	62	2,810
Total financial liabilities	544,804	315,796	29,747	13,039	7,161	17,105	15,368	22,571	17,590	18,090	1,001,271
Other liabilities											4,750
Total liabilities											1,006,021
Cumulative liquidity gap	72,286	148	(13,429)	(15,583)	(14,308)	(2,771)	3,708	18,661	36,364	50,129	53,710

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank 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	125,065	766	109	–	–	–	–	–	–	–	125,940
Cash collateral and settlement balances	2,122	77,361	3	–	–	–	–	–	–	–	79,486
Loans and advances at amortised cost	11,396	10,376	9,764	4,513	6,227	17,780	18,460	26,294	14,565	22,261	141,636
Reverse repurchase agreements and other similar secured lending	13	1,449	–	–	–	77	190	–	–	2	1,731
Trading portfolio assets	113,337	–	–	–	–	–	–	–	–	–	113,337
Financial assets at fair value through the income statement	14,257	90,292	13,969	3,431	1,150	1,082	313	888	1,803	2,285	129,470
Derivative financial instruments	229,460	49	–	–	–	7	21	1	78	25	229,641
Financial investments	–	–	–	–	–	–	–	–	–	–	–
Financial assets at fair value through other comprehensive income	–	3,176	1,672	817	455	3,510	4,305	9,737	17,544	4,190	45,406
Other financial assets	307	168	126	–	13	–	–	–	–	–	614
Total financial assets	495,957	183,637	25,643	8,761	7,845	22,456	23,289	36,920	33,990	28,763	867,261
Other assets											9,411
Total assets											876,672
Liabilities											
Deposits at amortised cost	158,218	39,831	7,127	2,291	3,147	1,102	536	530	545	554	213,881
Cash collateral and settlement balances	3,077	64,592	13	–	–	–	–	–	–	–	67,682
Repurchase agreements and other similar secured borrowing	7	1,489	–	–	–	–	–	470	–	66	2,032
Debt securities in issue	–	12,418	4,601	3,262	3,036	2,989	131	3,444	3,366	289	33,536
Subordinated liabilities	–	207	834	397	832	7,999	6,836	7,627	4,784	3,909	33,425
Trading portfolio liabilities	35,212	–	–	–	–	–	–	–	–	–	35,212
Financial liabilities designated at fair value	13,952	128,078	10,890	6,519	3,797	6,968	6,235	7,702	7,127	13,178	204,446
Derivative financial instruments	228,338	–	–	8	–	36	41	42	88	387	228,940
Other financial liabilities	217	1,388	19	18	16	777	29	86	183	70	2,803
Total financial liabilities	439,021	248,003	23,484	12,495	10,828	19,871	13,808	19,901	16,093	18,453	821,957
Other liabilities											4,100
Total liabilities											826,057
Cumulative liquidity gap	56,936	(7,430)	(5,271)	(9,005)	(11,988)	(9,403)	78	17,097	34,994	45,304	50,615

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank 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	132,788	–	598	–	–	–	–	–	–	–	133,386
Cash collateral and settlement balances	536	87,187	–	–	–	–	–	–	–	–	87,723
Loans and advances at amortised cost	12,827	72,469	6,745	3,165	5,631	17,405	13,533	23,868	21,419	14,476	191,538
Reverse repurchase agreements and other similar secured lending	–	10,772	580	–	–	–	183	–	–	–	11,535
Trading portfolio assets	84,089	–	–	–	–	–	–	–	–	–	84,089
Financial assets at fair value through the income statement	96	162,737	10,394	9,743	4,127	4,341	3,121	3,051	4,050	1,413	203,073
Derivative financial instruments	296,734	118	88	–	–	15	15	81	66	12	297,129
Financial assets at fair value through other comprehensive	–	1,595	1,590	148	95	3,059	3,770	12,741	19,174	8,136	50,308
Other financial assets	176	131	432	–	–	2	–	–	–	–	741
Total financial assets	527,246	335,009	20,427	13,056	9,853	24,822	20,622	39,741	44,709	24,037	1,059,522
Other assets											22,030
Total assets											1,081,552
Liabilities											
Deposits at amortised cost	171,943	52,851	13,295	3,626	2,161	1,574	204	3,001	2,297	21,238	272,190
Cash collateral and settlement balances	1,440	67,422	–	–	–	–	–	–	–	–	68,862
Repurchase agreements and other similar secured borrowing	–	12,224	1,797	440	1,485	1,400	157	10,127	–	92	27,722
Debt securities in issue	–	5,629	2,930	3,598	1,063	1,384	45	1,219	1,353	–	17,221
Subordinated liabilities	–	3,635	3,222	385	143	3,545	4,805	6,241	5,629	4,247	31,852
Trading portfolio liabilities	48,093	–	–	–	–	–	–	–	–	–	48,093
Financial liabilities designated at fair value	22	203,962	9,349	6,834	2,787	7,698	7,854	8,227	9,399	11,005	267,137
Derivative financial instruments	291,595	–	50	–	–	66	67	174	183	403	292,538
Other financial liabilities	2	1,376	4	4	4	18	21	38	113	40	1,620
Total financial liabilities	513,095	347,099	30,647	14,887	7,643	15,685	13,153	29,027	18,974	37,025	1,027,235
Other liabilities											3,174
Total liabilities											1,030,409
Cumulative liquidity gap	14,151	2,061	(8,159)	(9,990)	(7,780)	1,357	8,826	19,540	45,275	32,287	51,143

Contractual maturity of financial assets and liabilities (audited)

Barclays Bank 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	111,672	506	109	–	–	–	–	–	–	–	112,287
Cash collateral and settlement balances	4,599	71,223	–	–	–	–	–	–	–	–	75,822
Loans and advances at amortised cost	9,969	53,050	8,675	3,650	3,962	13,441	15,186	21,957	15,973	15,800	161,663
Reverse repurchase agreements and other similar secured lending	–	4,054	616	–	–	77	190	–	–	2	4,939
Trading portfolio assets	79,079	–	–	–	–	–	–	–	–	–	79,079
Financial assets at fair value through the income statement	33	121,294	16,820	11,743	3,891	2,565	367	2,397	1,869	1,521	162,500
Derivative financial instruments	228,963	32	–	–	–	7	21	–	78	237	229,338
Financial assets at fair value through other comprehensive income	–	1,557	1,645	817	455	3,510	4,305	9,737	17,544	4,190	43,760
Other financial assets	244	66	409	–	–	–	–	–	–	–	719
Total financial assets	434,559	251,782	28,274	16,210	8,308	19,600	20,069	34,091	35,464	21,750	870,107
Other assets											21,014
Total assets											891,121
Liabilities											
Deposits at amortised cost	144,293	60,282	6,149	1,805	2,537	569	336	2,529	3,362	18,769	240,631
Cash collateral and settlement balances	2,137	57,311	–	–	–	–	–	–	–	–	59,448
Repurchase agreements and other similar secured borrowing	–	8,306	43	171	128	–	–	470	–	67	9,185
Debt securities in issue	–	5,475	3,197	2,850	2,806	2,972	22	1,205	1,356	–	19,883
Subordinated liabilities	–	–	759	322	832	7,999	6,836	7,627	4,784	4,046	33,205
Trading portfolio liabilities	45,130	–	–	–	–	–	–	–	–	–	45,130
Financial liabilities designated at fair value	18	137,800	13,776	10,202	6,538	7,337	4,805	9,155	6,932	11,202	207,765
Derivative financial instruments	225,021	–	–	8	–	36	43	42	88	369	225,607
Other financial liabilities	104	1,202	1	1	1	24	23	41	95	51	1,543
Total financial liabilities	416,703	270,376	23,925	15,359	12,842	18,937	12,065	21,069	16,617	34,504	842,397
Other liabilities											2,299
Total liabilities											844,696
Cumulative liquidity gap	17,856	(738)	3,611	4,462	(72)	591	8,595	21,617	40,464	27,710	46,425

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

- Trading portfolio assets and liabilities and derivative financial instruments, which may not be held to maturity as part of the Barclays Bank Group's trading strategies.
- Corporate and retail deposits, reported under deposits at amortised cost, are repayable on demand or at short notice on a contractual basis. In practice, their behavioural maturity is typically longer than their contractual maturity, and therefore provide stable funding for the Barclays Bank Group's operations and liquidity needs.
- Loans to corporate and retail customers, which are included within loans and advances at amortised cost and financial assets at fair value, may be repaid earlier in line with terms and conditions of the contract.
- Debt securities in issue, subordinated liabilities, and financial liabilities designated at fair value, may include early redemption features.

Contractual maturity of financial liabilities on an undiscounted basis

The table below presents the cash flows payable by the Barclays Bank 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 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	181,455	39,409	13,975	5,949	1,686	600	1,258	385	244,717
Cash collateral and settlement balances	1,944	83,605	–	–	–	–	–	–	85,549
Repurchase agreements and other similar secured borrowing	4	2,545	–	–	3,729	4,087	–	154	10,519
Debt securities in issue	–	12,226	3,818	5,629	2,799	2,923	2,098	277	29,770
Subordinated liabilities	–	3,716	3,342	703	8,845	6,555	6,922	6,500	36,583
Trading portfolio liabilities	46,139	–	–	–	–	–	–	–	46,139
Financial liabilities designated at fair value	15,555	172,282	8,684	7,998	15,599	8,586	8,369	20,398	257,471
Derivative financial instruments	299,637	4	50	–	133	175	190	442	300,631
Other financial liabilities	70	2,076	19	39	313	113	227	86	2,943
Total financial liabilities	544,804	315,863	29,888	20,318	33,104	23,039	19,064	28,242	1,014,322
As at 31 December 2019									
Deposits at amortised cost	158,218	39,844	7,138	5,457	1,648	532	554	595	213,986
Cash collateral and settlement balances	3,077	64,614	13	–	–	–	–	–	67,704
Repurchase agreements and other similar secured borrowing	7	1,491	–	–	–	485	–	149	2,132
Debt securities in issue	–	12,473	4,627	6,332	3,229	3,582	3,508	290	34,041
Subordinated liabilities	–	207	845	1,302	18,750	9,875	6,364	8,617	45,960
Trading portfolio liabilities	35,212	–	–	–	–	–	–	–	35,212
Financial liabilities designated at fair value	13,952	128,203	11,020	10,597	13,500	8,054	7,519	19,392	212,237
Derivative financial instruments	228,338	–	–	8	79	45	99	396	228,965
Other financial liabilities	217	1,388	19	34	819	99	197	98	2,871
Total financial liabilities	439,021	248,220	23,662	23,730	38,025	22,672	18,241	29,537	843,108

Contractual maturity of financial liabilities - undiscounted (audited)

Barclays Bank 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	171,943	52,854	13,293	5,788	1,791	3,018	2,548	24,613	275,848
Cash collateral and settlement balances	1,440	67,422	–	–	–	–	–	–	68,862
Repurchase agreements and other similar secured borrowing	–	12,224	1,798	1,926	1,557	10,088	–	154	27,747
Debt securities in issue	–	5,629	2,935	4,662	1,462	1,325	1,452	–	17,465
Subordinated liabilities	–	3,716	3,269	630	8,839	6,555	6,922	6,499	36,430
Trading portfolio liabilities	48,093	–	–	–	–	–	–	–	48,093
Financial liabilities designated at fair value	22	203,994	9,355	9,625	15,619	8,242	9,510	18,045	274,412
Derivative financial instruments	291,595	–	50	–	134	176	191	443	292,589
Other financial liabilities	2	1,379	7	13	63	57	137	73	1,731
Total financial liabilities	513,095	347,218	30,707	22,644	29,465	29,461	20,760	49,827	1,043,177
As at 31 December 2019									
Deposits at amortised cost	144,293	60,307	6,160	4,365	921	2,734	3,709	23,039	245,528
Cash collateral and settlement balances	2,137	57,347	–	–	–	–	–	–	59,484
Repurchase agreements and other similar secured borrowing	–	8,692	43	299	–	485	–	149	9,668
Debt securities in issue	–	5,509	3,212	5,694	3,105	1,351	1,538	–	20,409
Subordinated liabilities	–	–	770	1,226	18,750	9,875	6,364	8,776	45,761
Trading portfolio liabilities	45,130	–	–	–	–	–	–	–	45,130
Financial liabilities designated at fair value	18	137,952	13,825	17,155	12,475	9,406	7,760	17,263	215,854
Derivative financial instruments	225,021	–	–	8	82	45	99	379	225,634
Other financial liabilities	104	1,203	1	3	60	53	122	65	1,611
Total financial liabilities	416,703	271,010	24,011	28,750	35,393	23,949	19,592	49,671	869,079

Maturity of off-balance sheet commitments received and given

The table below presents the maturity split of the Barclays Bank Group's off-balance sheet commitments received and given at the balance sheet date. The amounts disclosed in the table are the undiscounted cash flows (i.e. nominal values) on the basis of earliest opportunity at which they are available.

Maturity analysis of off-balance sheet commitments received (audited)

Barclays Bank 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 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
As at 31 December 2020											
Guarantees, letters of credit and credit insurance	**6,462**	**86**	**37**	**68**	**8**	**18**	**14**	**47**	**40**	**25**	**6,805**
Other commitments received	**92**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**92**
Total off-balance sheet commitments received	**6,554**	**86**	**37**	**68**	**8**	**18**	**14**	**47**	**40**	**25**	**6,897**
As at 31 December 2019											
Guarantees, letters of credit and credit insurance	5,205	106	22	81	–	11	12	21	12	34	5,504
Other commitments received	91	–	–	2,373	–	–	–	–	–	–	2,464
Total off-balance sheet commitments received	5,296	106	22	2,454	–	11	12	21	12	34	7,968

Maturity analysis of off-balance sheet commitments given (audited)

Barclays Bank 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 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
As at 31 December 2020											
Contingent liabilities	**20,630**	**213**	**57**	**6**	**1**	**25**	**–**	**–**	**–**	**–**	**20,932**
Documentary credits and other short-term trade related transactions	**1,084**	**1**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,086**
Standby facilities, credit lines and other commitments	**262,586**	**564**	**93**	**123**	**95**	**49**	**196**	**202**	**21**	**7**	**263,936**
Total off-balance sheet commitments given	**284,300**	**778**	**151**	**129**	**96**	**74**	**196**	**202**	**21**	**7**	**285,954**
As at 31 December 2019											
Contingent liabilities	22,836	366	86	125	140	143	42	28	3	8	23,777
Documentary credits and other short-term trade related transactions	1,287	3	1	–	–	–	–	–	–	–	1,291
Standby facilities, credit lines and other commitments	264,346	1,134	792	973	638	118	98	273	139	225	268,736
Total off-balance sheet commitments given	288,469	1,503	879	1,098	778	261	140	301	142	233	293,804

Maturity analysis of off-balance sheet commitments received (audited)

Barclays Bank 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									
Guarantees, letters of credit and credit insurance	**6,375**	**37**	**–**	**4**	**16**	**31**	**40**	**25**	**6,528**
Other commitments received	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total off balance sheet commitments received	**6,375**	**37**	**–**	**4**	**16**	**31**	**40**	**25**	**6,528**
As at 31 December 2019									
Guarantees, letters of credit and credit insurance	5,137	9	–	4	18	19	12	34	5,233
Other commitments received	-	–	-	2,373	-	-	-	-	2,373
Total off balance sheet commitments received	5,137	9	–	2,377	18	19	12	34	7,606

Maturity analysis of off-balance sheet commitments given (audited)

Barclays Bank 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 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
As at 31 December 2020											
Contingent liabilities	**28,257**	**213**	**57**	**6**	**–**	**25**	**–**	**–**	**–**	**–**	**28,558**
Documentary credits and other short-term trade related transactions	**1,027**	**1**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,029**
Standby facilities, credit lines and other commitments	**181,650**	**475**	**49**	**89**	**94**	**39**	**111**	**198**	**21**	**7**	**182,733**
Total off-balance sheet commitments given	**210,934**	**689**	**107**	**95**	**94**	**64**	**111**	**198**	**21**	**7**	**212,320**
As at 31 December 2019											
Contingent liabilities	26,403	366	86	126	140	143	42	28	3	6	27,343
Documentary credits and other short-term trade related transactions	1,212	3	1	–	–	–	–	-	-	-	1,216
Standby facilities, credit lines and other commitments	185,983	770	766	968	624	78	23	269	44	109	189,634
Total off-balance sheet commitments given	213,598	1,139	853	1,094	764	221	65	297	47	115	218,193

Capital risk

All disclosures in this section (pages 112 to 116) are unaudited unless otherwise stated.

Overview

Barclays Bank PLC is currently regulated by the PRA on a solo-consolidated basis. Barclays Bank PLC solo-consolidated comprises Barclays Bank PLC plus certain additional subsidiaries, subject to PRA approval. The disclosures below provide key capital metrics for Barclays Bank PLC solo-consolidated with further information on its risk profile to be included in the Barclays PLC Pillar 3 Report 2020, due to be published on 18 February 2021 and which will be available at home.barclays/investor-relations/reports-and-events/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 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 the CRR leverage calculation to include additional settlement netting and limited changes to the calculation of RWAs.

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,c]

As at 31 December	2020	2019
CET1	14.2%	13.9%
Tier 1 (T1)	18.1%	18.1%
Total regulatory capital	21.0%	22.1%

Capital resources (audited)

As at 31 December	2020 £m	2019 £m
CET1 capital	25,227	22,080
T1 capital	32,172	28,600
Total regulatory capital	37,493	34,955

Total risk weighted assets (RWAs) (unaudited)	178,156	158,393

Capital Requirements Regulation (CRR) leverage ratio[a,d,e]

As at 31 December	2020 £m	2019 £m
CRR leverage ratio	3.9%	3.9%
T1 capital	32,172	28,600
CRR leverage exposure	826,371	731,715

Notes

a Capital, RWAs and leverage are calculated applying the transitional arrangements of the CRR as amended by CRR II. This includes IFRS 9 transitional arrangements and the grandfathering of CRR and CRR II non-compliant capital instruments.

b The fully loaded CET1 ratio was 13.6%, with £24.1bn of CET1 capital and £177.3bn of RWAs, calculated without applying the transitional arrangements of the CRR as amended by CRR II.

c The Barclays PLC CET1 ratio, as is relevant for assessing against the conversion trigger in Barclays Bank PLC 7.625% Contingent Capital Notes, was 15.1%. For this calculation CET1 capital and RWAs are calculated applying the transitional arrangements under the CRR, as amended by CRR II, including the IFRS 9 transitional arrangements. The benefit of the Financial Services Authority (FSA) October 2012 interpretation of the transitional provisions, relating to the implementation of CRD IV, expired in December 2017.

d Barclays Bank PLC solo-consolidated is not subject to the UK leverage framework and discloses the CRR Leverage ratio which had no binding requirement as at 31 December 2020. Had the UK leverage rules been applied, which provides a similar exclusion on qualifying claims on central banks as under CRR II, the 31 December 2020 leverage exposure would have reduced to £731.4bn and the leverage ratio would have increased to 4.3%. The exclusion for qualifying claims on central banks under CRR II is subject to PRA approval for all UK banks and as at 31 December 2020 this approval had not been given.

e The Financial Policy Committee intends to review the UK leverage framework in 2021.

Foreign exchange risk (audited)

The Barclays Bank Group is exposed to two sources of foreign exchange risk.

a) Transactional foreign currency exposure

Transactional foreign currency exposures represent exposure on banking assets and liabilities, denominated in currencies other than the functional currency of the transacting entity.

The Barclays Bank Group's risk management policies are designed to prevent the holding of significant open positions in foreign currencies outside the trading portfolio managed by Barclays International which is monitored through VaR.

Banking book transactional foreign exchange risk outside of Barclays International is monitored on a daily basis by the market risk function and minimised by the businesses.

b) Translational foreign exchange exposure

The Barclays Bank Group investments in overseas subsidiaries and branches create capital resources denominated in foreign currencies, principally USD and EUR. Changes in the GBP value of the net investments due to foreign currency movements are captured in the currency translation reserve, resulting in a movement in shareholders' equity.

Functional currency of operations (audited)

	Foreign currency net investments £m	Borrowings which hedge the net investments £m	Derivatives which hedge the net investments £m	Structural currency exposures pre- economic hedges £m	Economic hedges £m	Remaining structural currency exposures £m
As at 31 December 2020						
USD	**24,262**	**(4,512)**	**(764)**	**18,986**	**(5,918)**	**13,068**
EUR	**5,174**	**(278)**	**(3)**	**4,893**	**(286)**	**4,607**
JPY	**582**	**-**	**-**	**582**	**-**	**582**
Other	**1,596**	**(42)**	**(24)**	**1,530**	**-**	**1,530**
Total	**31,614**	**(4,832)**	**(791)**	**25,991**	**(6,204)**	**19,787**
As at 31 December 2019						
USD	25,628	(8,073)	(1,111)	16,443	(5,339)	11,104
EUR	2,987	(3)	-	2,984	(1,122)	1,862
JPY	533	-	-	533	-	533
Other	1,741	-	(34)	1,707	-	1,707
Total	30,889	(8,076)	(1,145)	21,667	(6,461)	15,206

Economic hedges relate to exposures arising on foreign currency denominated preference share and AT1 instruments. These instruments are accounted for at historical cost under IFRS and do not qualify as hedges for accounting purposes. The gain or loss arising from changes in the GBP value of these instruments is recognised on redemption in retained earnings.

During 2020, total structural currency exposure net of hedging instruments increased by £4.6bn to £19.8bn (2019: £15.2bn). Foreign currency net investments increased by £0.7bn to £31.6bn (2019: £30.9bn) driven predominantly by a £2.2bn increase in Euro offset by a £1.4bn decrease in US dollars and £0.1bn decrease in other currencies. The hedges associated with these foreign currency investments decreased by £3.6bn to £5.6bn (2019: £9.2bn).

Pension risk review

The UK Retirement Fund (UKRF) represents approximately 97% (2019: 97%) of the Barclays Bank Group's total retirement benefit obligations globally. As such this risk review section focuses exclusively on the UKRF. The UKRF is closed to new entrants and there is no new final salary benefit being accrued. Existing active members accrue a combination of a cash balance benefit and a defined contribution element. Pension risk arises as the market value of the pension fund assets may decline, investment returns may reduce or the estimated value of the pension liabilities may increase.

Assets

The Trustee Board of the UKRF defines its overall long-term investment strategy with investments across a broad range of asset classes. This results in an appropriate mix of return seeking assets as well as liability matching assets to better match future pension obligations. The two largest market risks within the asset portfolio relate to interest rates and equities. The split of scheme assets is shown within Note 31 to the financial statements. The fair value of the UKRF assets was £33.9bn as at 31 December 2020 (2019: £31.4bn).

Liabilities

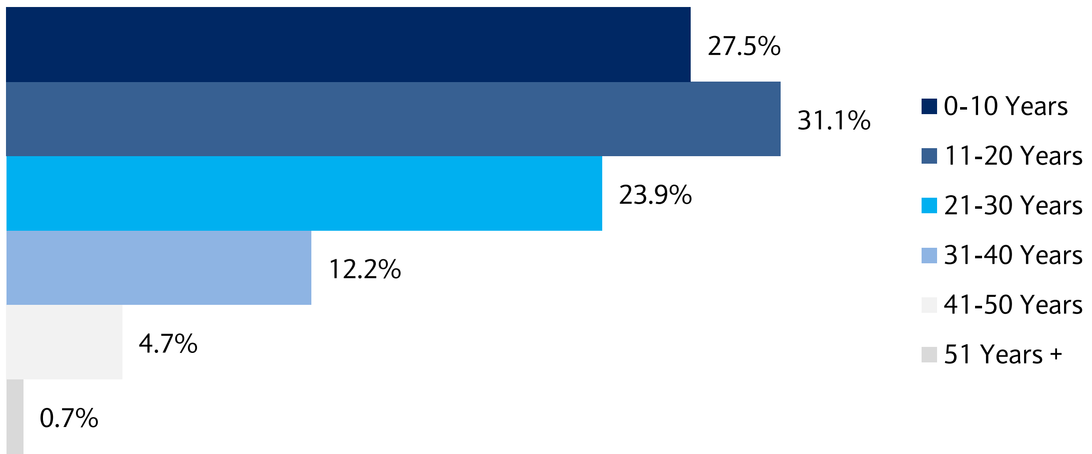
The UKRF retirement benefit obligations are a series of future cash flows with relatively long duration. On an IAS 19 basis these cash flows are sensitive to changes in the expected long-term price inflation rate (RPI) and the discount rate (GBP AA corporate bond yield):

- An increase in long-term expected inflation corresponds to an increase in liabilities.
- A decrease in the discount rate corresponds to an increase in liabilities.

Pension risk is generated through the Barclays Bank Group's defined benefit schemes and this risk is set to reduce over time as the main defined benefit scheme is closed to new entrants. The chart below outlines the shape of the UKRF's liability cash flow profile as at 31 December 2020 that takes account of the future inflation indexing of payments to beneficiaries. The majority of the cash flows (approximately 95%) fall between 0 and 40 years, peaking between 11 and 20 years and reducing thereafter. The shape may vary depending on changes to inflation and longevity expectations and any members who elect to transfer out. Transfers out will bring forward the liability cash flows.

For more detail on the UKRF's financial and demographic valuation assumptions see Note 31 to the financial statements.

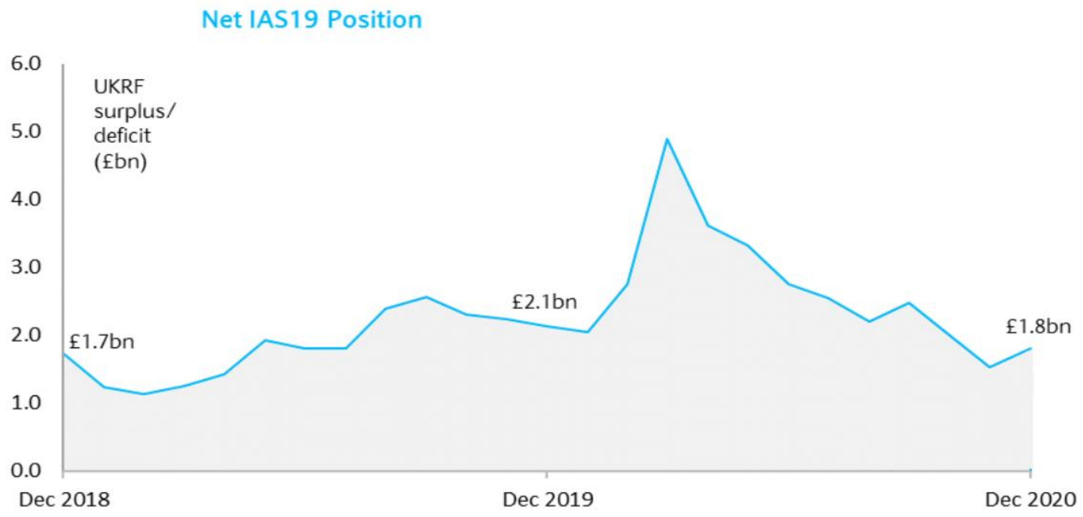
Proportion of liability cash flows



Risk performance

Treasury and Capital risk

IAS 19 pension position in 2019



The graph above shows the evolution of the UKRF's net IAS 19 position over the last two years. During 2020 the reduction in the IAS 19 position was driven by the net effect of bank contributions and a structured transaction agreed between the Barclays Bank Group and the Trustee which deferred the regulatory capital impact of the contributions until 2023-2025. Credit spreads tightening during the year had a negative impact which was broadly offset by changes in other market levels, in particular equity prices and interest rates, and updates to the discount rate methodology and demographic assumptions.

Refer to Note 31 to the financial statements for the sensitivity of the UKRF to changes in key assumptions and further information on the structured transaction.

Risk measurement

In line with the Barclays Bank Group's risk management framework the assets and liabilities of the UKRF are modelled within a VaR framework to show the volatility of the pension position at a total portfolio level. This enables the risks, diversification and liability matching characteristics of the UKRF obligations and investments to be adequately captured. VaR is measured and monitored on a monthly basis. Risks are reviewed and reported regularly at forums including the Barclays PLC Board Risk Committee, the Barclays Group Risk Committee, the Pensions Management Group and the Pension Executive Board. The VaR model takes into account the valuation of the liabilities on an IAS 19 basis (see Note 31 to the financial statements). The Trustee receives quarterly VaR measures on a funding basis.

The pension liability is also sensitive to post-retirement mortality assumptions which are reviewed regularly (see Note 31 to the financial statements for more details). To mitigate part of this risk the UKRF has entered into a longevity swap hedging approximately a quarter of current pensioner liabilities.

In addition, the impact of pension risk to the Barclays Bank Group is taken into account as part of the stress testing process. Stress testing is performed internally on at least an annual basis. The UKRF exposure is also included as part of regulatory stress tests.

The Barclays Bank Group's defined benefit pension schemes affects shareholders' equity in two ways:

- An IAS 19 deficit is treated as a liability on the Barclays Bank Group's balance sheet and an IAS19 surplus as an asset. Movements in the IAS19 position due to remeasurements, including actuarial losses, are recognised immediately through Other Comprehensive Income and as such impact shareholders' equity.
- In the Barclays Bank Group's statutory balance sheet an IAS 19 surplus or deficit is partially offset by a deferred tax liability or asset respectively.

Interest rate risk in the banking book

All disclosures in this section (pages 117 to 118) are unaudited unless otherwise stated.

Overview

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

-£263m

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

Net interest income sensitivity

The table below shows a sensitivity analysis on pre-tax net interest income for non-traded financial assets and liabilities, including the effect of any hedging. NII sensitivity uses the Annual Earnings at Risk (AEaR) metric. 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 recognise contractual product specific interest rate floors where relevant. The main model assumptions are: (i) one-year ahead time horizon; (ii) balance sheet is held constant; (iii) balances are adjusted for assumed behavioural profiles (i.e. considers that customers may prepay the mortgages before the contractual maturity); and (iv) behavioural assumptions are kept unchanged in all rate scenarios.

Net Interest Income sensitivity (AEaR) by currency (audited)	2020		2019	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
Barclays Bank Group	£m	£m	£m	£m
GBP	32	(169)	19	(34)
USD	47	(61)	29	(32)
EUR	9	(32)	(14)	(16)
Other currencies	(2)	(1)	(9)	8
Total	86	(263)	25	(74)

Net Interest Income sensitivity (AEaR) by currency (audited)	2020		2019	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
Barclays Bank PLC	£m	£m	£m	£m
GBP	32	(168)	3	(18)
USD	7	(20)	9	(10)
EUR	(5)	(8)	-	-
Other currencies	(6)	2	(3)	3
Total	28	(194)	9	(25)

NII sensitivity asymmetry arises due to the current low interest rate levels as some customer products have embedded floors. NII sensitivity to a -25bp shock to rates has increased year on year due to additional margin compression exposure driven by central bank rate cuts and growth in customer deposit balances through the year. NII Sensitivity to a +25bps shock has increased year on year primarily driven by the growth in customer deposit balances.

Analysis of equity sensitivity

The analysis of equity sensitivity table measures the overall impact of a +/- 25bps movement in interest rates on profit after tax, the FVOCI reserve and the cash flow hedging reserve; encompassing pension obligations. For non-NII items a DV01 metric is used, which is an indicator of the shift in value for a 1 basis point movement in the yield curve.

Analysis of equity sensitivity (audited)	31 December 2020		31 December 2019	
	+25 basis points	-25 basis points	+25 basis points	-25 basis points
Barclays Bank Group	£m	£m	£m	£m
Net interest income	86	(263)	25	(74)
Taxation effects on the above	(21)	63	(6)	18
Effect on profit for the year	65	(200)	19	(56)
As percentage of net profit after tax	2.7%	(8.2%)	0.7%	(2.0%)
Effect on profit for the year (per above)	65	(200)	19	(56)
Fair value through other comprehensive income reserve	(417)	433	(295)	303
Cash flow hedging reserve	(554)	554	(497)	497
Taxation effects on the above	262	(266)	198	(200)
Effect on equity	(644)	521	(575)	544
As percentage of equity	(1.2%)	1.0%	(1.1%)	1.1%

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 PLC	£m	£m	£m	£m
Net interest income	28	(193)	9	(25)
Taxation effects on the above	(7)	46	(2)	7
Effect on profit for the year	21	(147)	7	(18)
As percentage of net profit after tax	1.0%	(6.9%)	0.3%	(0.7%)
Effect on profit for the year (per above)	21	(147)	7	(18)
Fair value through other comprehensive income reserve	(417)	433	(295)	303
Cash flow hedging reserve	(534)	534	(488)	488
Taxation effects on the above	257	(261)	196	(198)
Effect on equity	(673)	559	(580)	575
As percentage of equity	(1.3%)	1.1%	(1.3%)	1.2%

Movements in the FVOCI reserve impact CET1 capital. However, movements in the pensions remeasurement reserve recognised in FVOCI only affect CET1 capital if there is an IAS 19 pension deficit. Movements in the cash flow hedge reserve do not affect CET1 capital.

Volatility of the FVOCI portfolio in the liquidity pool

Changes in value of FVOCI exposures directly impact through capital via the FVOCI reserve. The volatility in 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%)	47	59	31	42	49	34

Daily VaR trended upwards in H1 2020 due to an increase in time series volatility caused by the COVID-19 pandemic stress. Risk in the liquidity pool was reduced at the start of Q320, which caused a downward trend in daily VaR, and daily VaR was stable in Q420.

Risk performance

Operational risk

All disclosures in this section on pages 119 to 121 are unaudited unless otherwise stated.

Overview

Operational risks are inherent in the Barclays Bank 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 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 themes represent threats to the Barclays Bank Group that extend across multiple risk types, and therefore require an integrated risk management approach.

For definitions of these risks refer to pages 121 to 122 of the Barclays PLC Pillar 3 Report 2020. In order to provide complete coverage of the potential adverse impacts on the Barclays Bank 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 Group's operational risk profile, including events above the Barclays Bank Group's reportable threshold, which have had a financial impact in 2020. The Barclays Bank 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] decreased to £109m (2019: £124m) and the number of recorded events for 2020 decreased to 879 from 1,044 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 category, which tend to be high volume but low impact events.

Key metrics

70%

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

56%

of events by number are due to Execution, Delivery and Process Management

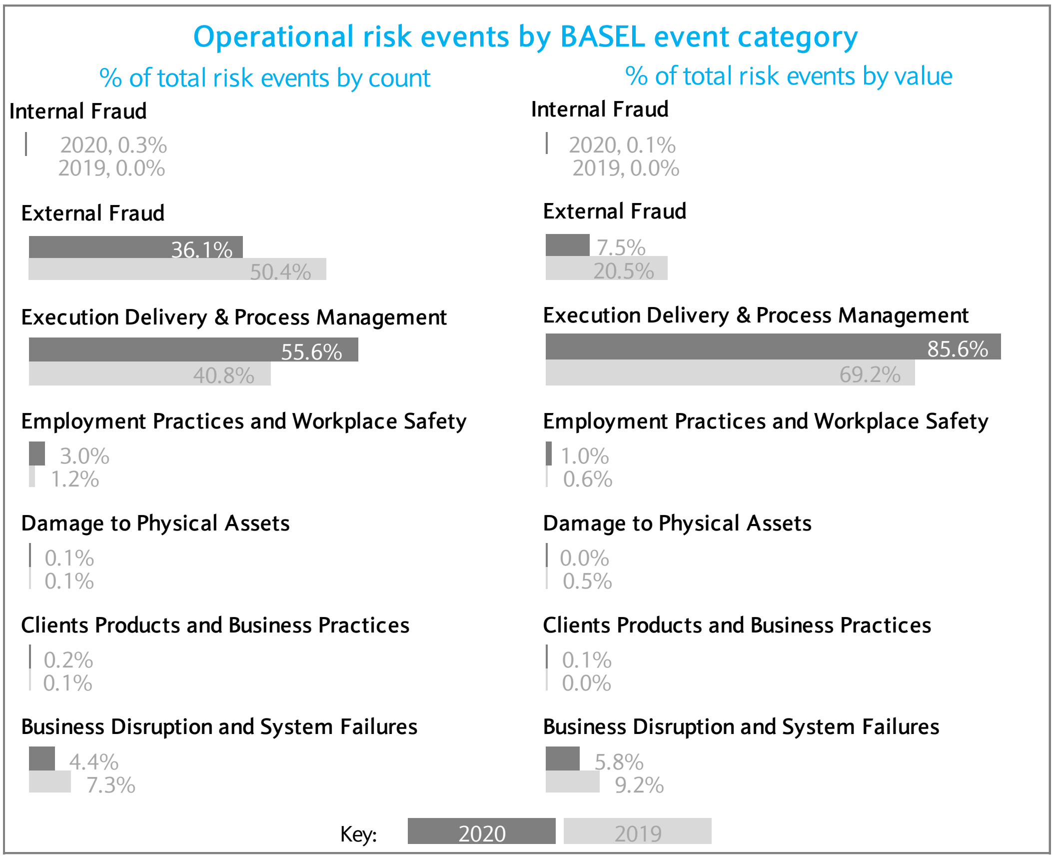
86%

of losses are from events aligned to Execution, Delivery and Process Management

Operational risk profile

Within operational risk, there are a large number of small value risk events. In 2020, 70% (2019: 79%) of the Barclays Bank 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 11% (2019: 12%) of the Barclays Bank 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 Group.

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



Note
a The data disclosed includes operational risk losses for reportable events impacting the Barclays Bank Group business areas, having impact of ≥ £10,000 and excludes Gain or Insurance Recovery impacts, 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, data for prior year losses are updated.

- Execution, Delivery and Process Management impacts during 2020 of £94m increased from previous year (2019: £86m) and accounted for a higher proportion, 86% of total operational risk losses (2019: 69%). The events in this category are typical of the banking industry as a whole where high volumes of transactions are processed on a daily basis, mapping mainly to Barclays Transaction Operations risk type. The overall frequency of events in this category increased in 2020 to 56% of total events by volume (2019: 41%).
- External Fraud frequency of events fell significantly in 2020 to 36% of total events (2019: 50%), with volume decreasing to 317 events from 526 in the previous year. In this category, high volume, low value events are driven by transactional fraud often related to debit and credit card usage. Ratio of losses in this category dropped to 8% of total 2020 losses (2019: 21%).
- Business Disruption and System Failures impacts accounted for a reduced share of total impacts at 6% (2019: 9%), with actual losses down to £6m (2019: £11m) and volume of events fell down to 39 (2019: 76).

Investment continues to be made in improving the control environment across the Barclays Bank 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 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 Group. The COVID-19 pandemic is the most severe global health emergency the World Health Organization (WHO) has ever declared. Whilst overall the Barclays Bank Group proved to be resilient, the COVID-19 pandemic has caused disruption to the Barclays Bank 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 Group experienced operational disruptions primarily during the Barclays Bank Group's and its suppliers' transition to a Work-from-Home environment and in response to high market volatility. Further, the prolonged nature of the event identified the need to enhance our resilience planning programme 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 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 Group and its clients and customers. The Barclays Bank 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 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 and Legal risk

All disclosures in these model risk, conduct risk, reputation risk and legal risk sections on pages 122 to 123 are unaudited unless otherwise stated.

Model risk

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

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

During 2020, the COVID-19 pandemic created new risks and heightened existing ones. To date, the Barclays Bank 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 PLC and Barclays Bank PLC Board Risk Committees. The Committees reviewed the risks raised and whether management's proposed actions were appropriate to mitigate the risks effectively.

The Barclays Bank Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 25 to the financial statements (Legal, competition and regulatory matters) and Note 23 to the financial statements (Provisions), for further details. Related costs include customer redress and remediation, as well as fines and settlements. Resolution of these litigation and conduct matters remains a necessary and important part of delivering the Barclays Bank Group's strategy and an ongoing commitment to improve oversight of culture and conduct.

The Barclays Bank PLC Board Risk Committee and senior management received Conduct Risk 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 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 PLC Board Risk Committee as part of the Conduct Risk Dashboard.

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

Reputation risk

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

The Barclays Bank 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 Group continued to incur costs in relation to litigation and conduct matters, please refer to Note 25 to the financial statements (Legal, competition and regulatory matters) and Note 23 to the financial statements (Provisions), for further details. Related costs include customer redress and remediation, as well as fines and settlements. Resolution of these litigation and conduct matters is an ongoing commitment to improve oversight of culture and conduct and management of reputation risks arising.

The Barclays Bank 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.

Legal risk

Summary of performance in the period

The Barclays Bank 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 Barclays 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.

Risk performance

Model risk, Conduct risk, Reputation risk and Legal risk

Throughout 2020, the Barclays Bank 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 Group

The Barclays Bank Group's operations, including its overseas branches, subsidiaries and associates, are subject to a large number of rules and regulations that are a condition for authorisation to conduct banking and financial services business in each of the jurisdictions in which the Barclays Bank Group operates. These apply to business operations, impact financial returns and include capital, leverage and liquidity requirements, authorisation, registration and reporting requirements, restrictions on certain activities, conduct of business regulations and many others.

Regulatory developments impact the Barclays Bank Group globally. We focus particularly on UK, US and EU regulation due to the location of the Barclays Bank Group's principal areas of business. Regulations elsewhere may also have a significant impact on the Barclays Bank Group due to the location of its branches, subsidiaries and, in some cases, clients. For more information on the risks related to the supervision and regulation of the Barclays Bank Group, including regulatory change, see the material existing and emerging risk entitled 'Regulatory Change agenda and impact on Business Model' in the Material existing and emerging risks section.

Supervision in the UK

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

Barclays Bank PLC is an authorised credit institution and subject to prudential supervision by the PRA and subject to conduct regulation and supervision by the FCA. The Barclays Group is also subject to prudential supervision by the PRA on a group consolidated basis. Barclays Capital Securities Limited is authorised and supervised by the PRA as a PRA-designated investment firm and subject to conduct regulation and supervision by the FCA. Barclays Execution Services Limited is an appointed representative of Barclays Bank PLC, Barclays Bank UK PLC and Clydesdale Financial Services Limited.

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

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

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

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

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

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

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

Supervision in the EU

The Barclays Bank Group's operations in Europe are authorised and regulated by a combination of its home regulators and host regulators in the European countries where the Barclays Bank Group operates.

Barclays Bank Ireland PLC is licensed as a credit institution by the Central Bank of Ireland (CBI) and is designated as a significant institution falling under direct supervision on a solo basis by the European Central Bank (ECB) for prudential purposes. Barclays Bank Ireland PLC's EU branches are supervised by the ECB and are also subject to direct supervision for local conduct purposes by national supervisory authorities in the jurisdictions where they are established. Barclays Bank Ireland PLC is also subject to supervision by the CBI as home state or competent authority under various EU financial services directives and regulations.

Brexit

The EU-UK Trade and Cooperation Agreement (TCA), which provides a new economic and social partnership between the EU and UK, came into force provisionally on 1 January 2021. The TCA does not cover the provision of financial services into the EU and there is no agreement on passporting, equivalence or regulatory cooperation. Therefore, UK-based entities within the Barclays Group (such as Barclays Bank PLC and Barclays Bank UK PLC) are no longer able to rely on the EU passporting framework for the provision of financial services to EU clients. Accordingly, Barclays Bank PLC and Barclays Capital Securities Limited have put in place new arrangements in the provision of cross-border banking and investment services to customers and counterparties in the EEA, including by servicing EEA clients through the Barclays Group's EEA hub (Barclays Bank Ireland PLC).

The EU and the UK have agreed to establish structured regulatory cooperation on financial services, with the aim of establishing a durable and stable relationship, based on a shared commitment to preserve financial stability, market integrity, and the protection of investors and consumers. The EU and the UK have committed to agreeing a Memorandum of Understanding setting out a "framework" for regulatory cooperation in financial services by March 2021. We anticipate that consideration will be given to equivalence determinations as part of the discussions.

Mutual equivalence decisions between the UK and EU relating to market access would allow UK-based entities within the Barclays Group to offer a restricted number of financial products and services to customers and clients based in the EEA, including permanent access to EU trading venues as well as allowing EEA based clients to access some UK originated products and services, including permanent access to UK trading venues. However, the EU equivalence regime is very different to benefiting from passporting rights; the equivalence regimes that facilitate access to customers and clients based in the EEA under EU law differ significantly in their scope, operation and impact. Equivalence decisions do not cover services to retail customers, for example. Under the current framework, equivalence decisions can be revoked at any time. To date, the EU and UK have only agreed a temporary position on mutual equivalence in relation to clearing and settlement (CCPs). In addition, HM Treasury has made certain unilateral equivalence decisions, including under the Capital Requirements Regulation (CRR) and European Market Infrastructure Regulation (EMIR).

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

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

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

On 31 December, the FCA published a statement on its use of the TTP to modify the UK's derivatives trading obligation (the UK DTO). Without mutual equivalence, some firms and EEA clients will be caught by a conflict of law between the EU DTO and the UK DTO. The FCA is therefore using the TTP to modify the application of the UK DTO. Where firms that are subject to the UK DTO trade with, or on behalf of, EU clients that are subject to the EU DTO, they will be able to transact or execute those trades on EU venues providing that: (i) firms take reasonable steps to be satisfied the client does not have arrangements in place to execute the trade on a trading venue to which both the UK and EU have granted equivalence (for example, a US venue such as a swap execution facility); and (ii) the EU venue has the necessary regulatory status to do business in the UK (such venues include those that are a Recognised Overseas Investment Exchange, have been granted the relevant temporary permission, or are certain that they benefit from the Overseas Person Exclusion). This modification of the application of the UK DTO applies to UK firms, EU firms using the UK's temporary permissions regime, and branches of overseas firms in the UK. Transactions concluded by an EEA UCITS fund or an EEA AIF are currently outside the scope of the UK DTO. The relief under the TTP does not apply to trades with non-EU clients, proprietary trading conducted, for example, to hedge a firm's own risk exposure, and trades between UK branches of EU firms. These trades remain subject to the UK DTO and firms are required to take reasonable steps to ensure compliance during Q1 2021. The FCA will consider by 31 March 2021 whether market or regulatory developments warrant a review of its approach.

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

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

Supervision in the US

Barclays PLC, Barclays Bank PLC and its New York branch, and Barclays Bank PLC's US subsidiaries are subject to a comprehensive regulatory framework involving numerous statutes, rules and regulations in the US. For example, the Barclays Bank Group's US activities and operations are subject to supervision and regulation by the Board of Governors of the Federal Reserve System (FRB), as well as additional supervision, requirements and restrictions imposed by other federal and state regulators and self-regulatory organisations (SROs). In some cases, US requirements may impose restrictions on the Barclays Bank Group's global activities, in addition to its activities in the US.

Barclays PLC, Barclays Bank PLC, Barclays US Holdings Limited (BUSHL), Barclays US LLC (BUSL) and Barclays Group US Inc. (BGUS) are regulated as bank holding companies (BHCs) by the FRB. BUSL is the Barclays Bank Group's top-tier US holding company that holds substantially all of the Barclays Bank Group's US subsidiaries (including Barclays Capital Inc. and Barclays Bank Delaware). BUSL is subject to requirements in respect of capital adequacy, capital planning and stress testing, risk management and governance, liquidity, leverage limits, large exposure limits, activities restrictions and financial regulatory reporting. Barclays Bank PLC's New York branch is also subject to enhanced prudential standards relating to, among other things, liquidity and risk management.

Barclays PLC, Barclays Bank PLC, BUSHL and BUSL have elected to be treated as financial holding companies (FHCs) under the Bank Holding Company Act of 1956. FHC status allows these entities to engage in a variety of financial and related activities, directly or through subsidiaries, including underwriting, dealing and market making in securities. Failure to maintain FHC status could result in increasingly stringent penalties and, ultimately, in the closure or cessation of certain operations in the US.

In addition to oversight by the FRB, Barclays Bank PLC's New York branch and many of the Barclays Bank Group's subsidiaries are regulated by additional authorities based on the location or activities of those entities. The New York branch of Barclays Bank PLC is subject to supervision and regulation by the New York State Department of Financial Services (NYSDFS). Barclays Bank Delaware, a Delaware chartered bank, is subject to supervision and regulation by the Delaware Office of the State Bank Commissioner, the Federal Deposit Insurance Corporation (FDIC), the Federal

Reserve Bank of New York and the Consumer Financial Protection Bureau (CFPB). The deposits of Barclays Bank Delaware are insured by the FDIC. Barclays PLC, Barclays Bank PLC, BUSHL, BUSL, and BGUS are required to act as a source of strength for Barclays Bank Delaware. This could, among other things, require these entities to inject capital into Barclays Bank Delaware if it fails to meet applicable regulatory capital requirements.

The Barclays Bank Group's US securities broker/dealer and investment banking operations, are conducted primarily through Barclays Capital Inc., and are also subject to ongoing supervision and regulation by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA) and other government agencies and SROs under US federal and state securities laws.

The Barclays Bank Group's US futures, options and swaps-related activities, including client clearing operations are subject to ongoing supervision and regulation by the Commodity Futures Trading Commission (CFTC), the National Futures Association and other SROs. Barclays Bank PLC is also a US registered swap dealer and is subject to the FRB swaps rules with respect to margin and capital requirements.

Supervision in Asia Pacific

The Barclays Bank Group's operations in Asia Pacific are supervised and regulated by a broad range of national banking and financial services regulators.

Prudential regulation

Certain Basel III standards were implemented in EU law through the Capital Requirements Regulation (CRR) and the Capital Requirements Directive IV (CRD IV), as amended by CRR II and CRD V. Under the terms of the EU-UK Withdrawal Agreement of 24 January 2020, Barclays Bank PLC plus certain additional subsidiaries 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.

The PRA may also impose a 'PRA buffer' to cover risks over a forward looking planning horizon, including with regard to firm-specific stresses or management and governance weaknesses. If the PRA buffer is imposed on a specific firm, it must be met separately to the combined buffer requirement, and must be met fully with CET1 capital.

In the US, in October 2019, the FRB and other US regulatory agencies released final rules to tailor the applicability of prudential requirements for large domestic US banking organisations, foreign banking organisations and their intermediate holding companies (IHCs), including BUSL. BUSL is a "Category III" IHC. BUSL (and Barclays Bank Delaware) is therefore subject to reduced (calibrated at 85%) standardised liquidity requirements, including the liquidity coverage ratio, which has been implemented by the US regulatory agencies, and the NSFR, which will become effective on 1 July 2021.

In June 2018 and October 2019, the FRB finalised rules regarding single counterparty credit limits (SCCL). The SCCL apply to the largest US BHCs and foreign banks' (including the Barclays Bank Group's) US operations. The SCCL creates two separate limits for foreign banks, the first on combined US operations (CUSO) and the second on the US IHC (BUSL). The SCCL for US BHCs, including BUSL, requires that exposure to an unaffiliated counterparty of BUSL not exceed 25% of BUSL's tier 1 capital. With respect to the CUSO, the SCCL rule allows certification to the FRB that a foreign bank complies with comparable home country regulation.

Barclays Bank PLC is not required to comply with the CUSO requirement until 1 July 2021.

Stress testing

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

Recovery and Resolution

Stabilisation and resolution framework

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

Supervision and regulation

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 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).

While regulators in many jurisdictions have indicated a preference for single point of entry resolution for the Barclays Group, additional resolution or bankruptcy provisions may apply to certain Barclays Bank Group entities or branches.

In the US, BUSL is subject to the Orderly Liquidation Authority established by Title II of the Dodd-Frank Act (DFA), a regime for the orderly liquidation of systemically important financial institutions by the FDIC, as an alternative to proceedings under the US Bankruptcy Code. In addition, the licensing authorities of Barclays Bank PLC New York branch and of Barclays Bank Delaware have the authority to take possession of the business and property of the applicable branch or entity they license and/or to revoke or suspend such licence.

In the US, Title I of the DFA, as amended, and the implementing regulations issued by the FRB and the FDIC require each bank holding company with assets of $250bn or more, including those within the Barclays Group, to prepare and submit a plan for the orderly resolution of subsidiaries and operations in the event of future material financial distress or failure. The Barclays Group's next submission of the US Resolution Plan in respect of its US operations will be a "targeted plan" due on 17 December 2021.

Barclays Bank Ireland PLC, as a significant institution under the Single Resolution Mechanism Regulation (SRMR), is subject to the powers of the Single Resolution Board (SRB) as the Eurozone resolution authority. The CBI and the ECB require Barclays Bank Ireland PLC to submit a standalone BRRD-compliant recovery plan on an annual basis. The SRB has the power to require data submissions specific to Barclays Bank Ireland PLC under powers conferred upon it by the BRRD and the SRMR. The SRB will exercise these powers to determine the optimal resolution strategy for Barclays Bank Ireland PLC in the context of the BoE's preferred resolution strategy of single point of entry with bail-in at Barclays PLC. The SRB also has the power under the BRRD and the SRMR to develop a resolution plan for Barclays Bank Ireland PLC.

TLAC and MREL

The 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.

Barclays Bank Ireland PLC is subject to the SRB's MREL policy, as issued in May 2020, in respect of the internal MREL that it will be required to issue to Barclays Bank Group. The SRB's current calibration of internal MREL for non-resolution entities is expressed as two ratios that have to be met in parallel: (a) two times the sum of: (i) the firm's Pillar 1 requirement; (ii) its Pillar 2 requirement; and (b) two times the leverage ratio. The SRB's policy does not envisage the application of any scalar in respect of the internal MREL requirement.

In the US, the FRB's TLAC rule includes provisions that require BUSL to have: (i) a specified outstanding amount of eligible long-term debt; (ii) a specified outstanding amount of TLAC (consisting of common and preferred equity regulatory capital plus eligible long-term debt); and (iii) a specified common equity buffer. In addition, the FRB's TLAC rule prohibits BUSL, for so long as the Barclays Group's overall resolution plan treats BUSL as a non-resolution entity, from issuing TLAC to entities other than those within the Barclays Group.

Bank Levy and FSCS

The BRRD established a requirement for EU member states to set up a pre-funded resolution financing arrangement with funding equal to 1% of covered deposits by 31 December 2024 to cover the costs of bank resolutions. The UK has implemented this requirement by way of a tax on the balance sheets of banks known as the 'Bank Levy'.

In addition, the UK has a statutory compensation fund called the Financial Services Compensation Scheme (FSCS), which is funded by way of annual levies on most authorised financial services firms.

Structural reform

In the UK, the Financial Services (Banking Reform) Act 2013 put in place a framework for ring-fencing certain operations of large banks. Ring-fencing requires, among other things, the separation of the retail and smaller deposit-taking business activities of UK banks into a legally distinct, operationally separate and economically independent entity, which is not permitted to undertake a range of activities.

US regulation places further substantive limits on the activities that may be conducted by banks and holding companies, including foreign banking organisations such as the Barclays Group. The 'Volcker Rule', which was part of the DFA and which came into effect in the US in 2015, prohibits banking entities from undertaking certain proprietary trading activities and limits such entities' ability to sponsor or invest in certain private equity funds and hedge funds (in each case broadly defined). As required by the rule, the Barclays Group has developed and implemented an extensive compliance and monitoring programme addressing proprietary trading and covered fund activities (both inside and outside of the US).

Market infrastructure regulation

In recent years, regulators as well as global-standard setting bodies such as the International Organisation of Securities Commissions (IOSCO) have focused on improving transparency and reducing risk in markets, particularly risks related to over-the-counter (OTC) transactions. This focus has resulted in a variety of new regulations across the G20 countries and beyond that require or encourage on-venue trading, clearing, posting of margin and disclosure of pre-trade and post-trade information.

The European Market Infrastructure Regulation (EMIR) has introduced requirements designed to improve transparency and reduce the risks associated with the derivatives market. EMIR has potential operational and financial impacts on the Barclays Group, including by imposing new collateral requirements. Over the coming months alterations to the existing derivative margin rules are expected to be finalised.

The Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation (collectively referred to as MiFID II) have affected many of the markets in which the Barclays Group operates, the instruments in which it trades and the way it transacts with market counterparties and other customers. MiFID II is currently undergoing a review process, including as part of the EU's ongoing focus on the development of a stronger Capital Markets Union.

The EU Regulation on Sustainability-Related Disclosures introduces disclosure obligations requiring financial institutions to explain how they integrate environmental, social and governance factors in their investment decisions for certain financial products. In addition, the EU Taxonomy Regulation provides for a general framework for the development of an EU-wide classification system for environmentally sustainable economic activities. Finally, the UK and EU regulators are consulting on, amongst other things, proposals for regulatory measures to enhance climate and environmental disclosures and climate risk assessments, which will have an impact on the Barclays Bank Group's existing practices in these areas.

The EU Benchmarks Regulation applies to the administration, contribution and use of benchmarks within the EU. Financial institutions within the EU are prohibited from using benchmarks unless their administrators are authorised, registered or otherwise recognised in the EU, subject to transitional provisions expiring on 1 January 2022 (or 31 December 2022 under the UK onshored Benchmarks Regulation). Amendments to extend these provisions are underway for both the EU and UK Benchmarks Regulations. The FCA has stated that it does not intend to support LIBOR after the end of 2021. International initiatives in conjunction with global regulators are therefore underway to develop alternative benchmarks and risk-free rate fallback arrangements, including updates to existing, as well as new, applicable legislation.

US regulators have imposed similar rules as the EU with respect to the mandatory on-venue trading and clearing of certain derivatives, and post-trade transparency, as well as in relation to the margining of OTC derivatives. US regulators have finalised certain aspects of their rules with respect to their application on a cross-border basis, including with respect to their registration requirements in relation to non-US swap dealers and security-based swap dealers. The regulators may adopt further rules, or provide further guidance, regarding cross-border applicability. In December 2017, the CFTC and the European Commission recognised the trading venues of each other's jurisdiction to allow market participants to comply with mandatory on-venue trading requirements while trading on certain venues recognised by the other jurisdiction. In November 2020, the CFTC extended temporary relief that would permit trading venues and market participants located in the UK to continue to rely on this mutual recognition framework following the withdrawal of the UK from the EU.

Certain participants in US swap markets are required to register with the CFTC as 'swap dealers' or 'major swap participants' and/or, beginning in November 2021, with the SEC as 'security-based swap dealers' or 'major security-based swap participants'. Such registrants are subject to CFTC, and will be subject to SEC, regulation and oversight. Entities required to register as swap dealers are subject to business conduct, record-keeping and reporting requirements under CFTC rules. Barclays Bank PLC is subject to regulation by the FRB, and has provisionally registered with the CFTC as a swap dealer.

Accordingly, Barclays Bank PLC is subject to CFTC rules on business conduct, record-keeping and reporting and to FRB rules on capital and margin. The CFTC has approved certain comparability determinations that permit substituted compliance with non-US regulatory regimes for certain swap regulations. Substituted compliance is permitted for certain transaction-level requirements, where applicable, only with respect to transactions between a non-US swap dealer and a non-US counterparty, whereas entity-level determinations generally apply on an entity-wide basis regardless of counterparty status. In November 2020, the CFTC extended temporary relief that would permit swap dealers located in the UK to continue to rely on existing CFTC substituted compliance determinations with respect to EU requirements in the event of a withdrawal of the UK from the EU. In addition, the CFTC has issued guidance that would require a non-US swap dealer to comply with certain CFTC rules in connection with transactions that are "arranged, negotiated or executed" from the US. The CFTC has provided temporary no-action relief from application of the guidance. In

July 2020 the CFTC adopted rules that, for certain CFTC requirements, codify on a permanent basis, the temporary no-action relief for transactions that are arranged, negotiated or executed in the US. The final rules also codify certain aspects of the CFTC's current cross-border framework with respect to internal and external business conduct requirements, and it is expected that the CFTC will introduce additional rules addressing the application of the cross-border framework to mandatory clearing, trading and reporting requirements. In October 2017, the CFTC issued an order permitting substituted compliance with EU margin rules for certain uncleared derivatives. However, as the Barclays Bank Group is subject to the margin rules of the FRB, it will not benefit from the CFTC's action unless the FRB takes a similar approach.

The SEC has finalised the rules governing security based swap dealer registration in 2015, and registration of security-based swap dealers, as well as compliance with applicable security based swap dealer requirements, is expected to begin in November 2021.

It is anticipated that Barclays Bank PLC and/or one or more of its affiliates will be required to register as a security-based swap dealer and will be required to comply with the SEC's rules for security-based swap dealers. These rules may impose costs and other requirements or restrictions that could impact our business. As with similar CFTC rules, it is expected that substituted compliance will be available for certain security-based swap dealer requirements; however, the SEC is currently considering applications for substituted compliance but has only issued a final comparability determination for Germany, and the ultimate scope and applicability of other determinations, including in respect of the UK, remains unclear.

Other regulation

Culture

Our regulators have enhanced their focus on the promotion of cultural values as a key area for banks, although they generally view the responsibility for reforming culture as primarily sitting with the industry.

Data protection and PSD2

Most countries where 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.

In the US, Barclays US Consumer Bank is subject to the US Federal Gramm-Leach-Bliley Act (GLBA) and the California Consumer Privacy Act of 2018, which came into effect on 1 January 2020 (CCPA). The GLBA limits the use and disclosure of non-public personal information to non-affiliated third parties and requires financial institutions to provide written notice of their privacy policies and practices. Any violations of the GLBA could subject the US Consumer Bank to additional reporting requirements or regulatory investigation or audits by the financial regulators. The CCPA only applies to personal information that is not collected, processed, sold or disclosed pursuant to the GLBA, and it requires the US Consumer Bank to provide California consumers with additional disclosures regarding the collection, use and sharing of personal information, and grants California consumers access, deletion, and other rights with respect to their personal information. The CCPA subjects the US Consumer Bank to enforcement penalties by the Attorney General of the State of California, and grants a private right of action with respect to certain data breaches.

From 14 September 2019, new rules apply under the revised Payment Services Directive (PSD2) that affect the way banks and other payment services providers check that the person requesting access to an account or trying to make a payment is permitted to do so. This is referred to as strong customer authentication (SCA). In April 2020, the FCA provided an additional six months (to 14 September 2021) for the industry to implement SCA for e-commerce.

Cyber security and operational resilience

Regulators in the UK, the EU and the US continue to focus on cyber security risk management, organisational operational resilience and overall soundness across all financial services firms, with customer and market expectations of continuous access to financial services at an all-time high.

This is evidenced by the publication of a number of proposed laws and changes to regulatory frameworks. For example, the UK regulators published for consultation a new framework for operational resilience that focuses on the identification of important business services, setting impact tolerances for them, and then testing against them. The European Commission has proposed legislation on cyber security and operational resilience for the financial services sector, including oversight of third party service providers. The regulatory focus has been further heightened by the COVID-19 pandemic. The existing and anticipated requirements for increased controls will serve to improve industry standardisation and resilience capabilities, enhancing our ability to deliver services during periods of potential disruption. However, such measures are likely to result in increased technology and compliance costs for the Barclays Bank Group.

Sanctions and financial crime

The UK Bribery Act 2010 introduced a new form of corporate criminal liability focused broadly on a company's failure to prevent bribery on its behalf. The Criminal Finances Act 2017 introduced new corporate criminal offences of failing to prevent the facilitation of UK and overseas tax evasion. Both pieces of legislation have broad application and in certain circumstances may have extraterritorial impact on entities, persons or activities located outside the UK, including Barclays PLC's subsidiaries outside the UK. The UK Bribery Act requires the Barclays Bank Group to have adequate procedures to prevent bribery which, due to the extraterritorial nature of the Act, makes this both complex and costly. Additionally, the Criminal Finances Act requires the Barclays Group to have reasonable prevention procedures in place to prevent the criminal facilitation of tax evasion by persons acting for, or on behalf of, the Barclays Group.

Supervision and regulation

In May 2018, the Sanctions and Anti-Money Laundering Act became law in the UK. The Act allows for the adoption of an autonomous UK sanctions regime, as well as a more flexible licensing regime post-Brexit. On 6 July 2020, the UK Government announced the first sanctions that have been implemented independently by the UK outside the auspices of the UN and EU. The autonomous UK sanctions regime came into force on 1 January 2021. Those sanctions apply within the UK and in relation to the conduct of all UK persons wherever they are in the world; they also apply to overseas branches of UK companies.

In the US, the Bank Secrecy Act, the USA PATRIOT Act 2001, the Anti-Money Laundering Act of 2020 and regulations thereunder contain numerous anti-money laundering and anti-terrorist financing requirements for financial institutions. In addition, the Barclays Bank Group is subject to the US Foreign Corrupt Practices Act, which prohibits, among other things, corrupt payments to foreign government officials. It is also subject to various economic sanctions laws, regulations and executive orders administered by the US government, which prohibit or restrict some or all business activities and other dealings with or involving certain individuals, entities, groups, countries and territories.

In some cases, US state and federal regulations addressing sanctions, money laundering and other financial crimes may impact entities, persons or activities located or undertaken outside the US, including Barclays PLC and its subsidiaries. US government authorities have aggressively enforced these laws against financial institutions in recent years. Failure of a financial institution to ensure compliance with such laws could have serious legal, financial and reputational consequences for the institution.

Financial statements
Contents

Detailed analysis of our financial statements, independently audited and providing in-depth disclosure on the financial performance of the Barclays Bank Group.

Independent Auditor's report to the members of Barclays Bank PLC

1. OUR OPINION IS UNMODIFIED

In our opinion:

- the financial statements of Barclays Bank PLC give a true and fair view 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 and Parent Company financial statements have been properly prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Group financial statements, 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 Group and Parent Company 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.

WHAT OUR OPINION COVERS

We have audited the Group and Parent Company financial statements of Barclays Bank PLC for the year ended 31 December 2020 (FY20) included in the Annual Report and Accounts, which comprise:

Group (Barclays Bank PLC and its subsidiaries)	Parent Company (Barclays Bank PLC)
Consolidated income statement Consolidated statement of comprehensive income Consolidated balance sheet Consolidated statement of changes in equity Consolidated cash flow statement Notes 1 to 41 of the Consolidated Financial Statements, including the summary of significant accounting policies	Balance sheet Statement of changes in equity Cash flow statement

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 and matters included in this report are consistent with those discussed and included in our report to the Board Audit Committee.

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 public interest entities.

2. OVERVIEW OF OUR AUDIT

FACTORS DRIVING OUR VIEW OF RISKS

Following our FY19 audit and considering the developments affecting the Barclays Bank PLC Group since then, we have updated our risk assessment. Our assessment of the risks that are of most significance to our audit has changed since our FY19 audit.

In 2020 the Group's performance has been affected by COVID-19 which has driven a significant increase in expected credit loss ("ECL") provisions compared to 2019. Income in the markets business has grown versus the prior year due to wider spreads and increased volumes and fee income grew in Investment Banking where Capital Markets were very active. The low interest rate environment has continued to impact interest margins in the corporate and private bank and the pandemic has resulted in reduced spending and lower balances across the cards and payments businesses.

We have considered the impact of COVID-19, (including the FRC guidance for auditors) in our risk assessment and have adjusted our audit procedures accordingly. This has included increased focus on future economic assumptions used by the Group in estimates such as ECL.

We have increased our focus on the post model adjustments used in the determination of the ECL provisions, increased the level of testing we perform over many of the ECL models and brought a greater number of ECL models into our audit scope.

We have introduced a Key Audit Matter relating to the UK Pension scheme which considers both the assumptions used to value the liability and the valuation of certain of the level 3 assets of the scheme.

We have assessed whether COVID-19 has led to changes in financial reporting controls (either through the introduction of new controls or changes to the design and operating effectiveness of existing controls). Where this is the case, we have adapted our audit testing.

Key Audit Matters		Item
Impairment allowance on loans and advance at amortised cost	↑	4.1
Valuation of financial instruments held at fair value	←→	4.2
UK Pension scheme valuation	NEW	4.3
User access management	←→	4.4

Newly identified risk	NEW
Similar risk to FY19	←→
Decreased risk since FY19	↓
Increased risk since FY19	↑

Independent Auditor's report to the members of Barclays Bank PLC

<table>
<tr><td>OUR USE OF SPECIALISTS AND INNOVATION</td><td>
Using the work of specialists: We used KPMG specialists to assist us in various aspects of our audit. This includes, for example:

Credit risk modelling specialists for our testing of the ECL models
Economics specialists for our work related to the macro economic variables and scenarios used in the determination of the ECL provisions
Valuation specialists for our independent repricing of samples of financial instruments
Actuarial pensions specialists for our work on the valuation of the defined benefit obligation

Incorporating unpredictability into our audit: A requirement of the auditing standards is that we undertake procedures which are deliberately unexpected and could not have reasonably been predicted by Barclays' management.
As an example, we extended our testing of IFRS 9 models to include expanded testing on a number of lower risk models. We also increased the population of Level 3 financial instruments which we perform independent re-pricing over.
Innovation in the audit: Our audit is committed to driving innovation and the increased use of technology. In 2020 we have continued to deploy a large number of data and analytics tools across our audit. We used our Clara IT control analytics to perform some of our IT audit procedures over complete populations.
</td></tr>
<tr><td>BOARD AUDIT COMMITTEE ("BAC") INTERACTION</td><td>
During the year, the BAC met 10 times. KPMG are invited to attend all BAC meetings and are provided an opportunity to meet with the BAC in private sessions without the Executive Directors being present. For each Key Audit Matter, we have set out communications with the BAC in section 4 and have highlighted those matters that required particular judgement.
In addition, our audit team includes a senior partner who has specific responsibility for ensuring audit quality (our "Audit Quality partner"). The Board Audit Committee met with the Audit Quality Partner, without the audit team present, to receive a report on his assessment of audit quality.
The matters included in the BAC Chair's report on page 21 are consistent with our observations of those meetings.
</td></tr>
<tr><td>OUR INDEPENDENCE</td><td>
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 public interest entities.
We have not performed any non-audit services during FY20, or subsequently, which are prohibited by the FRC Ethical Standard.
We were first appointed as auditor by the shareholders for the year ended 31 December 2017. The period of total uninterrupted engagement is for the four financial years ended 31 December 2020.
The Group lead engagement partner rotates every five years. Michelle Hinchliffe has been the Barclays PLC Group lead engagement partner for three years (as reflected in the table opposite) and so will be required to rotate away from the Barclays Bank PLC audit after the FY22 audit.
The average tenure of key audit partners who are responsible for component audits as set out in section 7 below is three years, with the shortest being their second year of involvement and longest being four years.
</td></tr>
</table>

Total audit fee	£30m
Other audit related fees	£7m
Other services	£1m
Date first appointed	31 March 2017
Uninterrupted audit tenure	4 years
Next financial period which require a tender	31 December 2027
Tenure of Group lead engagement partner	3 years
Average tenure of key audit partners	3 years

Independent Auditor's report to the members of Barclays Bank PLC

MATERIALITY

(ITEM 6) BELOW)

The scope of our work is influenced by our view of materiality and our assessed risk of material misstatement.

We have determined overall materiality for the Barclays Bank PLC Group to be £170m (FY19: £135m). The increase in materiality is due to the increase in the Group's normalised profit before tax which is the benchmark upon which materiality is based.

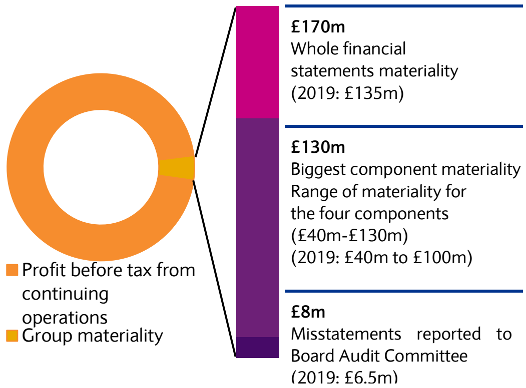
A key judgment in determining materiality (and performance materiality) is the appropriate benchmark to select, based on our perception of the needs of shareholders. We considered which benchmarks and key performance indicators have the greatest bearing on shareholder decisions.

We determined that normalised profit before tax from continuing operations is the key benchmark for the Barclays Bank PLC Group. For FY20 we have normalised this benchmark by £1.4bn to adjust for the impact of the post model adjustments made to the ECL allowance by the Group to reflect COVID-19 related economic uncertainty, as disclosed on page 76. For FY19 we used a benchmark of Group profit before tax from continuing operations as disclosed in the consolidated income statement.

As such, for FY20 we based our materiality on normalised profit before tax, of which it represents 3.8% (FY19: 4.8%).

We have determined overall materiality for the Parent Company to be £135m (FY19: £130m). Materiality for the Parent Company financial statements was determined with reference to a benchmark of net assets of which it represents 0.3% (FY19: 0.3%).

Profit before tax from continuing operations £4,460m* (2019: £3,112m)



*Normalised for the impact of post model adjustments made to the ECL allowance to reflect COVID-19 related economic uncertainty.

Our procedures on individual account balances and disclosures were performed to 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.

GROUP SCOPE

(ITEM 7 BELOW)

We have performed top down risk assessment and planning to determine the Group's components that require involvement from component auditors around the world for the purpose of our opinion on the consolidated financial statements.

We have also considered the extent to which the Group has established central hubs in shared service centre structures in India. The outputs from these hubs is included in the financial information of the reporting components and so the India operations are not considered to be a separate component.

We have performed audit procedures centrally across the Group, set out in more detail in Section 7. In addition, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

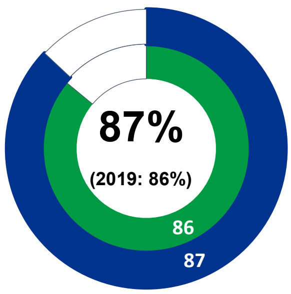
Due to the travel restrictions imposed by COVID-19 the Group audit team did not visit the overseas components. A virtual communication and oversight strategy was implemented between the Group audit team and the components and certain other participating locations. Further details are set out in section 7.

We consider the scope of our audit, as agreed with the Board Audit Committee, to be an appropriate basis for our audit opinion.

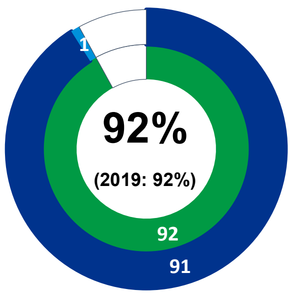
- 2019 Full scope audit
- 2020 Full scope audit
- 2020 Audit of account balances

Coverage of Group financial statements

Group total income



Group total assets



Independent Auditor's report to the members of Barclays Bank PLC

THE IMPACT OF CLIMATE CHANGE ON OUR AUDIT	In planning our audit, we have considered the potential impact of climate change on the Group's business and its financial statements. The Group has set out its commitments under the Paris Accord to be a net zero bank by 2050. Further information is provided in the Group's Environment, Social and Governance report, the link to which is on page 5. Climate change risk could have a significant impact on the Group's business as the operations and strategy of the group are adapted to address the potential financial risks which could arise from both the physical and transition risks associated with climate change. Climate change initiatives and commitments impact the Group in a variety of ways including credit risk and market risk and greater narrative and disclosure of the impact of climate change risk is also being incorporated into the annual report. As a part of our audit we have made enquiries of management to understand the extent of the potential impact of climate change risk on the Group's financial statements and the Group's preparedness for this. We have performed a risk assessment of how the impact of commitments made by Barclays in respect of climate change (including those considered during the 2020 AGM) may affect the financial statements and our audit. There was no impact of this on our key audit matters. We have assessed how the Group considers the impact of climate change risk on the credit rating of certain counterparties. We have also incorporated a consideration of the climate change impact on the valuation of certain hard to price financial instruments in elevated risk sectors.

3. 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").

GOING CONCERN

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 the business model and analysed how those risks might affect the Group's and Parent 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 manner in which the UK continues its 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 comparing severe, but plausible downside scenarios that could arise from these risks individually and collectively against the level of available financial resources indicated by the Group's financial forecasts.

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.

Accordingly, we found the use of the going concern basis of preparation without any material uncertainty for the Group and Parent Company 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.

Our conclusions

- We consider that the Directors' use of the going concern basis of accounting in the preparation of the Group's and Parent Company's 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
- We have nothing material to add or draw attention to in relation to the Directors' statement in Note 1 to the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for the going concern period, and we found the going concern disclosure in note 1 to be acceptable

Independent Auditor's report to the members of Barclays Bank PLC

4. KEY AUDIT MATTERS

What we mean

Key Audit Matters are those matters that, in our professional judgment, 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 include below the Key Audit Matters in decreasing order of audit significance together with our key audit procedures to address those matters and our results from those procedures. These matters were addressed, and our results are based on procedures undertaken for the purpose of our audit of the financial statements as a whole. We do not provide a separate opinion on these matters.

We continue to perform procedures over the provisions for legal, competition and regulatory related matters. However, following the resolution of certain matters, and developments in those still open, the level of judgement and estimation uncertainty relating to these matters has reduced since the previous year, we have not assessed this as being one of the most significant risks in our current year audit and, therefore, it is not separately identified in our report this year.

4.1 IMPAIRMENT ALLOWANCES ON LOANS AND ADVANCES AT AMORTISED COST, INCLUDING OFF-BALANCE SHEET ELEMENTS

Financial Statement Elements	FY20	FY19	Our assessment of risk vs FY19	Our results
Impairment allowances on loans and advances at amortised cost, including off-balance sheet elements	**£5.8bn**	£3.9bn	↑ Our assessment is that the risk increased since FY19. This is due to the increased uncertainty around credit risk and global economic environments brought about by COVID-19.	FY20: Acceptable FY19: Acceptable

Description of the Key Audit Matter

Subjective estimate

The estimation of expected credit losses ("ECL") 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's 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 and revolving PS models 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.

Our response to the risk

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 IFRS 9 impairment 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 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 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);

Independent Auditor's report to the members of Barclays Bank PLC

- 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.
- 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 16.0% 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.

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 sections of the financial statements (pages 77-86) disclose the sensitivities estimated by the Group.

Disclosure quality

The disclosures regarding the Group's application of IFRS 9 are key to explaining the key judgements and material inputs to the IFRS 9 ECL results.

- 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 and Parent Company's methodology for determining the economic scenarios used and the probability weightings applied to them;
- 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 forecasts to our own modelled forecasts; and
- The reasonableness of the Group 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.

Communications with the Barclays Bank PLC Board Audit Committee

We discussed with and reported to the Board Audit Committee:

- Our approach to the audit of the ECL provisions including details of the way we responded through our audit to the impact of COVID-19 on the ECL calculation. This included details of our controls and substantive procedures.
- Our conclusions on the appropriateness of Barclays' ECL methodology, models, qualitative adjustments and macro-economic assumptions (Including associated probability weightings).

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- The appropriateness of the model estimations and adjustments recorded to the modelled driven ECL calculations to reflect the current uncertain economic environment as a result of COVID-19. This included the appropriateness of macro-economic forecasts and selection of probability weights used in the ECL calculations.

Based on the risk identified, our procedures performed and discussions with the Board Audit Committee, we considered the ECL charge, provision recognised and the related disclosures to be acceptable (2019 result: acceptable).

Further information in the Annual Report and Accounts: See the Board Audit Committee Report on page 21 for details on how the Board Audit Committee considered impairment as an area of focus, page 169 for the accounting policy on accounting for the impairment of financial assets under IFRS 9, page 58 for the credit risk disclosures, and page 169 for the financial disclosure note 7; Credit Impairment charges and other provisions.

Independent Auditor's report to the members of Barclays Bank PLC

4.2 VALUATION OF FINANCIAL INSTRUMENTS HELD AT FAIR VALUE

Financial Statement Elements	FY20	FY19	Our assessment of risk vs FY19	Our results
Level 2 assets at fair value* (note 16)	**£556.8bn**	£420.6bn	←→ Our assessment is the risk is similar to FY19.	FY20: Acceptable FY19: Acceptable
Level 2 liabilities at fair value* (note 16)	**£557.5bn**	£439.2bn		
Level 3 assets at fair value (note 16)	**£10.9bn**	£8.4bn		
Level 3 liabilities at fair value (note 16)	**£6.6bn**	£4.2bn		

**The key audit matter identified relates to one derivatives portfolio within this balance which we considered to be harder to value.*

Description of the Key Audit Matter

Subjective valuation

The fair value of the Group and Parent Company's financial instruments is determined through the application of valuation techniques which can involve the exercise of significant judgement by the Group 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 limited 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 primarily over significant Level 3 portfolios.

In addition, there may also be valuation complexity associated with Level 2 portfolios, specifically where valuation modelling techniques result in significant limitations or where there is greater uncertainty around the choice of an appropriate pricing methodology, and consequently more than one valuation methodology could be used for that product across the market.

We identified one derivatives portfolio that we considered to be harder to value Level 2 due to an element of modelling complexity associated with the product.

The effect of these matters is that, as part of our risk assessment, we determined that the subjective estimates in fair value measurement of certain portfolios, as detailed above, have 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 financial statements (note 16) disclose the sensitivity estimated by the Group and Parent Company.

Our response to the risk

Our procedures to address the risk included:

Risk assessment: We performed risk assessment procedures over the entirety of Level 1, 2 and Level 3 balances within the Group and Parent Company's financial statements (i.e. all of the fair value financial instruments held by the Group and Parent Company). As part of these risk assessment procedures we identified which portfolios have a risk of material misstatement including those arising from significant judgements over valuation either due to unobservable inputs or complex models, see left for more explanation.

Control testing: We performed end to end process walkthroughs to identify the key systems, applications and controls used in the valuations processes 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;
- FVAs, including exit adjustments (to mark the portfolio to bid or offer prices), model shortcoming reserves to address model limitations and XVAs;
- The validation, completeness, implementation and usage of valuation models. This included controls over assessment of model limitations and assumptions; and
- The assessment of the observability of a product and their unobservable inputs.

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; and
- Challenging the appropriateness of significant models and methodologies used in calculating fair values, risk exposures and in calculating FVAs, including comparison to industry practice.

Comparing valuations: For a selection of material collateral disputes identified through management's control we challenged management's valuation where significant fair value differences were observable with the market participant on the other side of the trade.

Independent Auditor's report to the members of Barclays Bank PLC

Disclosure quality The disclosures are key to explaining the valuation techniques, key judgements, assumptions and material inputs.	*Methodology choice*: For a subset of portfolios that are subject to collateralisation, we assessed the valuation methodology, and independently re-priced a selection of trades that are subject to material collateral disputes where significant fair value differences were identified with the market counterparty through independent, external datasets. *Inspection of movements*: We inspected trading revenue arising on level 3 positions to assess whether material 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 of new trades, trade exits, novations and restructurings and evaluated whether these data points indicated elements of fair value not incorporated in the current valuation methodologies. We also inspected movements in unobservable inputs throughout the period to challenge whether any gain or loss generated was appropriate. *Assessing transparency:* We assessed the adequacy of the Group and Parent Company's financial statements disclosures in the context of the relevant accounting standards.

Communications with the Barclays Bank PLC Board Audit Committee

We discussed with and reported to the Board Audit Committee:

- Our approach to the audit of the fair value of Level 3 and harder-to-value Level 2 financial instrument assets and liabilities. This included details of our controls and substantive procedures.
- Our conclusions on the appropriateness of Barclays' fair value methodology, models, pricing inputs, and fair value adjustments.

Areas of particular auditor judgement

We identified the following as the areas of particular auditor judgement:

- The appropriateness of the valuation of harder to value Level 2 and Level 3 financial instruments, and particularly the selection of market data inputs and valuation models.

Based on the risk identified and our procedures performed, we consider the fair value of Level 3 and harder-to-value Level 2 financial instrument assets and liabilities recognised to be acceptable (2019 result: acceptable).

Further information in the Annual Report and Accounts: See the Board Audit Committee Report on page 21 for details on how the Board Audit Committee considered Valuations as an area of focus, page 195 for the accounting policy on financial assets and liabilities, and page 195 for the financial disclosure note 16; Fair value of financial instruments.

4.3 VALUATION OF THE DEFINED BENEFIT PENSION OBLIGATION AND CERTAIN DIFFICULT-TO-VALUE PENSION ASSETS IN RESPECT OF THE UK RETIREMENT FUND ('UKRF')

Financial Statement Elements	FY20	FY19	Our assessment of risk vs FY19		Our results
Benefit obligation related to UKRF (note 31)	**£32.1bn**	£29.3bn	NEW	This is the first year we have considered the risk to be a Key Audit Matter. This reflects the expansion of our significant risk in this area to include the valuation of level 3 assets held by the pension scheme and the level and nature of the involvement of specialists in our audit	FY20: Acceptable FY19: Acceptable
Fair value of scheme private equities related to UKRF (note 31)	**£2.2bn**	£2.1bn			
Fair value of scheme property related to UKRF* (note 31)	**£1.4bn**	£1.6bn			

**The key audit matter identified relates to certain difficult to value Level 3 property within this balance.*

Independent Auditor's report to the members of Barclays Bank PLC

Description of the Key Audit Matter	Our response to the risk
Subjective valuation The valuation of the defined benefit obligation in respect of the UKRF is dependent on key actuarial assumptions, including the discount rates, mortality assumptions and the impact of volatility in the retail price index ('RPI') on pension increases, as well as the methodology used by the Group and Parent Company to determine these assumptions. Small changes have a significant impact on the measurement of the defined benefit pension obligation. In addition, the valuation of certain difficult-to-value Level 3 pension plan assets, specifically property and private equity investments, is determined through the application of valuation techniques which often involve the exercise of significant judgement by management due to the subjective nature of judgements required and the measurement uncertainty associated with the use of lagged prices. The effect of these matters is that, as part of our risk assessment, we determined that the defined benefit pension obligation and certain difficult-to-value Level 3 pension assets had 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. At 31 December 2020, the Group reported a pension asset surplus of £1.8bn relating to UKRF. **Disclosure quality** The defined benefit plan disclosures are key to explaining the sensitivity of the outcome of the impairment assessment to changes in key assumptions.	**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 defined benefit obligation process. We tested the design and operating effectiveness of key controls relating to the process. These included: ▪ Controls over management's review of IAS19 assumptions including discount rate, mortality assumptions and the RPI volatility impact on pension increases as well as the methodology used; ▪ Reconciliation controls of the IAS19 disclosures to underlying data; ▪ Investment reconciliation controls including property valuation; and ▪ Private equity retrospective review controls. *Our actuarial expertise*: we involved our own actuarial specialists in the audit of the obligation in the following: ▪ Assessing the appropriateness of the methodology used by the Group and Parent Company for determining the assumptions; ▪ Evaluating the reasonableness of selected assumptions against publicly available benchmark information. *Our property valuation expertise*: We involved our own property specialists in evaluating the fair value of the property portfolio by analysing the year on year movement assessing the property valuation on the basis of equivalent yields and challenging the returns per the Company's expert for a sample of specific properties within the portfolio. *Independent reperformance*: We performed an independent assessment to assess the reasonableness of the Group and Parent Company's best estimate of the fair value of its private equity interests. We challenged management's assessment of indicators of movement to the fair value with reference to their specific portfolio and their associated market exposure. *Assessing transparency:* We assessed the adequacy of the Group and Parent Company's financial statements disclosures in the context of the relevant accounting standards.

Communications with the Barclays Bank PLC Board Audit Committee

We discussed with and reported to the Board Audit Committee:

- The identification of a new Key Audit Matter relating to the valuation of the defined benefit pension obligation and certain difficult to value pension assets and the rationale for identifying this.
- We also discussed our audit response to the Key Audit Matter which included the use of specialists to challenge key aspects of management's actuarial valuation.

Areas of particular auditor judgement

- Subjective and complex auditor judgement was required in evaluating the key actuarial assumptions used by the Group (including the discount rate, pension increases and mortality assumptions), as well as the methodology used by Group to determine them.
- In addition, specialist skills and knowledge were required in assessing the valuation of certain difficult-to-value pension plan assets due to the subjective nature of judgements required of management to determine key actuarial assumptions and the measurement uncertainty associated with the use of lagged prices.

Based on the risk identified and our procedures performed, we consider the valuation of the defined benefit pension obligation and certain difficult-to-value pension assets in respect of UKRF to be acceptable (2019 result: acceptable).

Further information in the Annual Report and Accounts: See page 238 for the accounting policy on defined benefit schemes, and page 238 for the financial disclosure note 31; Pensions and post-retirement benefits.

Independent Auditor's report to the members of Barclays Bank PLC

4.4 USER ACCESS MANAGEMENT

Financial Statement Elements	Our assessment of risk vs FY19	Our results
User access management has a potential impact throughout the financial statements.	←→ Our assessment is the risk is similar to FY19.	FY20 and FY 19: Our testing did not identify unauthorised user activities in the systems relevant to financial reporting which would have required us to significantly expand the extent of our planned detailed testing

Description of the Key Audit Matter

Control Performance

The Group'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. 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 has 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 response to the risk

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; and
- 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.

Communications with the Barclays Bank PLC Board Audit Committee

We discussed with and reported to the Board Audit Committee:

- Our response to the Key Audit Matter which included the use of IT specialists to perform the testing.

Areas of particular auditor judgement

- The Key Audit Matter relates to determining whether user access management controls were designed and implemented and operated effectively. Limited auditor judgement was required relative to the other Key Audit Matters which have been identified.

Based on the risk identified and our procedures performed, we did not identify unauthorised user activities in the systems relevant to financial reporting which would have required us to significantly expand the extent of our planned detailed testing (2019: Our testing did not identify unauthorised user activities in the systems relevant to financial reporting which would have required us to significantly expand the extent of our planned detailed testing).

Independent Auditor's report to the members of Barclays Bank PLC

5. OUR ABILITY TO DETECT IRREGULARITIES, AND OUR RESPONSE

FRAUD - IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO FRAUD	
FRAUD RISK ASSESSMENT	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 Head of Risk, Group Head of Compliance and Group 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 policies and procedures relating to: o detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and o 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 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 Company, including consideration of fraudulent schemes that had arisen in similar sectors and industries. The forensic specialists participated in the initial fraud risk assessment discussions and were consulted throughout the audit where further guidance was deemed necessary.
FRAUD RISK COMMUNICATION	We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit. This included communication from the Group to component audit teams of relevant fraud risks identified at the Group level.
FRAUD RISKS AND OUR PROCEDURES TO ADDRESS THEM	We have identified six fraud risks which were communicated to specific component audit teams. The nature of these fraud risks is substantially unchanged from the prior year but the allocation of certain fraud risks to components has been updated. The fraud risks we identified are set out below: 1) Judgemental qualitative adjustments made to the ECL provision 2) The recognition and measurement of ECL impairment of individually assessed loans 3) The valuation of unobservable pricing inputs used in used to price level 3 fair value instruments 4) Cut-off of the recognition of revenue from investment banking advisory fees 5) Existence and accuracy of unconfirmed over-the-counter bilateral trades 6) The risk of management override of controls, common with all audits under ISAs (UK). As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the above risks and the risk that Group and component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements. 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. ***Incorporating unpredictability into our audit:*** A requirement of the auditing standards is that we undertake procedures which are deliberately unexpected and could not have reasonably been predicted by Barclays' management. As an example, we extended our testing of IFRS 9 models to include expanded testing on a number of lower risk models. We also increased the population of Level 3 financial instruments which we perform independent re-pricing over.
LINK TO KEY AUDIT MATTERS	Further detail in respect of the testing we perform over the fraud risks we have identified for ECL and fair value of financial instruments is included in the respective key audit matters sections 4.1 and 4.2 of this report, as the procedures relating to those estimates also address the risk of fraud.

Independent Auditor's report to the members of Barclays Bank PLC

LAWS AND REGULATIONS - IDENTIFYING AND RESPONDING TO RISKS OF MATERIAL MISSTATEMENT DUE TO NON-COMPLIANCE WITH LAWS AND REGULATIONS	
RISK ASSESSMENT	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 regulatory and legal correspondence; ▪ inspection of the policies and procedures regarding compliance with laws and regulations; ▪ relevant discussions with the Group's external legal counsel; and ▪ relevant discussions with the Group's key regulatory supervisors including the Prudential Regulation Authority, Financial Conduct Authority, Federal Reserve Board, Federal Deposit Insurance Corporation and the Joint Supervisory Team. As the Group operates in a highly regulated environment, our assessment of risks of material misstatement also considered the control environment, including the entity'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.
RISK COMMUNICATION	Our communication of identified laws and regulations risks was made throughout our team and we remained alert to any indications of non-compliance throughout the audit. This included communication from the Group to component audit teams of relevant laws and regulations identified at Group level.
DIRECT LAWS CONTEXT AND LINK TO AUDIT	The potential effect of these laws and regulations on the financial statements varies considerably. Firstly, the Group 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.
MOST SIGNIFICANT INDIRECT LAW/ REGULATION AREAS	Secondly, the Group 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 or the loss of the Group's permission to operate in countries where the non-adherence to laws could prevent trading in such countries. 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.
AUDIT RESPONSE	In relation to the legal, competition and regulatory matters disclosed in note 25 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 main regulators and performing audit procedures to respond to risks of material misstatement identified in recognised conduct provisions.

Independent Auditor's report to the members of Barclays Bank PLC

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. OUR DETERMINATION OF MATERIALITY

The scope of our audit was influenced by our application of materiality. We set quantitative thresholds and overlay qualitative considerations to help us determine the scope of our audit and the nature, timing and extent of our procedures, and in evaluating the effect of misstatements, both individually and in the aggregate, on the financial statements as a whole.

MATERIALITY FOR THE FINANCIAL STATEMENTS AS A WHOLE **2020: £170m** 2019: £135m	**What we mean** This is the amount representing the total magnitude of misstatements that we expect to influence the economic decisions of the users of these financial statements. **Basis for determining materiality and judgements applied** We determined that normalised profit before tax from continuing operations is the key benchmark for the Barclays Bank PLC Group. For FY20 we have normalised this benchmark by £1.4bn to adjust for the impact of COVID-19 on the ECL charge. For FY19 we used a benchmark of Group profit before tax from continuing operations as disclosed in the consolidated income statement. We normalise profit before tax by excluding certain items which significantly distort results in any one particular year. In our view, the use of a normalised profit before tax in which, for 2020, we have excluded the identified impact of COVID-19 on the ECL charge, provides a more appropriate amount to use as a benchmark for setting our materiality level. In FY19 we did not identify any items which could significantly distort results. Our materiality of £170m was determined by applying a percentage to the normalised profit before tax. When using a profit-related measure to determine overall materiality, KPMG's approach is to apply a percentage between 3 - 5% to the pre-tax measure. In setting overall materiality, we applied a rate of 3.8% (2019: 4.8%) which is lower than the top end of the allowable percentage range. Materiality for the Parent Company financial statements was set at £130m (2019: £130m), determined with reference to a benchmark of Parent Company net assets (of which it represents 0.3% (2019: 0.3%)).

PERFORMANCE MATERIALITY **2020: £125m** 2019: £100m	**What we mean** Our procedures on individual account balances and disclosures were performed to 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. **Basis for determining performance materiality and judgements applied** We have considered performance materiality at a level of 74% (2019: 74%) of materiality for Barclays Bank PLC Group's financial statements as a whole to be appropriate. We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk. The company performance materiality was set at £100m (2019: £100m).

AUDIT MISSTATEMENT POSTING THRESHOLD **2020: £8m** 2019: £6.5m	**What we mean** This is the amount below which identified misstatements are considered to be clearly trivial from a quantitative point of view. We may become aware of differences below this threshold which could alter the nature, timing and scope of our audit procedures, for example if we identify smaller differences which are indicators of fraud. This is also the amount above which all differences identified are communicated to Barclays Bank PLC's Board Audit Committee. **Basis for determining the audit misstatement reporting threshold and judgements applied** The audit misstatement posting threshold has been set at a level of 5% of materiality for Barclays Bank PLC's Group financial statements. We consider this appropriate based on the number and nature of audit differences (adjusted and unadjusted) identified during previous audits.

Independent Auditor's report to the members of Barclays Bank PLC

The overall materiality for the Group of £170m (2019: £135m), determined with reference to a benchmark of normalised PBT of which it represents 3.8% (2019: 4.8%), compares as follows to the other main financial statement elements amounts.

	Total Revenue		Total Assets		Net Assets	
	2020	2019	**2020**	2019	**2020**	2019
	£15,778m	£14,151m	**£1,059,731m**	£876,672m	**£53,710m**	£50,615m
Group Materiality as % of caption	**1.08%**	0.95%	**0.02%**	0.02%	**0.32%**	0.27%

7. THE SCOPE OF OUR AUDIT

What we mean

We perform our planning and risk assessment procedures to identify balances where there is a risk of material misstatement and we include these in the scope of our audit.

GROUP SCOPE

We have subjected four of the Group's components to full scope audits for Group purposes. Our approach to scoping the four components was as follows: for two components, Barclays Bank Delaware and Barclays Capital Inc, we directly instructed the component audit teams to conduct and report to us on full scope audits; for one component, Barclays Bank Ireland PLC, we directly instructed the component team to conduct and report to us on an audit of certain account balances; and the other component, Barclays Bank Solus, was to be subject to a full scope audit by us.

In the prior year we subjected three of the Group's components to full scope audits. The components were Barclays Bank Delaware, Barclays Capital Inc and Barclays Bank Ireland.We instructed each component audit team to conduct and report to us on a full scope audit.

Scope	Number of components	Range of materiality applied
Full scope audit	3	£50m - £130m
Audit of account balance	1	£40m

Barclays Bank PLC has centralised certain Group-wide processes in India, the outputs of which are included in the financial information of the reporting components it services and therefore is not a separate reporting component. These Group-wide procedures are subject to specified audit procedures, predominantly the testing of transaction processing, reconciliations and review controls. Additional procedures are performed at certain reporting components to address the risks not covered by the work performed over these Group-wide processes in India.

The Group audit team have also performed audit procedures centrally across the Group, and again beyond the component scope set out above, in the following areas:

- Testing of IT systems and configurations;
- Consolidation of the financial information; and
- Operating expenses and Group recharges.

In addition, outside of the components subject to audit procedures set out above, we have performed Group level analysis on the remaining components to determine whether further risks of material misstatement exist in those components.

Independent Auditor's report to the members of Barclays Bank PLC

<table>
<tr><td></td><td>What we mean
The Group audit team is required to instruct the component teams about their responsibilities in relation to the consolidated Group audit and to understand the approach taken by the components to meet these responsibilities. The Group audit team is also required to understand the conclusions reached by the component teams and to review and challenge the work they have performed to reach these conclusions.</td></tr>
<tr><td>GROUP AUDIT TEAM OVERSIGHT</td><td>Due to the travel restrictions imposed by COVID-19 the Group audit team did not visit the overseas components. A virtual communication and oversight strategy was implemented between the Group audit team and the components. This included:
- A virtual global planning conference led by the Group audit team to discuss key audit risks and obtain input from component teams and other participating locations;
- Instructions issued by the Group audit team to component auditors setting out the significant areas to be covered, including the relevant key audit matters identified above and the information to be reported back to the Group audit team;
- Review and approval by the Group audit team of the component materiality for all components;
- Risk assessment and challenge sessions with each component audit team led by the Group engagement partner and audit quality partner;
- Fortnightly video conferences with the partners and directors of the Group and component audit teams along with regular adhoc contact via video calls and email exchanges to challenge the component audit approach and findings;
- Michelle Hinchliffe, the Group Lead Engagement Partner, attended each Board Audit Committee for Barclays Bank PLC and at least one Board Audit Committee for each of Barclays Capital Inc. and Barclays Bank Delaware, and Barclays Bank Ireland;
- Review of key working papers within component audit files (using remote technology capabilities) to understand and challenge the audit approach and audit findings of each component.</td></tr>
</table>

8. THE STRATEGIC REPORT AND THE DIRECTORS' REPORT

Our responsibility

The directors are responsible for the strategic report and the directors' report. 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 strategic report and the directors' report 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 those reports;
- in our opinion the information given in the strategic report and the directors' report 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.

9. OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Our responsibility

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 and the part of the Directors' Remuneration Report to be audited 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.

Our reporting

We have nothing to report in these respects

Independent Auditor's report to the members of Barclays Bank PLC

10. RESPECTIVE RESPONSIBILITIES

Directors' responsibilities

As explained more fully in their statement set out on pages 30 and 31, 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 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 other irregularities, 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, other irregularities 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.

11. THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the 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 Company. Our audit work has been undertaken so that we might state to the 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 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Michelle Hinchliffe
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

17 February 2021

Consolidated income statement

For the year ended 31 December	Notes	2020 £m	2019 £m	2018 £m
Continuing operations				
Interest and similar income	3	**6,006**	8,085	7,459
Interest and similar expense	3	**(2,846)**	(4,178)	(4,329)
Net interest income		**3,160**	3,907	3,130
Fee and commission income	4	**7,417**	7,664	7,392
Fee and commission expense	4	**(1,758)**	(1,992)	(1,785)
Net fee and commission income		**5,659**	5,672	5,607
Net trading income	5	**7,076**	4,073	4,364
Net investment (expense)/income	6	**(121)**	420	394
Other income		**4**	79	105
Total income		**15,778**	14,151	13,600
Credit impairment charges	7	**(3,377)**	(1,202)	(643)
Net operating income		**12,401**	12,949	12,957
Staff costs	29	**(4,365)**	(4,565)	(4,874)
Infrastructure costs	8	**(816)**	(835)	(935)
Administration and general expenses	8	**(4,202)**	(4,318)	(4,224)
Litigation and conduct	8	**(76)**	(264)	(1,706)
Operating expenses	8	**(9,459)**	(9,982)	(11,739)
Share of post-tax results of associates and joint ventures		**7**	57	68
Profit on disposal of subsidiaries, associates and joint ventures		**126**	88	-
Profit before tax		**3,075**	3,112	1,286
Taxation	9	**(624)**	(332)	(229)
Profit after tax in respect of continuing operations		**2,451**	2,780	1,057
Loss after tax in respect of discontinued operations	38	**-**	-	(47)
Profit after tax		**2,451**	2,780	1,010
Attributable to:				
Equity holders of the parent		**1,774**	2,120	363
Other equity instrument holders		**677**	660	647
Total equity holders of the parent		**2,451**	2,780	1,010
Profit after tax		**2,451**	2,780	1,010

Consolidated statement of comprehensive income

For the year ended 31 December	2020 £m	2019 £m	2018 £m
Profit after tax	**2,451**	2,780	1,010
Profit after tax in respect of continuing operations	**2,451**	2,780	1,057
Loss after tax in respect of discontinuing operations	**-**	-	(47)
Other comprehensive income/(loss) that may be recycled to profit or loss from continuing operations:			
Currency translation reserve			
Currency translation differences[a]	**(647)**	(544)	844
Fair value through other comprehensive income reserve movement relating to debt securities			
Net gains/(losses) from changes in fair value	**2,402**	2,465	(475)
Net (gains)/losses transferred to net profit on disposal	**(251)**	(454)	74
Net losses transferred to net profit due to impairment	**1**	1	4
Net (losses)/gains due to fair value hedging	**(1,640)**	(1,782)	165
Other movements	**-**	(8)	(25)
Tax	**(130)**	(63)	53
Cash flow hedging reserve			
Net gains/(losses) from changes in fair value	**1,366**	823	(197)
Net gains transferred to net profit	**(282)**	(141)	(213)
Tax	**(291)**	(171)	103
Other	**3**	16	27
Other comprehensive income that may be recycled to profit or loss from continuing operations	**531**	142	360
Other comprehensive (loss)/income not recycled to profit or loss from continuing operations:			
Retirement benefit remeasurements	**(77)**	(280)	412
Fair value through other comprehensive income reserve movements relating to equity instruments	**1**	-	(141)
Own credit	**(810)**	(316)	77
Tax	**198**	150	(118)
Other comprehensive (loss)/income not recycled to profit or loss from continuing operations	**(688)**	(446)	230
Other comprehensive (loss)/income for the year from continuing operations	**(157)**	(304)	590
Other comprehensive loss for the year from discontinued operation	**-**	-	(3)
Total comprehensive income/(loss) for the year			
Total comprehensive income for the year, net of tax from continuing operations	**2,294**	2,476	1,647
Total comprehensive loss for the year, net of tax from discontinued operation	**-**	-	(50)
Total comprehensive income for the year	**2,294**	2,476	1,597
Attributable to:			
Equity holders of the parent	**2,294**	2,476	1,597
Total comprehensive income for the year	**2,294**	2,476	1,597

Note
a Includes £8m loss (2019: £15m profit; 2018: £41m loss) on recycling of currency translation differences.

Consolidated financial statements
Consolidated balance sheet

As at 31 December	Notes	2020 £m	2019 £m
Assets			
Cash and balances at central banks		**155,902**	125,940
Cash collateral and settlement balances		**97,616**	79,486
Loans and advances at amortised cost	18	**134,267**	141,636
Reverse repurchase agreements and other similar secured lending		**8,981**	1,731
Trading portfolio assets	11	**127,664**	113,337
Financial assets at fair value through the income statement	12	**171,761**	129,470
Derivative financial instruments	13	**302,693**	229,641
Financial assets at fair value through other comprehensive income	14	**51,902**	45,406
Investments in associates and joint ventures	34	**24**	295
Goodwill and intangible assets	21	**1,154**	1,212
Property, plant and equipment	19	**1,537**	1,631
Current tax assets		**424**	898
Deferred tax assets	9	**2,552**	2,460
Retirement benefit assets	31	**1,814**	2,108
Other assets		**1,440**	1,421
Total assets		**1,059,731**	876,672
Liabilities			
Deposits at amortised cost	18	**244,696**	213,881
Cash collateral and settlement balances		**85,549**	67,682
Repurchase agreements and other similar secured borrowing		**10,443**	2,032
Debt securities in issue		**29,423**	33,536
Subordinated liabilities	26	**32,005**	33,425
Trading portfolio liabilities	11	**46,139**	35,212
Financial liabilities designated at fair value	15	**249,626**	204,446
Derivative financial instruments	13	**300,580**	228,940
Current tax liabilities		**644**	320
Deferred tax liabilities	9	**225**	80
Retirement benefit liabilities	31	**232**	313
Other liabilities	22	**5,251**	5,239
Provisions	23	**1,208**	951
Total liabilities		**1,006,021**	826,057
Equity			
Called up share capital and share premium	27	**2,348**	2,348
Other equity instruments	27	**8,621**	8,323
Other reserves	28	**3,183**	3,235
Retained earnings		**39,558**	36,709
Total equity		**53,710**	50,615
Total liabilities and equity		**1,059,731**	876,672

The Board of Directors approved the financial statements on pages 148 to 268 on 17 February 2021

James E Staley
Barclays Bank Group – Chief Executive Officer

Steven Ewart
Barclays Bank Group – 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 excluding non-controlling interests £m	Non-controlling interests £m	Total equity £m
Balance as at 1 January 2020	2,348	8,323	3,235	36,709	50,615	-	50,615
Profit after tax	-	677	-	1,774	2,451	-	2,451
Currency translation movements	-	-	(647)	-	(647)	-	(647)
Fair value through other comprehensive income reserve	-	-	383	-	383	-	383
Cash flow hedges	-	-	793	-	793	-	793
Retirement benefit remeasurement	-	-	-	(108)	(108)	-	(108)
Own credit reserve	-	-	(581)	-	(581)	-	(581)
Other	-	-	-	3	3	-	3
Total comprehensive income for the year	-	677	(52)	1,669	2,294	-	2,294
Issue and exchange of other equity instruments	-	298	-	(53)	245	-	245
Other equity instruments coupons paid	-	(677)	-	-	(677)	-	(677)
Equity settled share schemes	-	-	-	349	349	-	349
Vesting of Barclays PLC shares under share-based payment schemes	-	-	-	(300)	(300)	-	(300)
Dividends on ordinary shares	-	-	-	(263)	(263)	-	(263)
Dividends on preference shares and other shareholders equity	-	-	-	(42)	(42)	-	(42)
Capital contribution from Barclays Plc	-	-	-	1,500	1,500	-	1,500
Other reserve movements	-	-	-	(11)	(11)	-	(11)
Balance as at 31 December 2020	2,348	8,621	3,183	39,558	53,710	-	53,710

Consolidated statement of changes in equity

	Called up share capital and share premium[a]	Other equity instruments[a]	Other reserves[b]	Retained earnings	Total equity excluding non-controlling interests	Non-controlling interests	Total equity
	£m	£m	£m	£m	£m	£m	£m
Balance as at 1 January 2019	2,348	7,595	3,361	34,405	47,709	2	47,711
Profit after tax	-	660	-	2,120	2,780	-	2,780
Currency translation movements	-	-	(544)	-	(544)	-	(544)
Fair value through other comprehensive income reserve	-	-	159	-	159	-	159
Cash flow hedges	-	-	511	-	511	-	511
Retirement benefit remeasurement	-	-	-	(194)	(194)	-	(194)
Own credit reserve	-	-	(252)	-	(252)	-	(252)
Other	-	-	-	16	16	-	16
Total comprehensive income for the year	-	660	(126)	1,942	2,476	-	2,476
Issue and exchange of other equity instruments	-	728	-	(406)	322	-	322
Other equity instruments coupons paid	-	(660)	-	-	(660)	-	(660)
Equity settled share schemes	-	-	-	392	392	-	392
Vesting of Barclays PLC shares under share-based payment schemes	-	-	-	(349)	(349)	-	(349)
Dividends on ordinary shares	-	-	-	(233)	(233)	-	(233)
Dividends on preference shares and other shareholders equity	-	-	-	(41)	(41)	-	(41)
Capital contribution from Barclays Plc	-	-	-	995	995	-	995
Other reserve movements	-	-	-	4	4	(2)	2
Balance as at 31 December 2019	2,348	8,323	3,235	36,709	50,615	-	50,615

Notes
a For further details refer to Note 27.
b For further details refer to Note 28.

Consolidated financial statements

Consolidated cash flow statement

For the year ended 31 December	Notes	2020 £m	2019[a] £m	2018[a] £m
Continuing operations				
Reconciliation of profit before tax to net cash flows from operating activities:				
Profit before tax		**3,075**	3,112	1,286
Adjustment for non-cash items:				
Credit impairment charges		**3,377**	1,202	643
Depreciation, amortisation and impairment of property, plant and equipment and intangibles		**441**	459	397
Other provisions, including pensions		**634**	417	2,274
Net profit on disposal of investments and property, plant and equipment		**(119)**	(84)	-
Other non-cash movements including exchange rate movements [c]		**(2,362)**	(742)	(4,097)
Changes in operating assets and liabilities				
Net decrease/(increase) in cash collateral and settlement balances [b]		**4,098**	(5,762)	(4,862)
Net decrease/(increase) in loans and advances at amortised cost [c]		**7,142**	3,937	(7,215)
Net increase in reverse repurchase agreements and other similar secured lending		**(7,250)**	(118)	(434)
Net increase in deposits		**31,148**	14,544	16,316
Net (decrease)/ increase debt securities in issue		**(4,113)**	(5,762)	14
Net increase/(decrease) in repurchase agreements and other similar secured borrowing		**8,411**	(5,346)	2
Net (increase)/decrease in derivative financial instruments		**(1,604)**	2,390	(6,419)
Net (increase)/decrease in trading assets		**(14,327)**	(9,299)	10,102
Net increase/(decrease) in trading liabilities		**10,927**	(1,402)	1,688
Net decrease/(increase) in financial assets and liabilities designated at fair value		**2,889**	2,485	(6,284)
Net (increase)/decrease in other assets		**(93)**	(44)	949
Net increase/(decrease) in other liabilities		**13**	(991)	(6,099)
Corporate income tax (paid)/received		**(12)**	894	(409)
Net cash from operating activities		**42,275**	(110)	(2,148)
Purchase of debt securities at amortised cost [c]		**(7,890)**	(8,565)	(1,564)
Proceeds from sale or redemption of debt securities at amortised cost [c]		**3,527**	1,305	5,109
Purchase of financial assets at fair value through other comprehensive income		**(57,640)**	(67,056)	(106,330)
Proceeds from sale or redemption of financial assets at fair value through other comprehensive income		**53,367**	67,743	108,038
Purchase of property, plant and equipment and intangibles		**(303)**	(610)	(422)
Proceeds from sale of property, plant and equipment and intangibles		**-**	-	35
Disposal of discontinued operation, net of cash disposed		**-**	-	(39,703)
Disposal of subsidiaries and associates, net of cash disposed		**736**	617	-
Other cash flows associated with investing activities		**11**	95	1,191
Net cash from investing activities		**(8,192)**	(6,471)	(33,646)
Dividends paid and coupon payments on other equity instruments		**(982)**	(934)	(1,142)
Issuance of subordinated debt	26	**3,856**	6,785	221
Redemption of subordinated debt		**(4,746)**	(6,574)	(3,246)
Issue of shares and other equity instruments		**1,134**	2,292	1,925
Redemption of shares and other equity instruments		**(903)**	(1,970)	(3,588)
Capital contribution from Barclays PLC		**-**	-	2,000
Vesting of shares under employee share schemes		**(300)**	(349)	(418)
Net cash from financing activities		**(1,941)**	(750)	(4,248)
Effect of exchange rates on cash and cash equivalents		**1,669**	(3,345)	4,159
Net increase/(decrease) in cash and cash equivalents from continuing operations		**33,811**	(10,676)	(35,883)
Net cash from discontinued operation	38	**-**	-	(468)
Net increase/(decrease) in cash and cash equivalents		**33,811**	**(10,676)**	**(36,351)**
Cash and cash equivalents at beginning of year		**139,314**	149,990	186,341
Cash and cash equivalents at end of year		173,125	139,314	149,990
Cash and cash equivalents comprise:				
Cash and balances at central banks		**155,902**	125,940	136,359
Loans and advances to banks with original maturity less than three months		**7,281**	8,158	7,404
Cash collateral balances with central banks with original maturity less than three months[b]		**9,086**	4,736	5,310
Treasury and other eligible bills with original maturity less than three months		**856**	480	917
		173,125	139,314	149,990

Consolidated cash flow statement

Notes

a 2019 and 2018 comparative figures have been restated to make the cash flow statement more relevant following a review of the disclosure and the accounting policies applied. Amendments have been made to the classification of cash collateral reported within cash and cash equivalents and to the presentation of items within net cash flows from operating and investing activities. Footnotes b and c below quantify the impact of the changes to the respective cash flow categories in prior periods and provide further detail.

b 'Cash collateral balances with central banks with original maturity less than three months' was previously labelled 'Cash collateral and settlement balances with banks with original maturity less than three months'. This line item has been restated to include only balances that the Barclays Bank Group holds at central banks related to payment schemes. Previously, cash collateral and settlement balances with non-central bank counterparties were also classified as cash equivalents and included within this balance. Comparatives have been restated. The effect of this change decreased cash and cash equivalents by £16,702m as at 31 December 2019, £17,367m as at 31 December 2018 and £18,111m as at 31 December 2017. As a result, net cash from operating activities increased by £665m in 2019 and £744m in 2018 representing the net decrease/(increase) in the cash collateral and settlement balances line item in those periods.

c Movements in cash and cash equivalents relating to debt securities at amortised cost were previously shown within loans and advances to banks and customers in operating activities. These debt securities holdings are now considered to be part of the investing activity performed by the Barclays Bank Group following a change in accounting policy and have been presented within investing activities in 2020. Comparatives have been restated. The effect of this change was to reclassify £7,260m of net cash outflows from operating activities to investing activities in 2019 and inflows of £3,544m in 2018.

Interest received by the Barclays Bank Group was £12,860m (2019: £26,637m) and interest paid by the Barclays Bank Group was £8,653m (2019: £21,314m).

The Barclays Bank Group is required to maintain balances with central banks and other regulatory authorities and these amounted to £3,119m (2019: £4,505m).

For the purposes of the cash flow statement, cash comprises cash on hand and demand deposits and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. Repurchase and reverse repurchase agreements are not considered to be part of cash equivalents.

Parent company accounts

Balance sheet

As at 31 December	Notes	2020 £m	2019 £m
Assets			
Cash and balances at central banks		**133,386**	112,287
Cash collateral and settlement balances		**87,723**	75,822
Loans and advances at amortised cost	18	**191,538**	161,663
Reverse repurchase agreements and other similar secured lending		**11,535**	4,939
Trading portfolio assets	11	**84,089**	79,079
Financial assets at fair value through the income statement	12	**203,073**	162,500
Derivative financial instruments	13	**297,129**	229,338
Financial assets at fair value through other comprehensive income	14	**50,308**	43,760
Investments in associates and joint ventures	34	**13**	119
Investment in subsidiaries		**17,780**	16,105
Goodwill and intangible assets	21	**112**	115
Property, plant and equipment	19	**425**	426
Current tax assets		**545**	946
Deferred tax assets	9	**1,171**	1,115
Retirement benefit assets	31	**1,812**	2,062
Other assets		**913**	845
Total assets		**1,081,552**	891,121
Liabilities			
Deposits at amortised cost	18	**272,190**	240,631
Cash collateral and settlement balances		**68,862**	59,448
Repurchase agreements and other similar secured borrowing		**27,722**	9,185
Debt securities in issue		**17,221**	19,883
Subordinated liabilities	26	**31,852**	33,205
Trading portfolio liabilities	11	**48,093**	45,130
Financial liabilities designated at fair value	15	**267,137**	207,765
Derivative financial instruments	13	**292,538**	225,607
Current tax liabilities		**336**	221
Deferred tax liabilities	9	**225**	80
Retirement benefit liabilities	31	**104**	104
Other liabilities	22	**3,145**	2,807
Provisions	23	**984**	630
Total liabilities		**1,030,409**	844,696
Equity			
Called up share capital and share premium	27	**2,348**	2,348
Other equity instruments		**13,328**	11,089
Other reserves	28	**776**	678
Retained earnings		**34,691**	32,310
Total equity		**51,143**	46,425
Total liabilities and equity		**1,081,552**	891,121

Note
a As permitted by section 408 of the Companies Act 2006 an income statement for the parent company has not been presented. Included in shareholders' equity for Barclays Bank plc is a profit after tax for the year ended 31 December 2020 of £2,134m (2019: £2,409m).

The Board of Directors approved the financial statements on pages 148 to 268 on 17 February 2021.

James E Staley
Barclays Bank Group – Chief Executive Officer

Steven Ewart
Barclays Bank Group – Chief Financial Officer

Statement of changes in equity

	Called up share capital and share premium[a]	Other equity instruments[a]	Other reserves[b]	Retained earnings	Total equity
	£m	£m	£m	£m	£m
Balance as at 1 January 2020	2,348	11,089	678	32,310	46,425
Profit after tax	-	829	-	1,305	2,134
Currency translation movements	-	-	(519)	-	(519)
Fair value through other comprehensive income reserve	-	-	389	-	389
Cash flow hedges	-	-	788	-	788
Retirement benefit remeasurement	-	-	-	(113)	(113)
Own credit reserve	-	-	(560)	-	(560)
Other	-	-	-	2	2
Total comprehensive income for the year	-	829	98	1,194	2,121
Issue and exchange of other equity instruments	-	2,239	-	(53)	2,186
Other equity instruments coupons paid[c]	-	(829)	-	-	(829)
Equity settled share schemes	-	-	-	349	349
Vesting of Barclays PLC shares under share-based payment schemes	-	-	-	(300)	(300)
Dividends paid on ordinary shares	-	-	-	(263)	(263)
Dividends paid on preference shares and other shareholders' equity	-	-	-	(42)	(42)
Capital contribution from Barclays PLC	-	-	-	1,500	1,500
Other reserve movements	-	-	-	(4)	(4)
Balance as at 31 December 2020	2,348	13,328	776	34,691	51,143

Notes
a For further details refer to Note 27.
b For further details refer to Note 28.
c Other equity instruments includes AT1 securities issued by Barclays Bank PLC and borrowings of $6bn from a wholly-owned, indirect subsidiary of Barclays Bank PLC. The borrowings have been recorded as equity since, under their terms, interest payments are non cumulative and discretionary whilst repayment of principal is perpetually deferrable by Barclays Bank PLC. Should Barclays Bank PLC make a discretionary dividend payment on its ordinary shares in the six months preceding the date of an interest payment, it will be obliged to make that interest payment. In 2020, interest paid on these borrowings was £152m.

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	Total equity
	£m	£m	£m	£m	£m
Balance as at 1 January 2019	2,348	10,361	383	30,545	43,637
Profit after tax	-	839	-	1,570	2,409
Currency translation movements	-	-	(198)	-	(198)
Fair value through other comprehensive income reserve	-	-	161	-	161
Cash flow hedges	-	-	526	-	526
Retirement benefit remeasurement	-	-	-	(184)	(184)
Own credit reserve	-	-	(213)	-	(213)
Other	-	-	-	9	9
Total comprehensive income for the year	-	839	276	1,395	2,510
Issue and exchange of other equity instruments	-	728	-	(406)	322
Other equity instruments coupons paid[c]	-	(839)	-	-	(839)
Equity settled share schemes			-	392	392
Vesting of Barclays PLC shares under share-based payment schemes	-	-	-	(349)	(349)
Dividends paid on ordinary shares	-	-	-	(233)	(233)
Dividends paid on preference shares and other shareholders' equity	-	-	-	(41)	(41)
Capital contribution from Barclays PLC	-	-	-	995	995
Net equity impact of intra-group transfers	-	-	19	(19)	-
Other reserve movements	-	-	-	31	31
Balance as at 31 December 2019	2,348	11,089	678	32,310	46,425

Notes

a For further details refer to Note 27.

b For further details refer to Note 28.

c Other equity instruments includes AT1 securities issued by Barclays Bank PLC and borrowings of $3.5bn from a wholly-owned, indirect subsidiary of Barclays Bank PLC. The borrowings have been recorded as equity since, under their terms, interest payments are non cumulative and discretionary whilst repayment of principal is perpetually deferrable by Barclays Bank PLC. Should Barclays Bank PLC make a discretionary dividend payment on its ordinary shares in the six months preceding the date of an interest payment, it will be obliged to make that interest payment. In 2019, interest paid on these borrowings was £179m.

Financial statements of Barclays Bank PLC

Parent company accounts

Cash flow statement

For the year ended 31 December	Notes	2020 £m	2019[a] £m	2018[a] £m
Continuing operations				
Reconciliation of profit before tax to net cash flows from operating activities:				
Profit before tax		2,155	2,018	697
Adjustment for non-cash items:				
Credit impairment charges		1,577	235	(123)
Depreciation, amortisation and impairment of property, plant and equipment and intangibles		66	67	41
Other provisions, including pensions		505	268	1,312
Net profit on disposal of investments and property, plant and equipment		(397)	(128)	-
Other non-cash movements including exchange rate movements[c]		(2,045)	1,203	(4,113)
Changes in operating assets and liabilities				
Net decrease/(increase) in cash collateral and settlement balances[b]		1,863	(7,110)	(8,447)
Net (increase)/decrease in loans and advances at amotised cost[c]		(29,049)	5,483	4,903
Net (increase)/decrease in reverse repurchase agreements and other similar lending		(6,596)	1,551	2,870
Net increase in deposits		32,059	9,614	17,998
Net (decrease)/increase in debt securities in issue		(2,662)	(12,454)	102
Net increase/(decrease) in repurchase agreements and other similar borrowing		18,537	899	(6,034)
Net (increase)/decrease in derivative financial instruments		(860)	(3,863)	9,242
Net (increase)/decrease in trading assets		(5,010)	(5,599)	6,751
Net increase/(decrease) in trading liabilities		2,963	(1,496)	7,509
Net decrease/(increase) in financial assets and liabilities at fair value through income statement		18,799	7,290	(30,019)
Net (increase)/decrease in other assets		(83)	(349)	2,444
Net increase/(decrease) in other liabilities		380	(1,006)	(6,463)
Corporate income tax received/(paid)		354	919	(150)
Net cash from operating activities		32,556	(2,458)	(1,480)
Purchase of debt securities at amortised cost[c]		(7,129)	(7,688)	(1,764)
Proceeds from sale or redemption of debt securities at amortised cost[c]		3,054	232	5,109
Purchase of financial assets at fair value through other comprehensive income		(51,368)	(61,877)	(101,046)
Proceeds from sale or redemption of financial assets at fair value through other comprehensive income		47,254	62,915	101,683
Purchase of property, plant and equipment and intangibles		(27)	(139)	(235)
Proceeds from sale of property, plant and equipment and intangibles		-	-	63
Disposal of discontinued operation, net of cash disposed		-	-	(39,679)
Disposal of subsidiaries and/or branches and/or associates, net of cash disposed		736	587	(2,189)
Net increase in investment in subsidiaries		(1,907)	(1,494)	(859)
Other cash flows associated with investing activities		8	-	-
Net cash from investing activities		(9,379)	(7,464)	(38,917)
Dividends paid and coupon payments on other equity instruments		(1,134)	(1,113)	(1,142)
Issuance of subordinated debt	26	3,700	6,627	-
Redemption of subordinated debt		(4,580)	(6,402)	(3,246)
Issue of shares and other equity instruments		3,075	2,292	4,691
Redemption of shares and other equity instruments		(903)	(1,970)	(3,588)
Capital contribution from Barclays PLC		-	-	2,000
Vesting of shares under employee share schemes		(300)	(349)	(418)
Net cash from financing activities		(142)	(915)	(1,703)
Effect of exchange rates on cash and cash equivalents		1,169	(2,753)	3,580
Net increase/(decrease) in cash and cash equivalents from continuing operations		24,204	(13,590)	(38,520)
Net cash from discontinued operation		-	-	(528)
Net increase/(decrease) in cash and cash equivalents		24,204	(13,590)	(39,048)
Cash and cash equivalents at beginning of year		129,287	142,877	181,925
Cash and cash equivalents at end of year		153,491	129,287	142,877
Cash and cash equivalents comprise:				
Cash and balances at central banks		133,386	112,287	126,002
Loans and advances to banks with original maturity less than three months		10,174	11,823	10,648
Cash collateral with central banks with original maturity less than three months[b]		9,086	4,736	5,310
Treasury and other eligible bills with original maturity less than three months		845	441	917
		153,491	129,287	142,877

Notes
a 2019 and 2018 comparative figures have been restated to make the cash flow statement more relevant following a review of the disclosure and the accounting policies applied. Amendments have been made to the classification of cash collateral reported within cash and cash equivalents and to the presentation of items within net cash flows from operating and investing activities. Footnotes b and c below quantify the impact of the changes to the respective cash flow categories in prior periods and provide further detail.
b 'Cash collateral balances with central banks with original maturity less than three months' was previously labelled 'Cash collateral and settlement balances with banks with original maturity less than three months'. This line item has been restated to include only balances that Barclays Bank PLC 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 £14,045m as at 31 December 2019, £16,166m as at 31 December 2018 and £11,768m as at 31 December 2017. As a result, net cash from operating activities increased by £2,121m in 2019 and decreased by £4,398m in 2018 representing the net decrease/(increase) in the cash collateral and settlement balances line item in those periods.
c Movements in cash and cash equivalents relating to debt securities at amortised cost were previously shown within loans and advances to banks and customers in operating activities. These debt securities holdings are now considered to be part of the investing activity performed by Barclays Bank PLC following a change in accounting policy and have been presented within investing activities in 2020. Comparatives have been restated. The effect of this change was to reclassify £7,465m of net cash outflows from operating activities to investing activities in 2019 and inflows of £3,344m in 2018.

Interest received by Barclays Bank PLC was £7,921m (2019: £18,322m) and interest paid by Barclays Bank PLC was £6,441m (2019: £16,320m). In relation to 2018, £4,039m income previously reported as interest received and paid has been reclassified to non-interest income.

Barclays Bank PLC was required to maintain balances with central banks and other regulatory authorities of £1,353m (2019: £2,457m).

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 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 PLC is a public limited company, registered in England under company number 1026167.

These financial statements are prepared for Barclays Bank PLC and its subsidiaries (the Barclays Bank Group) under Section 399 of the Companies Act 2006. The Barclays Bank Group is a major global financial services provider engaged in credit cards, wholesale banking, investment banking, wealth management and investment management services. In addition, separate financial statements have been presented for the holding company.

2. Compliance with International Financial Reporting Standards
The consolidated financial statements of the Barclays Bank Group, and the separate financial statements of Barclays Bank 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 investment property, and particular financial instruments, to the extent required or permitted under IFRS as set out in the relevant accounting policies. They are stated in millions of pounds Sterling (£m), the functional currency of Barclays Bank 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 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 Barclays Bank Group. The WCR is used by the Barclays Bank 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 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 Group could experience.

The WCR showed that the Barclays Bank 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 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 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 Group prepares financial statements in accordance with IFRS. The Barclays Bank 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 Group applies IFRS 10 *Consolidated financial statements*.

The consolidated financial statements combine the financial statements of Barclays Bank PLC and all its subsidiaries. Subsidiaries are entities over which Barclays Bank PLC has control. The Barclays Bank Group has control over another entity when the Barclays Bank 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 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 Group for the purposes of the consolidation.

Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and they do not result in loss of control.

As the consolidated financial statements include partnerships where the Barclays Bank Group member is a partner, advantage has been taken of the exemption under Regulation 7 of the Partnership (Accounts) Regulations 2008 with regard to preparing and filing of individual partnership financial statements.

Details of the principal subsidiaries are given in Note 32.

(ii) Foreign currency translation

The Barclays Bank 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.

The Barclays Bank Group's foreign operations (including subsidiaries, joint ventures, associates and branches) based mainly outside the UK may have different functional currencies. The functional currency of an operation is the currency of the main economy to which it is exposed.

Prior to consolidation (or equity accounting) the assets and liabilities of non-Sterling operations are translated at the period end exchange rate and items of income, expense and other comprehensive income are translated into Sterling at the rate on the date of the transactions. Exchange differences arising on the translation of foreign operations are included in currency translation reserves within equity. These are transferred to the income statement when the Barclays Bank Group disposes of the entire interest in a foreign operation, when partial disposal results in the loss of control of an interest in a subsidiary, when an investment previously accounted for using the equity method is accounted for as a financial asset, or on the disposal of an autonomous foreign operation within a branch.

(iii) Financial assets and liabilities

The Barclays Bank 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 Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes.

Recognition

The Barclays Bank 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 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 Group's policies for determining the fair values of the assets and liabilities are set out in Note 16.

Derecognition

The Barclays Bank 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 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 Group's exposure to variability in asset cash flows before the transfer with its retained exposure after the transfer.

A cash flow analysis of this nature may require judgement. In particular, it is necessary to estimate the asset's expected future cash flows as well as potential variability around this expectation. The method of estimating expected future cash flows depends on the nature of the asset, with market and market-implied data used to the greatest extent possible. The potential variability around this expectation is typically determined by stressing underlying parameters to create reasonable alternative upside and downside scenarios. Probabilities are then assigned to each scenario. Stressed parameters may include default rates, loss severity, or prepayment rates.

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 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 Group obtains such loans or cash collateral, in exchange for the transfer of collateral.

The Barclays Bank 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 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 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 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 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 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 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 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 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 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 Group in 2019, provide relief to the hedge accounting requirements prior to changing a hedge relationship due to the interest rate

benchmark reform (refer to Note 13). 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 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 Group may elect on a hedge-by-hedge basis to reset the cumulative fair value changes to zero when the exception to the retrospective assessment ends (Phase 1 relief). Any hedge ineffectiveness will continue to be measured and recognised in full in profit or loss.
- Amounts accumulated in the cash flow hedge reserve would be deemed to be based on the alternative benchmark rate (on which the hedge future cash flows are determined) when there is a change in basis for determining the contractual cash flows.
- For hedges of groups of items (such as those forming part of a macro cash flow hedging strategy), the amendments provide relief for items within a designated group of items that are amended for changes directly required by the reform.
- In respect of whether a risk component of a hedged item is separately identifiable, the amendments provide temporary relief to entities to meet this requirement when an alternative risk free rate (RFR) financial instrument is designated as a risk component. These amendments allow entities upon designation of the hedge to assume that the separately identifiable requirement is met if the entity reasonably expects the RFR risk will become separately identifiable within the next 24 months. This relief applies to each RFR on a rate-by-rate basis and starts when the entity first designates the RFR as a non-contractually specified risk component.

The amendments to IFRS 7 require certain disclosures to be made to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. Refer to Note 40 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 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 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 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 pages 169 to 173
- Tax on pages 174 to 178
- Fair value of financial instruments on pages 195 to 209
- Pensions and post-retirement benefits – obligations on pages 238 to 246
- Provisions including conduct and legal, competition and regulatory matters on pages 220 to 226.

7. Other disclosures
To improve transparency and ease of reference, by concentrating related information in one place, certain disclosures required under IFRS have been included within the Risk review section as follows:
- Credit risk on pages 52 to 53 and on pages 60 to 98
- Market risk on page 53 and on pages 99 to 101
- Treasury and capital risk – capital on pages 54 to 55 and on pages 112 to 113
- Treasury and capital risk – liquidity on page 54 and on pages 103 to 111.

These disclosures are covered by the Audit opinion (included on pages 132 to 147) where referenced as audited.

Financial performance and returns

The notes included in this section focus on the results and performance of the Barclays Bank Group. Information on the segmental performance, income generated, expenditure incurred, tax, and dividends are included here.

2 Segmental reporting

Presentation of segmental reporting

The Barclays Bank Group's segmental reporting is in accordance with IFRS 8 *Operating Segments*. Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee, which is responsible for allocating resources and assessing performance of the operating segments, and has been identified as the chief operating decision maker. All transactions between business segments are conducted on an arm's-length basis, with intra-segment revenue and costs being eliminated in Head Office. Income and expenses directly associated with each segment are included in determining business segment performance.

The Barclays Bank Group divisions have been for segmental reporting purposes defined as Corporate and Investment Bank and Consumer, Cards and Payments.

- **Corporate and Investment Bank** which includes Investment Banking, Corporate Banking and global Markets businesses.
- **Consumer, Cards and Payments** which includes Barclays US Consumer Bank, Barclays Payments, Barclaycard Germany and Private Bank.

The below table also includes Head Office which comprises head office and certain central support functions including the Barclays Bank Group service company full time equivalent employees.

Analysis of results by business

	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Barclays Bank Group £m
For the year ended 31 December 2020				
Total income	12,607	3,490	(319)	15,778
Credit impairment charges	(1,565)	(1,720)	(92)	(3,377)
Net operating income/(expenses)	11,042	1,770	(411)	12,401
Operating expenses	(7,125)	(2,132)	(126)	(9,383)
Litigation and conduct	(4)	(44)	(28)	(76)
Total operating expenses	(7,129)	(2,176)	(154)	(9,459)
Other net income/(expenses)[a]	16	114	3	133
Profit/(loss) before tax	3,929	(292)	(562)	3,075
Total assets (£bn)	990.9	57.8	11.0	1,059.7
Number of employees (full time equivalent)	7,800	3,000	10,100	20,900
Average number of employees (full time equivalent)				20,145

	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Barclays Bank Group £m
For the year ended 31 December 2019				
Total income	10,009	4,462	(320)	14,151
Credit impairment charges	(157)	(1,016)	(29)	(1,202)
Net operating income/(expenses)	9,852	3,446	(349)	12,949
Operating expenses	(7,267)	(2,359)	(92)	(9,718)
Litigation and conduct	(108)	(7)	(149)	(264)
Total operating expenses	(7,375)	(2,366)	(241)	(9,982)
Other net income/(expenses)[a]	113	40	(8)	145
Profit/(loss) before tax	2,590	1,120	(598)	3,112
Total assets (£bn)	799.6	65.7	11.4	876.7
Number of employees (full time equivalent)	8,100	3,100	9,300	20,500
Average number of employees (full time equivalent)				21,700

Note

a Other net income/(expenses) represents the share of post-tax results of associates and joint ventures, profit (or loss) on disposal of subsidiaries, associates and joint ventures, and gains on acquisitions.

	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Barclays Bank Group £m
For the year ended 31 December 2018				
Total income	9,741	4,267	(408)	13,600
Credit impairment releases/(charges)	152	(808)	13	(643)
Net operating income/(expenses)	9,893	3,459	(395)	12,957
Operating expenses	(7,459)	(2,304)	(130)	(9,893)
GMP charge	-	-	(140)	(140)
Litigation and conduct	(68)	(59)	(1,579)	(1,706)
Total operating expenses	(7,527)	(2,363)	(1,849)	(11,739)
Other net income/(expenses)[a]	28	41	(1)	68
Profit/(loss) before tax	2,394	1,137	(2,245)	1,286
Total assets (£bn)	792.5	71.6	13.6	877.7
Number of employees (full time equivalent)	9,100	3,300	10,000	22,400

Note
a Other net income/(expenses) represents the share of post-tax results of associates and joint ventures, profit (or loss) on disposal of subsidiaries, associates and joint ventures, and gains on acquisitions.

Income by geographic region[a]

For the year ended 31 December	2020 £m	2019 £m	2018 £m
United Kingdom	**4,954**	4,084	4,007
Europe	**2,119**	1,752	1,615
Americas	**7,590**	7,251	7,048
Africa and Middle East	**37**	62	44
Asia	**1,078**	1,002	886
Total	**15,778**	14,151	13,600

Income from individual countries which represent more than 5% of total income[a]

For the year ended 31 December	2020 £m	2019 £m	2018 £m
United Kingdom	**4,954**	4,084	4,007
United States	**7,471**	7,121	6,916

Note
a The geographical analysis is based on the location of the office where the transactions are recorded.

3 Net interest income

Accounting for interest income and expenses

Interest income on loans and advances at amortised cost and financial assets at fair value through other comprehensive income, and interest expense on financial liabilities held at amortised cost, are calculated using the effective interest method which allocates interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities.

The effective interest method requires the Barclays Bank Group to estimate future cash flows, in some cases based on its experience of customers' behaviour, considering all contractual terms of the financial instrument, as well as the expected lives of the assets and liabilities.

The Barclays Bank Group incurs certain costs to originate credit card balances with the most significant being co-brand partner fees. To the extent these costs are attributed to customers that continuously carry an outstanding balance (revolvers) and incremental to the origination of credit card balances, they are capitalised and subsequently included within the calculation of the effective interest rate. They are amortised to interest income over the period of expected repayment of the originated balance. Costs attributed to customers that settle their outstanding balances each period (transactors) are deferred on the balance sheet as a cost of obtaining a contract and amortised to fee and commission expense over the life of the customer relationship (refer to Note 4). There are no other individual estimates involved in the calculation of effective interest rates that are material to the results or financial position.

	2020 £m	2019[a] £m	2018[a] £m
Cash and balances at central banks	**226**	919	919
Loans and advances at amortised cost	**4,510**	5,514	5,554
Fair value through other comprehensive income	**604**	831	662
Negative interest on liabilities	**68**	13	35
Other	**598**	808	289
Interest and similar income	**6,006**	8,085	7,459
Deposits at amortised cost	**(644)**	(1,778)	(1,591)
Debt securities in issue[b]	**(424)**	(873)	(493)
Subordinated liabilities	**(1,112)**	(1,096)	(1,397)
Negative interest on assets	**(325)**	(250)	(228)
Other	**(341)**	(181)	(620)
Interest and similar expense	**(2,846)**	(4,178)	(4,329)
Net interest income	**3,160**	3,907	3,130

Notes
a Comparatives for negative interest income on liabilities and negative interest expense on assets have been re-presented from Other interest income and Other interest expense.
b Barclays Bank Group has amended the presentation of the premium paid for purchased financial guarantees which are embedded in notes it issues directly to the market. From 2020 onwards, the full note coupon (£99m) is presented as interest and similar expense within net interest income. The financial guarantee element of the coupon had previously been recognised in net investment income (2019: £24m, 2018: £1m). The comparatives have not been restated.

Interest and similar income presented above represents interest revenue calculated using the effective interest method. Costs to originate credit card balances of £687m (2019: £684m; 2018: £585m) have been amortised to interest and similar income during the period. Interest and similar income includes £9m (2019: £9m; 2018: £9m) accrued on impaired loans. Other interest expense includes £23m (2019: £25m) relating to IFRS 16 lease interest expenses.

4 Net fee and commission income

Accounting for net fee and commission income

The Barclays Bank 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 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 Group recognises fee and commission income charged for services provided by the Barclays Bank Group as the services are provided, for example, on completion of the underlying transaction. Where the contractual arrangements also result in the Barclays Bank Group recognising financial instruments in scope of IFRS 9, such financial instruments are initially recognised at fair value in accordance with IFRS 9 before applying the provisions of IFRS 15.

Fee and commission income is disaggregated below by fee types that reflect the nature of the services offered across the Barclays Bank Group and operating segments, in accordance with IFRS 15. The below table includes a total for fees in scope of IFRS 15. Refer to Note 2 for more detailed information about operating segments.

	2020			
	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Total £m
Fee type				
Transactional	357	1,973	-	2,330
Advisory	593	100	-	693
Brokerage and execution	1,116	57	-	1,173
Underwriting and syndication	2,867	-	-	2,867
Other	54	152	29	235
Total revenue from contracts with customers	4,987	2,282	29	7,298
Other non-contract fee income	114	5	-	119
Fee and commission income	5,101	2,287	29	7,417
Fee and commission expense	(768)	(988)	(2)	(1,758)
Net fee and commission income	4,333	1,299	27	5,659

	2019			
	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Total £m
Fee type				
Transactional	391	2,418	-	2,809
Advisory	821	83	-	904
Brokerage and execution	1,082	49	-	1,131
Underwriting and syndication	2,358	-	-	2,358
Other	90	227	30	347
Total revenue from contracts with customers	4,742	2,777	30	7,549
Other non-contract fee income	110	5	-	115
Fee and commission income	4,852	2,782	30	7,664
Fee and commission expense	(743)	(1,249)	-	(1,992)
Net fee and commission income	4,109	1,533	30	5,672

	2018			
	Corporate and Investment Bank £m	Consumer, Cards and Payments £m	Head Office £m	Total £m
Fee type				
Transactional	366	2,248	-	2,614
Advisory	772	78	-	850
Brokerage and execution	1,002	71	-	1,073
Underwriting and syndication	2,462	-	-	2,462
Other	24	222	29	275
Total revenue from contracts with customers	4,626	2,619	29	7,274
Other non-contract fee income	114	4	-	118
Fee and commission income	4,740	2,623	29	7,392
Fee and commission expense	(657)	(1,128)	-	(1,785)
Net fee and commission income	4,083	1,495	29	5,607

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 Group incurs certain card related costs including those related to cardholder reward programmes and payments to co-brand partners. Cardholder reward programmes costs related to customers that settle their outstanding balance each period (transactors) are expensed when incurred and presented in fee and commission expense while costs related to customers that continuously carry an outstanding balance (revolvers) are included in the effective interest rate of the receivable (refer to Note 3). Payments to partners for new cardholder account originations related to transactor accounts are deferred as costs to obtain a contract under IFRS 15, while costs related to revolver accounts are included in the effective interest rate of the receivable (refer to Note 3). Those costs deferred under IFRS 15 are capitalised and amortised over the estimated life of the customer relationship. Payments to co-brand partners based on revenue sharing are presented as a reduction of fee and commission income while payments based on profitability are presented in fee and commission expense.

Advisory

Advisory fees are generated from wealth management services and investment banking advisory services related to mergers, acquisitions and financial restructurings. Wealth management advisory fees are earned over the period the services are provided and are generally recognised quarterly when the market value of client assets is determined. Investment banking advisory fees are recognised at the point in time when the services related to the transaction have been completed under the terms of the engagement. Investment banking advisory costs are recognised as incurred in fee and commission expense if direct and incremental to the advisory services or are otherwise recognised in operating expenses.

Brokerage and execution

Brokerage and execution fees are earned for executing client transactions with various exchanges and over-the-counter markets and assisting clients in clearing transactions. Brokerage and execution fees are recognised at the point in time the associated service has been completed which is generally the trade date of the transaction.

Underwriting and syndication
Underwriting and syndication fees are earned for the distribution of client equity or debt securities and the arrangement and administration of a loan syndication. This includes commitment fees to provide loan financing. Underwriting fees are generally recognised on trade date if there is no remaining contingency, such as the transaction being conditional on the closing of an acquisition or another transaction. Underwriting costs are deferred and recognised in fee and commission expense when the associated underwriting fees are recorded. Syndication fees are earned for arranging and administering a loan syndication; however, the associated fee may be subject to variability until the loan has been syndicated to other syndicate members or until other contingencies have been resolved and therefore the fee revenue is deferred until the uncertainty is resolved.

Included in underwriting and syndication fees are loan commitment fees which are not presented as part of the carrying value of the loan in accordance with IFRS 9. Such commitment fees are recognised over time through to the contractual maturity of the commitment.

Contract assets and contract liabilities
The Barclays Bank Group had no material contract assets or contract liabilities as at 31 December 2020 (2019: nil; 2018: nil).

Impairment of fee receivables and contract assets
During 2020, there have been no material impairments recognised in relation to fees receivable and contract assets (2019: nil; 2018: nil). Fees in relation to transactional business can be added to outstanding customer balances. These amounts may be subsequently impaired as part of the overall loans and advances balance.

Remaining performance obligations
The Barclays Bank 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 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 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 £135m at 31 December 2020 (2019: £153m; 2018: £125m).

Capitalised contract costs are amortised based on the transfer of services to which the asset relates which typically ranges over the expected life of the relationship. In 2020, the amount of amortisation was £35m (2019: £29m; 2018: £30m) and there was no impairment loss recognised in connection with the capitalised contract costs (2019: nil; 2018: nil).

5 Net trading income

Accounting for net trading income
In accordance with IFRS 9, trading positions are held at fair value, and the resulting gains and losses are included in the income statement, together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

Income arises from both the sale and purchase of trading positions, margins which are achieved through market making and customer business and from changes in fair value caused by movements in interest and exchange rates, equity prices and other market variables.

Gains or losses on non-trading financial instruments designated or mandatorily at fair value with changes in fair value recognised in the income statement are included in net trading income where the business model is to manage assets and liabilities on a fair value basis which includes use of derivatives or where an instrument is designated at fair value to eliminate an accounting mismatch and the related instrument's gain and losses are reported in trading income.

	2020 £m	2019 £m	2018 £m
Net gains from financial instruments held for trading	**5,392**	2,795	3,101
Net gains from financial instruments designated at fair value	**695**	240	259
Net gains from financial instruments mandatorily at fair value	**989**	1,038	1,004
Net trading income	**7,076**	4,073	4,364

6 Net investment (expense)/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	2018 £m
Net (losses)/gains from financial assets mandatorily at fair value	**(39)**	218	172
Net gains from disposal of debt instruments at fair value through other comprehensive income	**251**	454	131
Net (losses)/gains from disposal of financial assets and liabilities measured at amortised cost[a]	**(128)**	(38)	(20)
Dividend income	**-**	-	55
Net (losses)/gains on other investments[b]	**(205)**	(214)	56
Net investment (expense)/income	**(121)**	420	394

Notes
a Included within the 2020 balance are losses of £115m relating to the partial redemption of contingent capital notes.
b Barclays has amended the presentation of the premium paid for purchased financial guarantees which are embedded in notes it issues directly to the market. From 2020 onwards, the full note coupon is presented as interest expense within net interest income. The financial guarantee element of the coupon had previously been recognised in net investment income. The reclassification into interest expense is £99m for 2020 (2019: £25m, 2018: £1m). The comparatives have not been restated.

7 Credit impairment charges

Accounting for the impairment of financial assets

Impairment

In accordance with IFRS 9, the Barclays Bank 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 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 Group policy and typically apply minimum relative thresholds of 50-100% and a maximum relative threshold of 400%.

For existing/historical exposures where origination point scores or data are no longer available or do not represent a comparable estimate of lifetime PD, a proxy origination score is defined, based upon:

- back-population of the approved lifetime PD score either to origination date or, where this is not feasible, as far back as possible (subject to a data start point no later than 1 January 2015); or
- use of available historical account performance data and other customer information, to derive a comparable 'proxy' estimation of origination PD.

ii) Qualitative test
This is relevant for accounts that meet the portfolio's 'high risk' criteria and are subject to closer credit monitoring.

High risk customers may not be in arrears but either through an event or an observed behaviour exhibit credit distress. The definition and assessment of high risk includes as wide a range of information as reasonably available, such as industry and Group-wide customer level data, including but not limited to bureau scores and high consumer indebtedness index, wherever possible or relevant.

Whilst the high risk populations applied for IFRS 9 impairment purposes are aligned with risk management processes, they are also regularly reviewed and validated to ensure that they capture any incremental segments where there is evidence of credit deterioration.

iii) Backstop criteria
This is relevant for accounts that are more than 30 calendar days past due. The 30 days past due criteria is a backstop rather than a primary driver of moving exposures into Stage 2.

The criteria for determining a significant increase in credit risk for assets with bullet repayments follows the same principle as all other assets, i.e. quantitative, qualitative and backstop tests are all applied.

Exposures will move back to Stage 1 once they no longer meet the criteria for a significant increase in credit risk. This means that, at a minimum all payments must be up-to-date, the PD deterioration test is no longer met, the account is no longer classified as high risk, and the customer has evidenced an ability to maintain future payments.

Exposures are only removed from Stage 3 and re-assigned to Stage 2 once the original default trigger event no longer applies. Exposures being removed from Stage 3 must no longer qualify as credit impaired, and:
a) the obligor will also have demonstrated consistently good payment behaviour over a 12-month period, by making all consecutive contractual payments due and, for forborne exposures, the relevant EBA defined probationary period has also been successfully completed or;
b) (for non-forborne exposures) the performance conditions are defined and approved within an appropriately sanctioned restructure plan, including 12 months' payment history have been met.

Management overlays and other exceptions to model outputs are applied only if consistent with the objective of identifying significant increases in credit risk.

Forward-looking information
The measurement of ECL involves complexity and judgement, including estimation of PD, LGD, a range of unbiased future economic scenarios, estimation of expected lives (where contractual life is not appropriate), and estimation of EAD and assessing significant increases in credit risk.

Credit losses are the expected cash shortfalls from what is contractually due over the expected life of the financial instrument, discounted at the original effective interest rate (EIR). ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions.

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

The methodology for estimating probability weights for each of the scenarios involves a comparison of the distribution of key historical UK and US macroeconomic variables against the forecast paths of the five scenarios. The methodology works such that the baseline (reflecting current consensus outlook) has the highest weight and the weights of adverse and favourable scenarios depend on the deviation from the baseline; the further from the baseline, the smaller the weight. A single set of five scenarios is used across all portfolios and all five weights are normalised to equate to 100%. The same scenarios and weights that are used in the estimation of expected credit losses are also used for the Barclays Bank Group's 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 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 Group may enter into a financial guarantee contract which requires the issuer of such contract to reimburse the Barclays Bank 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 Group recognises a reimbursement asset aligned with the recognition of the underlying ECLs, if it is considered virtually certain that a reimbursement would be received if the specified debtor fails to make payment when due in accordance with the terms of the debt instrument.

Loan modifications and renegotiations that are not credit-impaired
When modification of a loan agreement occurs as a result of commercial restructuring activity rather than due to the credit risk of the borrower, an assessment must be performed to determine whether the terms of the new agreement are substantially different from the terms of the existing agreement. This assessment considers both the change in cash flows arising from the modified terms as well as the change in overall instrument risk profile. In respect of payment holidays granted to borrowers which are not due to forbearance, if the revised cash flows on a present value basis (based on the original EIR) are not substantially different from the original cash flows, the loan is not considered to be substantially modified.

Where terms are substantially different, the existing loan will be derecognised and a new loan will be recognised at fair value, with any difference in valuation recognised immediately within the income statement, subject to observability criteria.

Where terms are not substantially different, the loan carrying value will be adjusted to reflect the present value of modified cash flows discounted at the original EIR, with any resulting gain or loss recognised immediately within the income statement as a modification gain or loss.

Note 1 sets out details for changes in the basis of determining the contractual cash flows of a financial instrument that are required by interest rate benchmark reform.

Expected life
Lifetime ECLs must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment, extension, call and similar options. The exceptions are certain revolver financial instruments, such as credit cards and bank overdrafts, that include both a drawn and an undrawn component where the entity's contractual ability to demand repayment and cancel the undrawn commitment does not limit the entity's exposure to credit losses to the contractual notice period. For revolving facilities, expected life is analytically derived to reflect 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 Group's risk models are used to determine the PD, LGD and EAD. For Stage 2 and 3, the Barclays Bank 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 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 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 75 in the credit risk performance.

	2020			2019			2018		
	Impairment Charges	Recoveries and Reimbursements[a]	Total	Impairment Charges	Recoveries and Reimbursements	Total	Impairment Charges	Recoveries and Reimbursements	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Loans and advances	**3,060**	**(368)**	**2,692**	1,214	(73)	1,141	774	(86)	688
Provision for undrawn contractually committed facilities and guarantees provided	**547**	**-**	**547**	55	-	55	(48)	-	(48)
Loans impairment	**3,607**	**(368)**	**3,239**	1,269	(73)	1,196	726	(86)	640
Cash collateral and settlement balances	**2**	**-**	**2**	1	-	1	(1)	-	(1)
Financial instruments at fair value through OCI	**-**	**-**	**-**	-	-	-	4	-	4
Other financial assets measured at cost	**136**	**-**	**136**	5	-	5	-	-	-
Credit impairment charges[b]	**3,745**	**(368)**	**3,377**	1,275	(73)	1,202	729	(86)	643

Notes
a Recoveries and reimbursements includes £364m for reimbursements expected to be received under the arrangement where Group has entered into financial guarantee contracts which provide credit protection over certain loans assets with third parties. Cash recoveries of previously written off amounts to £4m.
b Barclays Bank PLC transferred its UK banking business on 1 April 2018 to Barclays Bank UK PLC. Results relating to the UK banking business for the three months ended 31 March 2018 (Impairment charges: £217m and recoveries: £16m) have been reported as discontinued operations.

Write-offs 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 £816m (2019: £1,119m). 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 of £3,781m (2019: £1,311m) were subject to non-substantial modification during the period, with a resulting loss of £21m (2019: £20m). The gross carrying amount at 31 December 2020 of financial assets for which the loss allowance has changed to a 12 month ECL during the year amounts to £1,194m (2019: £401m).

8 Operating expenses

	2020 £m	2019 £m	2018 £m
Infrastructure costs			
Property and equipment	**373**	368	380
Depreciation and amortisation[a]	**421**	457	395
Lease payments[a]	**1**	7	158
Impairment of property, equipment and intangible assets	**21**	3	2
Total infrastructure costs	**816**	835	935
Administration and general expenses			
Consultancy, legal and professional fees	**345**	362	400
Marketing and advertising	**176**	258	316
UK bank levy	**249**	185	223
Other administration and general expenses	**3,432**	3,513	3,285
Total administration and general expenses	**4,202**	4,318	4,224
Staff costs	**4,365**	4,565	4,874
Litigation and conduct	**76**	264	1,706
Operating expenses	**9,459**	9,982	11,739

Note
a With adoption of IFRS 16 from 1 January 2019, the depreciation charge associated with right of use assets is reported within the depreciation and amortisation charge for 2019 and 2020.

For further details on staff costs including accounting policies, refer to Note 29.

9 Tax

Accounting for income taxes

The Barclays Bank 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 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 Group's tax returns. The Barclays Bank Group accounts for provisions in respect of uncertain tax positions in two different ways.

A current tax provision is recognised when it is considered probable that the outcome of a review by a tax authority of an uncertain tax position will alter the amount of cash tax due to, or from, a tax authority in the future. From recognition, the current tax provision is then measured at the amount the Barclays Bank Group ultimately expects to pay the tax authority to resolve the position. Effective from 1 January 2019, the Barclays Bank Group changed its accounting policy on the accrual of interest and penalty amounts in respect of uncertain income tax positions and now recognises such amounts as an expense within profit before tax and will continue to do so in future periods. The prior periods' tax charges have not been restated because the accrual for interest and penalties in those periods in respect of uncertain tax positions was not material.

Deferred tax provisions are adjustments made to the carrying value of deferred tax assets in respect of uncertain tax positions. A deferred tax provision is recognised when it is considered probable that the outcome of a review by a tax authority of an uncertain tax position will result in a reduction in the carrying value of the deferred tax asset. From recognition of a provision, measurement of the underlying deferred tax asset is adjusted to take into account the expected impact of resolving the uncertain tax position on the loss or temporary difference giving rise to the deferred tax asset.

The approach taken to measurement takes account of whether the uncertain tax position is a discrete position that will be reviewed by the tax authority in isolation from any other position, or one of a number of issues which are expected to be reviewed together concurrently and resolved simultaneously with a tax authority. The Barclays Bank Group's measurement of provisions is based upon its best estimate of the additional profit that will become subject to tax. For a discrete position, consideration is given only to the merits of that position. Where a number of issues are expected to be reviewed and resolved together, the Barclays Bank Group will take into account not only the merits of its position in respect of each particular issue but also the overall level of provision relative to the aggregate of the uncertain tax positions across all the issues that are expected to be resolved at the same time. In addition, in assessing provision levels, it is assumed that tax authorities will review uncertain tax positions and that all facts will be fully and transparently disclosed.

Critical accounting estimates and judgements

There are two key areas of judgement that impact the reported tax position. Firstly, the level of provisioning for uncertain tax positions; and secondly, the recognition and measurement of deferred tax assets.

The Barclays Bank Group does not consider there to be a significant risk of a material adjustment to the carrying amount of current and deferred tax balances, including provisions for uncertain tax positions in the next financial year. The provisions for uncertain tax positions cover a diverse range of issues and reflect advice from external counsel where relevant. It should be noted that only a proportion of the total uncertain tax positions will be under audit at any point in time, and could therefore be subject to challenge by a tax authority over the next year.

Deferred tax assets have been recognised based on business profit forecasts. Details on the recognition of deferred tax assets are provided in this note.

	2020 £m	2019 £m	2018 £m
Current tax charge/(credit)			
Current year	**993**	327	94
Adjustments in respect of prior years	**3**	(50)	(200)
	996	277	(106)
Deferred tax charge/(credit)			
Current year	**(563)**	157	372
Adjustments in respect of prior years	**191**	(102)	(37)
	(372)	55	335
Tax charge	**624**	332	229

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 Group's profit before tax.

	2020 £m	2020 %	2019 £m	2019 %	2018 £m	2018 %
Profit before tax from continuing operations	**3,075**		3,112		1,286	
Tax charge based on the standard UK corporation tax rate of 19% (2019: 19%, 2018: 19%)	**584**	**19.0%**	593	19.0%	244	19.0%
Impact of profits/losses earned in territories with different statutory rates to the UK (weighted average tax rate is 25.0% (2019: 26.0%, 2018: 27.1%))	**183**	**6.0%**	217	7.0%	104	8.1%
Recurring items:						
Adjustments in respect of prior years	**194**	**6.3%**	(152)	(4.9%)	(237)	(18.4%)
Non-creditable taxes including withholding taxes	**107**	**3.4%**	146	4.7%	156	12.1%
Impact of UK bank levy being non-deductible	**48**	**1.6%**	35	1.1%	42	3.3%
Non-deductible expenses	**28**	**0.9%**	34	1.1%	67	5.2%
Impact of Barclays Bank PLC's overseas branches being taxed both locally and in the UK	**25**	**0.8%**	15	0.5%	16	1.2%
Tax adjustments in respect of share-based payments	**14**	**0.5%**	(7)	(0.2%)	11	0.9%
Banking surcharge and other items	**(70)**	**(2.3%)**	(103)	(3.3%)	(69)	(5.4%)
Changes in recognition of deferred tax and effect of unrecognised tax losses	**(123)**	**(4.0%)**	(85)	(2.7%)	(104)	(8.1%)
AT1 tax credit	**(124)**	**(4.0%)**	(121)	(3.9%)	(123)	(9.6%)
Non-taxable gains and income	**(200)**	**(6.5%)**	(240)	(7.7%)	(232)	(18.0%)
Non-recurring items:						
One off re-measurement of UK deferred tax assets due to cancellation of rate change	**(43)**	**(1.4%)**	-	-	-	-
Non-deductible provisions for UK customer redress	**7**	**0.2%**	-	-	8	0.6%
Non-deductible provisions for investigations and litigation	**(6)**	**(0.2%)**	-	-	346	26.9%
Total tax charge	**624**	**20.3%**	332	10.7%	229	17.8%

Factors driving the effective tax rate

The effective tax rate of 20.3% is higher than the UK corporation tax rate of 19% primarily due to profits earned outside the UK being taxed at local statutory tax rates that are higher than the UK tax rate, adjustments in respect of prior years, non-creditable taxes and non-deductible expenses including UK bank levy. These factors, which have each increased the effective tax rate, are largely offset by the impact of non-taxable gains and income, the use of unrecognised tax losses in the period and tax relief on payments made under AT1 instruments.

Barclays Bank Group's future tax charge will be sensitive to the geographic mix of profits earned, the tax rates in force and changes to the tax rules in the jurisdictions that the Group operates in.

Tax in the consolidated statement of comprehensive income

Tax relating to each component of other comprehensive income on page 149 can be found in the consolidated statement of comprehensive income which includes within Other a tax credit of £3m (2019: £16m) on other items including share-based payments.

Deferred tax assets and liabilities

The deferred tax amounts on the balance sheet were as follows:

	Barclays Bank Group	
	2020	2019
	£m	£m
US Intermediate Holding Company Tax Group ("IHC Tax Group")	1,001	1,037
US Branch Tax Group	1,048	1,015
Other (outside the UK and US tax groups)	503	408
Deferred tax asset	**2,552**	**2,460**
Deferred tax liability - UK Tax Group	**(225)**	**(80)**
Net deferred tax	**2,327**	**2,380**

	Barclays Bank PLC	
	2020	2019
	£m	£m
US Branch Tax Group	1,048	1,015
Other (outside the UK and US tax groups)	123	100
Deferred tax asset	**1,171**	**1,115**
Deferred tax liability - UK Tax Group	**(225)**	**(80)**
Net deferred tax	**946**	**1,035**

US deferred tax assets in the IHC and the US Branch

The deferred tax asset in the IHC Tax Group of £1,001m (2019: £1,037m) relates entirely to temporary differences and includes £nil (2019: £54m) relating to tax losses and the deferred tax asset in Barclays Bank PLC's US Branch Tax Group of £1,048m (2019: £1,015m) also relates entirely to temporary differences and includes £nil (2019: £84m) relating to tax losses.

The deferred tax asset in the IHC Tax Group of £1,001m (2019: £1,037m) also includes £330m (2019: £359m) arising from prior net operating loss conversion. Under New York State and City tax rules the amounts can be carried forward and will expire in 2034. Business profit forecasts indicate these amounts will be fully recovered before expiry. They are included within the other category in the table below.

UK Tax Group deferred tax assets/liabilities

The deferred tax liability in the UK Tax Group of £225m (2019: £80m) includes a deferred tax asset of £541m (2019: £268m) relating to tax losses which is offset by a deferred tax liability of £766m (2019: £348m) relating to temporary differences. There is no time limit on utilisation of UK tax losses and business profit forecasts indicate these will be fully recovered.

Other deferred tax assets (outside the UK and US tax groups)

The deferred tax asset of £503m (2019: £408m) in other entities within the Barclays Bank Group includes £170m (2019: £117m) relating to tax losses. These deferred tax assets relate to a number of different territories and their recognition is based on profit forecasts or local country law which indicate that it is probable that those deferred tax assets will be fully recovered.

Of the deferred tax asset of £503m (2019: £408m), an amount of £8m (2019: £8m) relates to entities which have suffered a loss in either the current or prior year and the utilisation of which is dependent upon future taxable profits. This has been taken into account in reaching the above conclusion that these deferred tax assets will be fully recovered in the future.

The table below shows movements on deferred tax assets and liabilities during the year. The amounts are different from those disclosed on the balance sheet and in the preceding table as they are presented before offsetting asset and liability balances where there is a legal right to set-off and an intention to settle on a net basis.

Barclays Bank Group

	Fixed asset timing differences £m	Fair value through other comprehensive income £m	Cash flow hedges £m	Retirement benefit obligations £m	Loan impairment allowance £m	Other provisions £m	Share based payments and deferred compensation £m	Other temporary differences £m	Tax losses carried forward £m	Total £m
Assets	719	110	-	31	284	127	305	1,329	523	3,428
Liabilities	(29)	(18)	(139)	(640)	-	-	-	(222)	-	(1,048)
At 1 January 2020	690	92	(139)	(609)	284	127	305	1,107	523	2,380
Income statement	(39)	-	-	-	164	18	15	23	191	372
Other comprehensive income and reserves	-	(112)	(291)	(191)	-	-	3	238	-	(353)
Other movements	(25)	(1)	(11)	4	7	(6)	(6)	(31)	(3)	(72)
	626	(21)	(441)	(796)	455	139	317	1,337	711	2,327
Assets	659	-	-	30	455	139	317	1,377	711	3,688
Liabilities	(33)	(21)	(441)	(826)	-	-	-	(40)	-	(1,361)
At 31 December 2020	626	(21)	(441)	(796)	455	139	317	1,337	711	2,327
Assets	758	175	38	39	359	112	309	1,336	529	3,655
Liabilities	(16)	(35)	(2)	(434)	-	-	-	(198)	-	(685)
At 1 January 2019	742	140	36	(395)	359	112	309	1,138	529	2,970
Income statement	66	-	-	(5)	(55)	23	(7)	(94)	17	(55)
Other comprehensive income and reserves	-	(46)	(175)	(205)	(10)	2	8	71	-	(355)
Other movements	(118)	(2)	-	(4)	(10)	(10)	(5)	(8)	(23)	(180)
	690	92	(139)	(609)	284	127	305	1,107	523	2,380
Assets	719	110	-	31	284	127	305	1,329	523	3,428
Liabilities	(29)	(18)	(139)	(640)	-	-	-	(222)	-	(1,048)
At 31 December 2019	690	92	(139)	(609)	284	127	305	1,107	523	2,380

Barclays Bank PLC	Fixed asset timing differences	Fair value through other comprehensive income	Cash flow hedges	Retirement benefit obligations	Loan impairment allowance	Other provisions	Share based payments and deferred compensation	Other temporary differences	Tax losses carried forward	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Assets	602	108	-	-	172	71	90	618	352	2,013
Liabilities	(12)	(18)	(139)	(638)	-	-	-	(171)	-	(978)
At 1 January 2020	**590**	**90**	**(139)**	**(638)**	**172**	**71**	**90**	**447**	**352**	**1,035**
Income statement	(34)	(1)	-	-	87	15	13	42	193	315
Other comprehensive income and reserves	-	(114)	(291)	(186)	-	-	2	225	-	(364)
Other movements	(25)	-	(11)	(1)	4	(4)	1	(2)	(2)	(40)
	531	(25)	(441)	(825)	263	82	106	712	543	946
Assets	538	-	-	-	263	82	106	712	543	2,244
Liabilities	(7)	(25)	(441)	(825)	-	-	-	-	-	(1,298)
At 31 December 2020	**531**	**(25)**	**(441)**	**(825)**	**263**	**82**	**106**	**712**	**543**	**946**
Assets	651	171	38	20	182	61	79	475	167	1,844
Liabilities	-	(35)	(2)	(433)	-	-	-	(125)	-	(595)
At 1 January 2019	651	136	36	(413)	182	61	79	350	167	1,249
Income statement	54	-	-	(7)	3	23	9	67	200	349
Other comprehensive income and reserves	-	(47)	(175)	(206)	(9)	2	2	71	-	(362)
Other movements	(115)	1	-	(12)	(4)	(15)	-	(41)	(15)	(201)
	590	90	(139)	(638)	172	71	90	447	352	1,035
Assets	602	108	-	-	172	71	90	618	352	2,013
Liabilities	(12)	(18)	(139)	(638)	-	-	-	(171)	-	(978)
At 31 December 2019	590	90	(139)	(638)	172	71	90	447	352	1,035

Other movements include the impact of changes in foreign exchange rates as well as deferred tax amounts relating to acquisitions and disposals.

The amount of deferred tax asset expected to be recovered after more than 12 months for the Barclays Bank Group is £3,356m (2019: £2,958m) and for Barclays Bank PLC is £2,147m (2019: £1,794m). The amount of deferred tax liability expected to be settled after more than 12 months for the Barclays Bank Group is £1,359m (2019: £1,050m) and for Barclays Bank PLC is £1,298m (2019: £973m). 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

The Barclays Bank Group has deferred tax assets not recognised in respect of gross deductible temporary differences of £123m (2019: £208m), unused tax credits of £236m (2019: £247m), and gross tax losses of £19,953m (2019: £18,582m). The tax losses include capital losses of £2,987m (2019: £2,980m). Of these tax losses, £139m (2019: £41m) expire within five years, £236m (2019: £239m) expire within six to ten years, £7,271m (2019: £5,178m) expire within 11 to 20 years and £12,307m (2019: £13,124m) can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits and gains will be available against which they can be utilised.

For Barclays Bank PLC, deferred tax assets have not been recognised in respect of gross deductible temporary differences of £22m (2019: £36m), unused tax credits of £205m (2019: £210m), and gross tax losses of £4,161m (2019: £3,845m) which includes capital losses of £2,643m (2019: £2,637m). Of these tax losses, £133m (2019: £nil) expire within five years, £nil (2019: £nil) expire within six to ten years, £nil (2019: £nil) expire within 11 to 20 years and £4,028m (2019: £3,845m) can be carried forward indefinitely. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits and gains will be available against which they can be utilised.

Barclays Bank Group investments in subsidiaries, branches and associates

Deferred tax is not recognised in respect of the value of Barclays Bank Group's investments in subsidiaries, branches and associates where the Barclays Bank Group is able to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of these temporary differences for which deferred tax liabilities have not been recognised was £0.8bn (2019: £0.7bn).

10 Dividends on ordinary shares and other equity instruments

The 2020 financial statements include £263m (2019: £233m) of dividend paid. This includes the final dividend declared in relation to the prior year of £263m (2019: £nil) and half year dividends of £nil (2019: £233m). This results in a total dividend for the year of 0.11p (2019: £0.10p) per ordinary share. A dividend of £263m was paid on 25 March 2020 by Barclays Bank 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 to Barclays Bank PLC as part of the £1.5bn of capital contributions made during H120.

Dividends paid on preference shares amounted to £42m (2019: £41m). Dividends paid on the 4.75% €100 preference shares amounted to £439.21 per share (2019: £409.44). Dividends paid on the 6.278% US$100 preference shares amounted to £485.75 per share (2019: £485.94).

Dividends paid on other equity instruments amounted to £677m (2019: £660m). For further detail on other equity instruments, please refer to Note 27.

The Directors have approved a full year dividend in respect of 2020 of £174m. In addition, the Company will pay a £520m dividend to Barclays PLC in order to partially fund a share buy-back. The aggregate dividend of £694m will be paid on 9 March 2021. The financial statements for the year ended 31 December 2020 do not reflect this aggregate dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the year ending 31 December 2021. Dividends are funded out of distributable reserves.

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 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 Group's approach to managing market risk can be found on page 53.

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 Group	
	2020	2019
	£m	£m
Debt securities and other eligible bills	56,196	51,881
Equity securities	62,192	56,000
Traded loans	8,348	5,378
Commodities	928	78
Trading portfolio assets	**127,664**	113,337
Debt securities and other eligible bills	(28,836)	(22,038)
Equity securities	(17,303)	(13,174)
Trading portfolio liabilities	**(46,139)**	(35,212)

	Barclays Bank PLC	
	2020	2019
	£m	£m
Debt securities and other eligible bills	35,442	38,457
Equity securities	39,616	35,443
Traded loans	8,241	5,177
Commodities	790	2
Trading portfolio assets	**84,089**	79,079
Debt securities and other eligible bills	(19,159)	(20,673)
Equity securities	(28,934)	(24,457)
Trading portfolio liabilities	**(48,093)**	(45,130)

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 derived for financial assets at fair value are described in Note 16.

Assets and liabilities held at fair value

	Barclays Bank Group	
	2020	2019
	£m	£m
Loans and advances	2,170	1,333
Debt securities	291	3,995
Reverse repurchase agreements and other similar secured lending	19	40
Financial assets designated at fair value	**2,480**	**5,368**
Loans and advances	25,279	17,804
Debt securities	1,406	1,225
Equity securities	3,742	6,548
Reverse repurchase agreements and other similar secured lending	138,539	97,783
Other financial assets	315	742
Financial assets mandatorily at fair value	**169,281**	**124,102**
Total	**171,761**	**129,470**

	Barclays Bank PLC	
	2020	2019
	£m	£m
Loans and advances	2,170	1,333
Debt securities	-	3,866
Reverse repurchase agreements and other similar secured lending	19	40
Financial assets designated at fair value	**2,189**	**5,239**
Loans and advances	33,947	32,338
Debt securities	2,139	2,251
Equity securities	125	196
Reverse repurchase agreements and other similar secured lending	164,651	122,457
Other financial assets	22	19
Financial assets mandatorily at fair value	**200,884**	**157,261**
Total	**203,073**	**162,500**

Credit risk of financial assets designated at fair value and related credit derivatives

The following table shows the maximum exposure to credit risk, the changes in fair value attributable to changes in credit risk, and the cumulative changes in fair value since initial recognition for loans and advances. The table does not include debt securities and reverse repurchase agreements and other similar secured lending designated at FV as they have minimal exposure to credit risk. Reverse repurchase agreements are collateralised and debt securities are primarily relating to high quality sovereigns.

	Barclays Bank Group					
	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	2,170	1,333	(46)	2	(51)	(5)
Value mitigated by related credit derivatives	795	-	3	-	3	-

	Barclays Bank 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	**2,170**	1,333	**(46)**	2	**(51)**	(5)
Value mitigated by related credit derivatives	**795**	-	**3**	-	**3**	-

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 Group's net interest income, net trading income and derivative assets and liabilities. Notional amounts of the contracts are not recorded on the balance sheet. Derivatives are used to hedge interest rate, credit risk, inflation risk, exchange rate, commodity, equity exposures and exposures to certain indices such as house price indices and retail price indices related to non-trading positions

All derivative instruments are held at fair value through profit or loss, except for derivatives that are in a designated cash flow or net investment hedge accounting relationship. Derivatives are classified as assets when their fair value is positive or as liabilities when their fair value is negative. This includes terms included in a contract or financial liability (the host), which, had it been a standalone contract, would have met the definition of a derivative. If these are separated from the host, i.e. when the economic characteristics of the embedded derivative are not closely related with those of the host contract and the combined instrument is not measured at fair value through profit or loss, then they are accounted for in the same way as derivatives. For financial assets, the requirements are whether the financial assets contain contractual terms that give rise on specified dates to cash flows that are SPPI, and consequently the requirements for accounting for embedded derivatives are not applicable to financial assets.

Hedge accounting

The Barclays Bank Group applies the requirements of IAS 39 *Financial Instruments: Recognition and Measurement* for hedge accounting purposes. The Barclays Bank Group applies hedge accounting to represent the economic effects of its interest rate, currency and contractually linked inflation risk management strategies. Where derivatives are held for risk management purposes, and when transactions meet the required criteria for documentation and hedge effectiveness, the Barclays Bank Group applies fair value hedge accounting, cash flow hedge accounting, or hedging of a net investment in a foreign operation, as appropriate to the risks being hedged.

The Barclays Bank 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 Group are:

- When considering the 'highly probable' requirement, the Barclays Bank 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 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 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 Group has not recycled the cash flow hedge reserve relating to the period after the reforms are expected to take effect.
- The Barclays Bank 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 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 Group are:

- Under a temporary exception, the Barclays Bank 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 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.

Assets and liabilities held at fair value

- The Barclays Bank 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 Group upon designation of the hedge to assume that the separately identifiable requirement is met if the Barclays Bank Group reasonably expects the RFR risk will become separately identifiable within the next 24 months. The Barclays Bank Group applies this relief to each RFR on a rate-by-rate basis and starts when the Barclays Bank Group first designates the RFR as a non-contractually specified risk component.

Fair value hedge accounting
Changes in fair value of derivatives that qualify and are designated as fair value hedges are recorded in the income statement, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The fair value changes adjust the carrying value of the hedged asset or liability held at amortised cost.

If hedge relationships no longer meet the criteria for hedge accounting, hedge accounting is discontinued. For fair value hedges of interest rate risk, the fair value adjustment to the hedged item is amortised to the income statement over the period to maturity of the previously designated hedge relationship using the effective interest method. If the hedged item is sold or repaid, the unamortised fair value adjustment is recognised immediately in the income statement. For items classified as fair value through other comprehensive income, the hedge accounting adjustment is included in other comprehensive income.

Cash flow hedge accounting
For qualifying cash flow hedges, the fair value gain or loss associated with the effective portion of the cash flow hedge is recognised initially in other comprehensive income, and then recycled to the income statement in the periods when the hedged item will affect profit or loss. Any ineffective portion of the gain or loss on the hedging instrument is recognised in the income statement immediately.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the hedged item is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is immediately transferred to the income statement.

Hedges of net investments
The Barclays Bank Group's net investments in foreign operations, including monetary items accounted for as part of the net investment, are hedged for foreign currency risks using both derivatives and foreign currency borrowings. Hedges of net investments are accounted for similarly to cash flow hedges; the effective portion of the gain or loss on the hedging instrument is being recognised directly in other comprehensive income and the ineffective portion being recognised immediately in the income statement. The cumulative gain or loss recognised in other comprehensive income is recognised in the income statement on the disposal or partial disposal of the foreign operation, or other reductions in the Barclays Bank Group's investment in the operation.

Barclays Bank Group	2020			2019		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Total derivative assets/(liabilities) held for trading	42,515,577	302,429	(299,637)	41,778,195	229,459	(228,338)
Total derivative assets/(liabilities) held for risk management	110,028	264	(943)	109,762	182	(602)
Derivative assets/(liabilities)	**42,625,605**	**302,693**	**(300,580)**	**41,887,957**	**229,641**	**(228,940)**

Barclays Bank PLC	2020			2019		
	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Total derivative assets/(liabilities) held for trading	30,866,297	296,734	(291,595)	30,275,618	228,963	(225,021)
Total derivative assets/(liabilities) held for risk management	112,400	395	(943)	108,759	375	(586)
Derivative assets/(liabilities)	**30,978,697**	**297,129**	**(292,538)**	**30,384,377**	**229,338**	**(225,607)**

Further information on netting arrangements of derivative financial instruments can be found within Note 17.

Assets and liabilities held at fair value

The fair values and notional amounts of derivatives held for trading are set out in the following table:

Derivatives held for trading and risk management	2020			2019		
Barclays Bank Group	Notional contract amount	Fair value		Notional contract amount	Fair value	
		Assets	Liabilities		Assets	Liabilities
	£m	£m	£m	£m	£m	£m
Derivatives held for trading						
Foreign exchange derivatives						
OTC derivatives	5,463,632	84,518	(83,912)	4,910,084	56,535	(56,793)
Derivatives cleared by central counterparty	78,946	335	(335)	74,136	84	(145)
Exchange traded derivatives	14,034	3	(3)	18,520	12	(31)
Foreign exchange derivatives	5,556,612	84,856	(84,250)	5,002,740	56,631	(56,969)
Interest rate derivatives						
OTC derivatives	13,551,506	171,244	(161,223)	12,631,723	140,553	(133,408)
Derivatives cleared by central counterparty	18,330,003	965	(795)	17,088,755	862	(859)
Exchange traded derivatives	2,971,966	371	(360)	5,041,948	1,251	(1,265)
Interest rate derivatives	34,853,475	172,580	(162,378)	34,762,426	142,666	(135,532)
Credit derivatives						
OTC derivatives	384,900	3,674	(3,909)	399,386	5,253	(5,399)
Derivatives cleared by central counterparty	462,945	931	(1,095)	426,130	2,962	(2,687)
Credit derivatives	847,845	4,605	(5,004)	825,516	8,215	(8,086)
Equity and stock index derivatives						
OTC derivatives	213,078	18,803	(26,091)	232,050	10,628	(15,785)
Exchange traded derivatives	927,114	20,165	(20,521)	841,994	10,178	(10,849)
Equity and stock index derivatives	1,140,192	38,968	(46,612)	1,074,044	20,806	(26,634)
Commodity derivatives						
OTC derivatives	4,244	89	(110)	7,327	303	(256)
Exchange traded derivatives	113,209	1,331	(1,283)	106,142	838	(861)
Commodity derivatives	117,453	1,420	(1,393)	113,469	1,141	(1,117)
Derivative assets/(liabilities) held for trading	42,515,577	302,429	(299,637)	41,778,195	229,459	(228,338)
Total OTC derivatives	19,617,360	278,328	(275,245)	18,180,570	213,272	(211,641)
Total derivatives cleared by central counterparty	18,871,894	2,231	(2,225)	17,589,021	3,908	(3,691)
Total exchange traded derivatives	4,026,323	21,870	(22,167)	6,008,604	12,279	(13,006)
Derivative assets/(liabilities) held for trading	42,515,577	302,429	(299,637)	41,778,195	229,459	(228,338)
Derivatives held for risk management						
Derivatives designated as cash flow hedges						
Currency Swaps	1,000	67	-	-	-	-
Interest rate swaps	1,819	49	-	2,085	28	(1)
Interest rate derivatives cleared by central counterparty	43,499	-	-	43,594	-	-
Derivatives designated as cash flow hedges	46,318	116	-	45,679	28	(1)
Derivatives designated as fair value hedges						
Interest rate swaps	7,986	123	(943)	7,619	124	(601)
Forward foreign exchange	-	-	-	-	-	-
Interest rate derivatives cleared by central counterparty	54,933	-	-	55,319	-	-
Derivatives designated as fair value hedges	62,919	123	(943)	62,938	124	(601)
Derivatives designated as hedges of net investments						
Forward foreign exchange	791	25	-	1,145	30	-
Derivatives designated as hedges of net investments	791	25	-	1,145	30	-
Derivative assets/(liabilities) held for risk management	110,028	264	(943)	109,762	182	(602)
Total OTC derivatives	11,596	264	(943)	10,849	182	(602)
Total derivatives cleared by central counterparty	98,432	-	-	98,913	-	-
Derivative assets/(liabilities) held for risk management	110,028	264	(943)	109,762	182	(602)

Assets and liabilities held at fair value

Derivatives held for trading and risk management Barclays Bank PLC	2020 Notional contract amount £m	2020 Fair value Assets £m	2020 Fair value Liabilities £m	2019 Notional contract amount £m	2019 Fair value Assets £m	2019 Fair value Liabilities £m
Derivatives held for trading						
Foreign exchange derivatives						
OTC derivatives	5,187,879	80,315	(79,022)	4,751,272	54,446	(54,707)
Derivatives cleared by central counterparty	78,946	335	(335)	74,252	84	(145)
Exchange traded derivatives	2,877	-	-	8,818	-	-
Foreign exchange derivatives	5,269,702	80,650	(79,357)	4,834,342	54,530	(54,852)
Interest rate derivatives						
OTC derivatives	7,578,003	149,393	(135,956)	8,543,695	131,452	(124,346)
Derivatives cleared by central counterparty	11,874,470	521	(539)	12,532,122	329	(298)
Exchange traded derivatives	1,489,818	20	(41)	934,398	16	(30)
Interest rate derivatives	20,942,291	149,934	(136,536)	22,010,215	131,797	(124,674)
Credit derivatives						
OTC derivatives	291,763	3,482	(3,700)	310,216	5,124	(5,124)
Derivatives cleared by central counterparty	378,062	920	(1,061)	334,410	2,625	(2,430)
Credit derivatives	669,825	4,402	(4,761)	644,626	7,749	(7,554)
Equity and stock index derivatives						
OTC derivatives	195,917	18,438	(25,210)	213,030	10,333	(15,114)
Exchange traded derivatives	325,826	3,207	(3,429)	162,308	1,470	(2,150)
Equity and stock index derivatives	521,743	21,645	(28,639)	375,338	11,803	(17,264)
Commodity derivatives						
OTC derivatives	3,739	81	(89)	5,883	298	(244)
Exchange traded derivatives	14,041	350	(229)	15,420	308	(310)
Commodity derivatives	17,780	431	(318)	21,303	606	(554)
Derivatives with subsidiaries	3,444,956	39,672	(41,984)	2,389,794	22,478	(20,123)
Derivative assets/(liabilities) held for trading	30,866,297	296,734	(291,595)	30,275,618	228,963	(225,021)
Total OTC derivatives	13,257,301	251,709	(243,977)	13,824,096	201,653	(199,535)
Total derivatives cleared by central counterparty	12,331,478	1,776	(1,935)	12,940,784	3,038	(2,873)
Total exchange traded derivatives	1,832,562	3,577	(3,699)	1,120,944	1,794	(2,490)
Derivatives with subsidiaries	3,444,956	39,672	(41,984)	2,389,794	22,478	(20,123)
Derivative assets/(liabilities) held for trading	30,866,297	296,734	(291,595)	30,275,618	228,963	(225,021)
Derivatives held for risk management						
Derivatives designated as cash flow hedges						
Currency Swaps	1,000	67	-			
Interest rate swaps	1,920	25	-	1,478	28	(1)
Interest rate derivatives cleared by central counterparty	42,892	-	-	40,279	-	-
Derivatives designated as cash flow hedges	45,812	92	-	41,757	28	(1)
Derivatives designated as fair value hedges						
Interest rate swaps	7,738	97	(943)	7,231	99	(585)
Forward foreign exchange	2,360	72	-	1,383	55	-
Interest rate derivatives cleared by central counterparty	54,584	-	-	53,166	-	-
Derivatives designated as fair value hedges	64,682	169	(943)	61,780	154	(585)
Derivatives designated as hedges of net investments						
Forward foreign exchange	1,906	134	-	5,222	193	-
Derivatives designated as hedges of net investments	1,906	134	-	5,222	193	-
Derivative assets/(liabilities) held for risk management	112,400	395	(943)	108,759	375	(586)
Total OTC derivatives	14,924	395	(943)	15,314	375	(586)
Total derivatives cleared by central counterparty	97,476	-	-	93,445	-	-
Derivative assets/(liabilities) held for risk management	112,400	395	(943)	108,759	375	(586)

Hedge accounting

Hedge accounting is applied predominantly in relation to the following risks:

- Interest rate risk – arises due to a mismatch between fixed interest rates and floating interest rates. Interest rate risk also includes exposure to inflation risk for certain types of investments.
- Currency risk – arises due to assets or liabilities being denominated in different currencies than the functional currency of the relevant entity. At a consolidated level, currency risk also arises when the functional currency of subsidiaries are different from the parent.
- Contractually linked inflation risk – arises from financial instruments within contractually specified inflation risk. The Barclays Bank Group does not hedge inflation risk that arises from other activities.

In order to hedge these risks, the Barclays Bank Group uses the following hedging instruments:

- Interest rate derivatives to swap interest rate exposures into either fixed or variable rates.
- Currency derivatives to swap foreign currency exposures into the entity's functional currency, and net investment exposure to local currency.
- Inflation derivatives to swap inflation exposure into either fixed or variable interest rates.

In some cases, certain items which are economically hedged may be ineligible hedged items for the purposes of IAS 39, such as core deposits and equity. In these instances, a proxy hedging solution can be utilised whereby portfolios of floating rate assets are designated as eligible hedged items in cash flow hedges.

In some hedging relationships, the Barclays Bank 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 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 Group applies hedge accounting to dynamic scenarios, predominantly in relation to interest rate risk, with a combination of hedged items in order for its financial statements to reflect as closely as possible the economic risk management undertaken. In some cases, if the hedge accounting objective changes, the relevant hedge accounting relationship is de-designated and is replaced with a different hedge accounting relationship.

Changes in the GBP value of net investments due to foreign currency movements are captured in the currency translation reserve, resulting in a movement in CET1 capital. The Barclays Bank Group mitigates this by matching the CET1 capital movements to the revaluation of the foreign currency RWA exposures. Net investment hedges are designated where necessary to reduce the exposure to movement in a particular exchange rate to within limits mandated by Risk. As far as possible, existing external currency liabilities are designated as the hedging instruments.

The hedging instruments share the same risk exposures as the hedged items. Hedge effectiveness is determined with reference to quantitative tests, predominantly regression testing, but to the extent hedging instruments are exposed to different risks than the hedged items, this could result in hedge ineffectiveness or hedge accounting failures.

Sources of ineffectiveness include the following:

- Mismatches between the contractual terms of the hedged item and hedging instrument, including basis differences.
- Changes in credit risk of the hedging instruments.
- If a hedging relationship becomes over-hedged, for example in hedges of net investments if the net asset value designated at the start of the period falls below the amount of the hedging instrument.
- Cash flow hedges using external swaps with non-zero fair values.
- The effects of the forthcoming reforms to IBOR, because these might take effect at a different time and have a different impact on hedged items and hedging instruments

Across all benchmarks which Barclays is materially exposed to, there is still uncertainty regarding the precise timing and effects of IBOR reform. There is yet to be full consensus regarding methodologies for converging existing IBORs to their final benchmark rates. As such, Barclays has not incorporated any change in assumptions for affected benchmarks into its expectations or calculations. Barclays does, however, assume sufficient liquidity in IBOR linked benchmarks to provide reliable valuation calculations of both hedged items and hedging instruments (notwithstanding reliefs already applied within the financial reporting).

Notes to the financial statements
Assets and liabilities held at fair value

The following table summarises the significant hedge accounting exposures impacted by the IBOR reform as at 31 December 2020:

Barclays Bank Group			
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)	20,796	20,621
USD LIBOR	Secured Overnight Financing Rate (SOFR)	23,618	22,151
Euro Overnight Index Average (EONIA)	Euro Short-Term Rate (€STR)	1,912	1,912
JPY LIBOR	Tokyo Overnight Average (TONA)	1,404	1,404
CHF LIBOR	Swiss Average Rate Overnight (SARON)	145	145
All Other IBORs	Various Other RFRs	111	111
Total IBOR Notionals		**47,986**	**46,344**

Barclays Bank PLC			
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)	20,611	20,299
USD LIBOR	Secured Overnight Financing Rate (SOFR)	22,781	21,394
Euro Overnight Index Average (EONIA)	Euro Short-Term Rate (€STR)	1,912	1,912
JPY LIBOR	Tokyo Overnight Average (TONA)	1,404	1,404
CHF LIBOR	Swiss Average Rate Overnight (SARON)	145	145
All Other IBORs	Various Other RFRs	111	111
Total IBOR Notionals		**46,964**	**45,265**

Assets and liabilities held at fair value

Hedged items in fair value hedges

Barclays Bank Group

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	**835**	**99**	**2**	**55**	**-**
- Inflation risk	**545**	**345**	**-**	**25**	**3**
Debt securities classified as amortised cost					
- Interest rate risk	**1,440**	**23**	**-**	**17**	**(7)**
- Inflation risk	**4,071**	**(43)**	**-**	**453**	**3**
Financial assets at fair value through other comprehensive income					
- Interest rate risk	**27,959**	**964**	**322**	**864**	**(33)**
- Inflation risk	**7,782**	**319**	**(9)**	**249**	**(9)**
Total Assets	**42,632**	**1,707**	**315**	**1,663**	**(43)**
Liabilities					
Debt securities in issue					
- Interest rate risk	**(26,978)**	**(1,477)**	**(414)**	**(797)**	**(6)**
Total Liabilities	**(26,978)**	**(1,477)**	**(414)**	**(797)**	**(6)**
Total Hedged Items	**15,654**	**230**	**(99)**	**866**	**(49)**
2019					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	1,083	91	24	36	(1)
- Inflation risk	525	325	-	3	-
Debt securities classified as amortised cost					
- Interest rate risk	600	-	-	-	-
- Inflation risk	2,258	(41)	-	(41)	1
Financial assets at fair value through other comprehensive income					
- Interest rate risk	21,243	734	467	1,699	(15)
- Inflation risk	7,146	94	-	118	(13)
Total Assets	32,855	1,203	491	1,815	(28)
Liabilities					
Debt securities in issue					
- Interest rate risk	(32,304)	(782)	(460)	(938)	27
Total Liabilities	(32,304)	(782)	(460)	(938)	27
Total Hedged Items	551	421	31	877	(1)

Note
a Hedge ineffectiveness is recognised in net interest income.

Hedged items in fair value hedges

Barclays Bank PLC		Accumulated fair value adjustment included in carrying amount			
Hedged item statement of financial position classification and risk category	Carrying amount £m	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	835	99	2	55	-
- Foreign exchange risk	1,638	3	1	(112)	-
- Inflation risk	545	345	-	25	3
Debt securities classified as amortised cost					
- Interest rate risk	1,440	23	-	17	(7)
- Inflation risk	4,071	(43)	-	453	3
Financial assets at fair value through other comprehensive income					
- Interest rate risk	27,959	958	318	863	(36)
- Inflation risk	7,782	319	(9)	249	(9)
Total Assets	**44,270**	**1,704**	**312**	**1,550**	**(46)**
Liabilities					
Debt securities in issue					
- Interest rate risk	(26,163)	(1,314)	(393)	(793)	5
Total Liabilities	**(26,163)**	**(1,314)**	**(393)**	**(793)**	**5**
Total Hedged items	**18,107**	**390**	**(81)**	**757**	**(41)**
2019					
Assets					
Loans and advances at amortised cost					
- Interest rate risk	1,059	67	-	36	(1)
- Foreign exchange risk	2,628	(26)	(25)	91	-
- Inflation risk	525	325	-	3	-
Debt securities classified as amortised cost					
- Interest rate risk	600	-	-	-	-
- Inflation risk	2,258	(41)	-	(41)	1
Financial assets at fair value through other comprehensive income					
- Interest rate risk	21,243	734	468	1,699	(15)
- Inflation risk	7,146	94	-	118	(13)
Total Assets	35,459	1,153	443	1,906	(28)
Liabilities					
Debt securities in issue					
- Interest rate risk	(31,456)	(629)	(460)	(938)	32
Total Liabilities	(31,456)	(629)	(460)	(938)	32
Total Hedged items	4,003	524	(17)	968	4

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.

Amount, timing and uncertainty of future cash flows

The following table shows the fair value hedging instruments which are carried on the Barclays Bank's balance sheet:

Barclays Bank Group		Carrying value					
		Derivative assets	Derivative liabilities	Loan liabilities	Nominal amount	Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
Hedge type	Risk category	£m	£m	£m	£m	£m	£m
As at 31 December 2020							
Fair value	Interest rate risk	**117**	**(164)**	**-**	**55,093**	**(185)**	**17,697**
	Inflation risk	**6**	**(779)**	**-**	**7,826**	**(730)**	**1,487**
	Total	**123**	**(943)**	**-**	**62,919**	**(915)**	**19,184**
As at 31 December 2019							
Fair value	Interest rate risk	111	(104)	-	55,691	(786)	33,805
	Inflation risk	13	(497)	-	7,247	(92)	5,345
	Total	124	(601)	-	62,938	(878)	39,150

Barclays Bank PLC		Carrying value					
		Derivative assets	Derivative liabilities	Loan liabilities	Nominal amount	Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
Hedge type	Risk category	£m	£m	£m	£m	£m	£m
As at 31 December 2020							
Fair value	Interest rate risk	**91**	**(164)**	**-**	**54,496**	**(181)**	**17,288**
	Foreign exchange risk	**72**	**-**	**-**	**2,360**	**112**	**-**
	Inflation risk	**6**	**(779)**	**-**	**7,826**	**(730)**	**1,487**
	Total	**169**	**(943)**	**-**	**64,682**	**(799)**	**18,775**
As at 31 December 2019							
Fair value	Interest rate risk	86	(105)	-	53,154	(781)	31,917
	Foreign exchange risk	55	-	(1,414)	2,796	(91)	-
	Inflation risk	13	(480)	-	7,244	(92)	5,345
	Total	154	(585)	(1,414)	63,194	(964)	37,262

The following table profiles the expected notional values of current hedging instruments for fair value hedging in future years:

	2020	2021	2022	2023	2024	2025	2026 and later
As at 31 December 2020	£m	£m	£m	£m	£m	£m	£m
Barclays Bank Group							
Fair value hedges of:							
Interest rate risk (outstanding notional amount)	**55,093**	**51,499**	**44,596**	**37,615**	**30,174**	**26,054**	**23,859**
Inflation risk (outstanding notional amount)	**7,826**	**7,020**	**6,368**	**5,524**	**4,525**	**3,536**	**2,910**

For Barclays Bank Group, there are 586 (2019: 876) interest rate risk fair value hedges with an average fixed rate of 1.2% (2019: 1.6%) across the relationships and 70 (2019: 82) inflation risk fair value hedges with an average rate of 0.52% (2019: 0.8%) across the relationships.

As at 31 December 2020	2020 £m	2021 £m	2022 £m	2023 £m	2024 £m	2025 £m	2026 and later £m
Barclays Bank PLC							
Fair value hedges of interest rate risk							
Interest rate risk (outstanding notional amount)	54,496	50,843	44,003	37,039	29,602	25,478	23,443
Inflation risk (outstanding notional amount)	7,826	7,020	6,368	5,524	4,525	3,536	1,773
Foreign exchange risk (outstanding notional amount)	2,360	2,360	-	-	-	-	-

Hedged items in cash flow hedges and hedges of net investments in foreign operations

Barclays Bank Group

Description of hedge relationship and hedged risk	Change in value of hedged item used as the basis for recognising ineffectiveness £m	Balance in cash flow hedging reserve for continuing hedges £m	Balance in currency translation reserve for continuing hedges £m	Balances remaining in cash flow hedging reserve for which hedge accounting is no longer applied £m	Balances remaining in currency translation reserve for which hedge accounting is no longer applied £m	Hedging gains or losses recognised in other comprehensive income £m	Hedge ineffectiveness recognised in the income statement[a] £m
2020							
Cash flow hedge of:							
Interest rate risk							
Loans and advances at amortised cost	(1,260)	(758)	-	(780)	-	(1,260)	40
Foreign exchange risk							
Loans and advances at amortised cost	(70)	(15)	-	-	-	(70)	-
Inflation risk							
Debt securities classified at amortised cost	(41)	(65)	-	-	-	(41)	1
Total cash flow hedges	(1,371)	(838)	-	(780)	-	(1,371)	41
Hedge of net investment in foreign operations							
USD foreign operations	(83)	-	1,097	-	-	(83)	-
EUR foreign operations	(2)	-	16	-	-	(2)	-
Other foreign operations	(9)	-	55	-	162	(9)	-
Total foreign operations	(94)	-	1,168	-	162	(94)	-
2019							
Cash flow hedge of:							
Interest rate risk							
Loans and advances at amortised cost	(826)	(142)	-	(366)	-	(802)	(10)
Inflation risk							
Debt securities classified as amortised cost	(28)	(26)	-	-	-	(26)	3
Total cash flow hedges	(854)	(168)	-	(366)	-	(828)	(7)
Hedge of net investment in foreign operations							
USD foreign operations	209	-	1,092	-	-	209	-
EUR foreign operations	70	-	(1)	-	15	70	-
Other foreign operations	3	-	1	-	217	3	-
Total foreign operations	282	-	1,092	-	232	282	-

Note
a Hedge ineffectiveness is recognised in net interest income.

Hedged items in cash flow hedges and hedges of net investments in foreign operations

Barclays Bank 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	(1,273)	(792)	-	(759)	-	(1,273)	41
Foreign exchange risk							
Loans and advances at amortised cost	(70)	(15)	-	-	-	(70)	-
Inflation risk							
Debt securities classified at amortised cost	(41)	(65)	-	-	-	(41)	1
Total cash flow hedges	(1,384)	(872)	-	(759)	-	(1,384)	42
Hedge of net investment in foreign operations							
USD foreign operations	3	-	1,060	-	-	3	-
EUR foreign operations	-	-	-	-	2	-	-
Other foreign operations	-	-	-	-	-	-	-
Total foreign operations	3	-	1,060	-	2	3	-
2019							
Cash flow hedge of:							
Interest rate risk							
Loans and advances at amortised cost	(819)	(139)	-	(388)	-	(829)	(9)
Inflation risk							
Debt securities classified as amortised cost	(28)	(26)	-	-	-	(26)	3
Total cash flow hedges	(847)	(165)	-	(388)	-	(855)	(6)
Hedge of net investment in foreign operations							
USD foreign operations	296	-	1,057	-	-	296	-
EUR foreign operations	-	-	-	-	2	-	-
Other foreign operations	-	-	-	-	-	-	-
Total foreign operations	296	-	1,057	-	2	296	-

Note
a Hedge ineffectiveness is recognised in net interest income.

The following table shows the cash flow and net investment hedging instruments which are carried on the Barclays Bank's balance sheet:

Barclays Bank Group		Carrying value					
		Derivative assets	Derivative liabilities	Loan liabilities	Nominal amount	Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
Hedge type	Risk category	£m	£m	£m	£m	£m	£m
As at 31 December 2020							
Cash flow	Interest rate risk	**47**	-	-	**42,520**	**1,300**	**27,160**
	Foreign exchange risk	**67**	-	-	**1,000**	**70**	-
	Inflation risk	**2**	-	-	**2,798**	**42**	-
	Total	**116**	-	-	**46,318**	**1,412**	**27,160**
Net investment	Foreign exchange risk	**25**	-	**(4,832)**	**5,623**	**94**	-
As at 31 December 2019							
Cash flow	Interest rate risk	24	(1)	-	44,421	816	26,896
	Inflation risk	4	-	-	1,258	31	-
	Total	28	(1)	-	45,679	847	26,896
Net investment	Foreign exchange risk	30	-	(8,076)	9,221	(282)	-

Barclays Bank PLC		Carrying value					
		Derivative assets	Derivative liabilities	Loan liabilities	Nominal amount	Change in fair value used as a basis to determine ineffectiveness	Nominal amount directly impacted by IBOR reform
Hedge type	Risk category	£m	£m	£m	£m	£m	£m
As at 31 December 2020							
Cash flow	Interest rate risk	**23**	-	-	**42,013**	**1,314**	**26,490**
	Foreign exchange risk	**67**	-	-	**1,000**	**70**	-
	Inflation risk	**2**	-	-	**2,799**	**42**	-
	Total	**92**	-	-	**45,812**	**1,426**	**26,490**
Net investment	Foreign exchange risk	**134**	-	-	**1,906**	**(3)**	-
As at 31 December 2019							
Cash flow	Interest rate risk	24	(1)	-	40,499	810	24,391
	Foreign exchange risk	4	-	-	1,258	31	-
	Total	28	(1)	-	41,757	841	24,391
Net investment	Foreign exchange risk	193	-	-	5,222	296	-

For Barclays Bank Group, there is 1 (2019: 0) foreign exchange risk cash flow hedge with an average foreign exchange rate of JPY133.03: GBP (2019: 0) and for Barclays Bank PLC, there is 1 (2019: 0) foreign exchange risk cash flow hedge with an average foreign exchange rate of JPY133.03: GBP (2019: 0).

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 40.

The effect on the income statement and other comprehensive income of recycling amounts in respect of cash flow hedges and net investment hedges of foreign operations is set out in the following table:

Barclays Bank Group	2020		2019	
	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur
Description of hedge relationship and hedged risk	£m	£m	£m	£m
Cash flow hedge of interest rate risk				
Recycled to net interest income	**239**	**37**	105	36
Cash flow hedge of foreign exchange risk				
Recycled to net interest income	**55**	**–**	–	–
Hedge of net investment in foreign operations				
Recycled to other income	**–**	**(4)**	–	(15)

Barclays Bank PLC	2020		2019	
	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur	Amount recycled from other comprehensive income due to hedged item affecting income statement	Amount recycled from other comprehensive income due to sale of investment, or cash flows no longer expected to occur
Description of hedge relationship and hedged risk	£m	£m	£m	£m
Cash flow hedge of interest rate risk				
Recycled to net interest income	**237**	**53**	108	40
Cash flow hedge of foreign exchange risk				
Recycled to net interest income	**55**	**–**	–	–
Hedge of net investment in foreign operations				
Recycled to other income	**–**	**–**	–	(45)

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 Group will consider past sales and expectations about future sales to establish if the business model is achieved.

For equity securities that are not held for trading, the Barclays Bank Group may make an irrevocable election on initial recognition to present subsequent changes in the fair value of the instrument in other comprehensive income (except for dividend income which is recognised in profit or loss). Gains or losses on the de-recognition of these equity securities are not transferred to profit or loss. These assets are also not subject to the impairment requirements and therefore no amounts are recycled to the income statement. Where the Barclays Bank Group has not made the irrevocable election to present subsequent changes in the fair value of the instrument in other comprehensive income, equity securities are measured at fair value through profit or loss.

	Barclays Bank Group	
	2020	2019
	£m	£m
Debt securities and other eligible bills	51,710	44,781
Equity securities	1	1
Loans and advances	191	624
Financial assets at fair value through other comprehensive income	**51,902**	**45,406**

	Barclays Bank PLC	
	2020	2019
	£m	£m
Debt securities and other eligible bills	50,117	43,136
Loans and advances	191	624
Financial assets at fair value through other comprehensive income	**50,308**	**43,760**

15 Financial liabilities designated at fair value

Accounting for liabilities designated at fair value through profit and loss

In accordance with IFRS 9, financial liabilities may be designated at fair value, with gains and losses taken to the income statement within net trading income (Note 5) and net investment income (Note 6). Movements in own credit are reported through other comprehensive income, unless the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch in profit and loss. In these scenarios, all gains and losses on that liability (including the effects of changes in the credit risk of the liability) are presented in profit and loss. On derecognition of the financial liability no amount relating to own credit risk are recycled to the income statement. The Barclays Bank Group has the ability to make the fair value designation when holding the instruments at fair value reduces an accounting mismatch (caused by an offsetting liability or asset being held at fair value), or is managed by the Barclays Bank Group on the basis of its fair value, or includes terms that have substantive derivative characteristics (Note 13).

The details on how the fair value amounts are arrived at for financial liabilities designated at fair value are described in Note 16.

	Barclays Bank Group			
	2020		2019	
	Fair value £m	Contractual amount due on maturity £m	Fair value £m	Contractual amount due on maturity £m
Debt securities	**50,216**	**57,650**	49,559	56,891
Deposits	**21,718**	**22,120**	25,526	25,725
Repurchase agreements and other similar secured borrowing	**177,455**	**177,513**	128,686	128,845
Other financial liabilities	**237**	**237**	675	675
Financial liabilities designated at fair value	**249,626**	**257,520**	204,446	212,136

	Barclays Bank PLC			
	2020		2019	
	Fair value £m	Contractual amount due on maturity £m	Fair value £m	Contractual amount due on maturity £m
Debt securities	**48,872**	**56,082**	47,067	54,403
Deposits	**14,075**	**14,127**	12,236	12,408
Repurchase agreements and other similar secured borrowing	**204,190**	**204,201**	148,462	148,780
Financial liabilities designated at fair value	**267,137**	**274,410**	207,765	215,591

The cumulative own credit net loss recognised for Barclays Bank Group is £954m (2019: £373m) and for Barclays Bank PLC is £875m (2019: £315m)

16 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 Group's financial assets and liabilities, especially derivatives, quoted prices are not available and valuation models are used to estimate fair value. The models calculate the expected cash flows under the terms of each specific contract and then discount these values back to a present value. These models use as their basis independently sourced market inputs including, for example, interest rate yield curves, equities and commodities prices, option volatilities and currency rates.

For financial liabilities measured at fair value, the carrying amount reflects the effect on fair value of changes in own credit spreads derived from observable market data such as in primary issuance and redemption activity for structured notes.

On initial recognition, it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument, or is based on a valuation technique whose inputs include only data from observable markets, then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of unobservable inputs, the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either: on a straight-line basis over the term of the transaction; or over the period until all model inputs will become observable where appropriate; or released in full when previously unobservable inputs become observable.

Various factors influence the availability of observable inputs and these may vary from product to product and change over time. Factors include the depth of activity in the relevant market, the type of product, whether the product is new and not widely traded in the marketplace, the maturity of market modelling and the nature of the transaction (bespoke or generic). To the extent that valuation is based on models or inputs that are not observable in the market, the determination of fair value can be more subjective, dependent on the significance of the unobservable input to the overall valuation. Unobservable inputs are determined based on the best information available, for example by reference to similar assets, similar maturities or other analytical techniques.

The sensitivity of valuations used in the financial statements to possible changes in significant unobservable inputs is shown on page 206.

Critical accounting estimates and judgements
The valuation of financial instruments often involves a significant degree of judgement and complexity, in particular where valuation models make use of unobservable inputs ('Level 3' assets and liabilities). This note provides information on these instruments, including the related unrealised gains and losses recognised in the period, a description of significant valuation techniques and unobservable inputs, and a sensitivity analysis.

Valuation
IFRS 13 *Fair value measurement* requires an entity to classify its assets and liabilities according to a hierarchy that reflects the observability of significant market inputs. The three levels of the fair value hierarchy are defined below.

Quoted market prices – Level 1
Assets and liabilities are classified as Level 1 if their value is observable in an active market. Such instruments are valued by reference to unadjusted quoted prices for identical assets or liabilities in active markets where the quoted price is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis.

Valuation technique using observable inputs – Level 2
Assets and liabilities classified as Level 2 have been valued using models whose inputs are observable either directly or indirectly. Valuations based on observable inputs include assets and liabilities such as swaps and forwards which are valued using market standard pricing techniques, and options that are commonly traded in markets where all the inputs to the market standard pricing models are observable.

Valuation technique using significant unobservable inputs – Level 3
Assets and liabilities are classified as Level 3 if their valuation incorporates significant inputs that are not based on observable market data (unobservable inputs). A valuation input is considered observable if it can be directly observed from transactions in an active market, or if there is compelling external evidence demonstrating an executable exit price. Unobservable input levels are generally determined via reference to observable inputs, historical observations or using other analytical techniques.

The following table shows Barclays Bank 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

Assets and liabilities held at fair value

	2020				2019			
	Valuation technique using				Valuation technique using			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Barclays Bank Group	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	60,619	65,182	1,863	127,664	59,968	51,105	2,264	113,337
Financial assets at fair value through the income statement	4,439	162,930	4,392	171,761	10,300	115,008	4,162	129,470
Derivative financial assets	9,154	289,071	4,468	302,693	5,439	221,048	3,154	229,641
Financial assets at fair value through other comprehensive income	12,150	39,599	153	51,902	11,577	33,400	429	45,406
Investment property	-	-	10	10	-	-	13	13
Total assets	86,362	556,782	10,886	654,030	87,284	420,561	10,022	517,867
Trading portfolio liabilities	(23,331)	(22,780)	(28)	(46,139)	(19,645)	(15,567)	-	(35,212)
Financial liabilities designated at fair value	(159)	(249,126)	(341)	(249,626)	(82)	(204,021)	(343)	(204,446)
Derivative financial liabilities	(8,762)	(285,579)	(6,239)	(300,580)	(5,305)	(219,646)	(3,989)	(228,940)
Total liabilities	(32,252)	(557,485)	(6,608)	(596,345)	(25,032)	(439,234)	(4,332)	(468,598)

The following table shows Barclays Bank 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			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Barclays Bank PLC	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	37,915	44,782	1,392	84,089	43,897	33,283	1,899	79,079
Financial assets at fair value through the income statement	30	199,557	3,486	203,073	3,877	155,714	2,909	162,500
Derivative financial assets	-	292,773	4,356	297,129	-	226,195	3,143	229,338
Financial assets at fair value through other comprehensive income	10,596	39,559	153	50,308	9,991	33,340	429	43,760
Investment property	-	-	5	5	-	-	5	5
Total assets	48,541	576,671	9,392	634,604	57,765	448,532	8,385	514,682
Trading portfolio liabilities	(32,210)	(15,855)	(28)	(48,093)	(36,851)	(8,279)	-	(45,130)
Financial liabilities designated at fair value	(22)	(266,794)	(321)	(267,137)	-	(207,444)	(321)	(207,765)
Derivative financial liabilities	-	(286,568)	(5,970)	(292,538)	-	(221,758)	(3,849)	(225,607)
Total liabilities	(32,232)	(569,217)	(6,319)	(607,768)	(36,851)	(437,481)	(4,170)	(478,502)

Assets and liabilities held at fair value

The following table shows Barclays Bank Group's Level 3 assets and liabilities that are held at fair value disaggregated by product type:

Level 3 Assets and liabilities held at fair value by product type

	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Barclays Bank Group	£m	£m	£m	£m
Interest rate derivatives	1,613	(1,615)	605	(812)
Foreign exchange derivatives	144	(143)	291	(298)
Credit derivatives	196	(351)	539	(342)
Equity derivatives	2,497	(4,112)	1,710	(2,528)
Commodity derivatives	18	(18)	9	(9)
Corporate debt	698	(3)	521	-
Reverse repurchase and repurchase agreements	-	(174)	-	(167)
Non-asset backed loans	3,093	-	3,280	-
Asset backed securities	767	(24)	756	-
Equity cash products	542	-	1,228	-
Private equity investments	84	-	112	-
Other[a]	1,234	(168)	971	(176)
Total	**10,886**	**(6,608)**	10,022	(4,332)

Note
a Other includes commercial real estate loans, funds and fund-linked products, issued debt, government sponsored debt and investment property.

Valuation techniques and sensitivity analysis

Sensitivity analysis is performed on products with significant unobservable inputs (Level 3) to generate a range of reasonably possible alternative valuations. The sensitivity methodologies applied take account of the nature of the valuation techniques used, as well as the availability and reliability of observable proxy and historical data and the impact of using alternative models.

Sensitivities are dynamically calculated on a monthly basis. The calculation is based on range or spread data of a reliable reference source or a scenario based on relevant market analysis alongside the impact of using alternative models. Sensitivities are calculated without reflecting the impact of any diversification in the portfolio.

The valuation techniques used, observability and sensitivity analysis for material products within Level 3, are described below.

Interest rate derivatives

Description: Derivatives linked to interest rates or inflation indices. The category includes futures, interest rate and inflation swaps, swaptions, caps, floors, inflation options, balance guaranteed swaps and other exotic interest rate derivatives.

Valuation: Interest rate and inflation derivatives are generally valued using curves of forward rates constructed from market data to project and discount the expected future cash flows of trades. Instruments with optionality are valued using volatilities implied from market inputs, and use industry standard or bespoke models depending on the product type.

Observability: In general, inputs are considered observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are generally set by referencing liquid market instruments and applying extrapolation techniques or inferred via another reasonable method.

Foreign exchange derivatives

Description: Derivatives linked to the foreign exchange (FX) market. The category includes FX forward contracts, FX swaps and FX options. The majority are traded as over the counter (OTC) derivatives.

Valuation: FX derivatives are valued using industry standard and bespoke models depending on the product type. Valuation inputs include FX rates, interest rates, FX volatilities, interest rate volatilities, FX interest rate correlations and others as appropriate.

Observability: FX correlations, forwards and volatilities are generally observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

Credit derivatives

Description: Derivatives linked to the credit spread of a referenced entity, index or basket of referenced entities or a pool of referenced assets (e.g. a securitised product). The category includes single name and index credit default swaps (CDS) and total return swaps (TRS).

Valuation: CDS are valued on industry standard models using curves of credit spreads as the principal input. Credit spreads are observed directly from broker data, third party vendors or priced to proxies.

Assets and liabilities held at fair value

Observability: CDS contracts referencing entities that are actively traded are generally considered observable. Other valuation inputs are considered observable if products with significant sensitivity to the inputs are actively traded in a liquid market. Unobservable valuation inputs are generally determined with reference to recent transactions or inferred from observable trades of the same issuer or similar entities.

Equity derivatives
Description: Exchange traded or OTC derivatives linked to equity indices and single names. The category includes vanilla and exotic equity products.

Valuation: Equity derivatives are valued using industry standard models. Valuation inputs include stock prices, dividends, volatilities, interest rates, equity repurchase curves and, for multi-asset products, correlations.

Observability: In general, valuation inputs are observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

Commodity derivatives
Description: Exchange traded and OTC derivatives based on underlying commodities such as metals, crude oil and refined products, agricultural, power and natural gas.

Valuation: Commodity swaps and options are valued using models incorporating discounting of cash flows and other industry standard modelling techniques. Valuation inputs include forward curves, volatilities implied from market observable inputs and correlations.

Observability: Commodity correlations, forwards and volatilities are generally observable up to liquid maturities which are determined separately for each input and underlying. Unobservable inputs are set with reference to similar observable products, or by applying extrapolation techniques to observable inputs.

Corporate debt
Description: Primarily corporate bonds.

Valuation: Corporate bonds are valued using observable market prices sourced from broker quotes, inter-dealer prices or other reliable pricing sources.

Observability: Prices for actively traded bonds are considered observable. Unobservable bonds prices are generally determined by reference to bond yields or CDS spreads for actively traded instruments issued by or referencing the same (or a similar) issuer.

Level 3 sensitivity: Sensitivity is generally determined by applying a shift to bond yields using the average ranges of external levels observed in the market for similar bonds.

Reverse repurchase and repurchase agreements
Description: Includes securities purchased under resale agreements, securities sold under repurchase agreements, and other similar secured lending agreements. The agreements are primarily short-term in nature.

Valuation: Repurchase and reverse repurchase agreements are generally valued by discounting the expected future cash flows using industry standard models that incorporate market interest rates and repurchase rates, based on the specific details of the transaction.

Observability: Inputs are deemed observable up to liquid maturities, and are determined based on the specific features of the transaction. Unobservable inputs are generally set by referencing liquid market instruments and applying extrapolation techniques, or inferred via another reasonable method.

Non-asset backed loans
Description: Largely made up of fixed rate loans.

Valuation: Fixed rate loans are valued using models that discount expected future cash flows based on interest rates and loan spreads.

Observability: Within this loan population, the loan spread is generally unobservable. Unobservable loan spreads are determined by incorporating funding costs, the level of comparable assets such as gilts, issuer credit quality and other factors.

Asset backed securities
Description: Securities that are linked to the cash flows of a pool of referenced assets via securitisation. The category includes residential mortgage backed securities, commercial mortgage backed securities, CDOs, collateralised loan obligations (CLOs) and other asset backed securities.

Valuation: Where available, valuations are based on observable market prices sourced from broker quotes and inter-dealer prices. Otherwise, valuations are determined using industry standard discounted cash flow analysis that calculates the fair value based on valuation inputs such as constant default rate, conditional prepayment rate, loss given default and yield. These inputs are determined by reference to a number of sources including proxying to observed transactions, market indices or market research, and by assessing underlying collateral performance.

Proxying to observed transactions, indices or research requires an assessment and comparison of the relevant securities' underlying attributes including collateral, tranche, vintage, underlying asset composition (historical losses, borrower characteristics and loan attributes such as loan to value ratio and geographic concentration) and credit ratings (original and current).

Observability: Where an asset backed product does not have an observable market price and the valuation is determined using a discounted cash flow analysis, the instrument is considered unobservable.

Equity cash products
Description: Includes listed equities, Exchange Traded Funds (ETF) and preference shares.

Valuation: Valuation of equity cash products is primarily determined through market observable prices.

Observability: Prices for actively traded equity cash products are considered observable. Unobservable equity prices are generally determined by reference to actively traded instruments that are similar in nature, or inferred via another reasonable method.

Private equity investments
Description: Includes investments in equity holdings in operating companies not quoted on a public exchange.

Valuation: Private equity investments are valued in accordance with the 'International Private Equity and Venture Capital Valuation Guidelines' which require the use of a number of individual pricing benchmarks such as the prices of recent transactions in the same or similar entities, discounted cash flow analysis and comparison with the earnings multiples of listed companies. While the valuation of unquoted equity instruments is subjective by nature, the relevant methodologies are commonly applied by other market participants and have been consistently applied over time.

Observability: Inputs are considered observable if there is active trading in a liquid market of products with significant sensitivity to the inputs. Unobservable inputs include earnings estimates, multiples of comparative companies, marketability discounts and discount rates.

Other
Description: Other includes commercial real estate loans, funds and fund-linked products, asset backed loans, physical commodities and investment property.

Assets and liabilities reclassified between Level 1 and Level 2
During the period, there were no material transfers between Level 1 to Level 2. (2019: there were no material transfers between Level 1 and Level 2).

Level 3 movement analysis
The following table summarises the movements in the Level 3 balances during the period. Transfers have been reflected as if they had taken place at the beginning of the year.

Assets and liabilities included in disposal groups classified as held for sale and measured at fair value less cost to sell are not included as these are measured at fair value on a non-recurring basis.

Asset and liability transfers between Level 2 and Level 3 are primarily due to 1) an increase or decrease in observable market activity related to an input or 2) a change in the significance of the unobservable input, with assets and liabilities classified as Level 3 if an unobservable input is deemed significant.

Assets and liabilities held at fair value

Analysis of movements in Level 3 assets and liabilities

Barclays Bank Group	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 £m	Total gains and losses in the period recognised in the income statement: Other income £m	Total gains or losses recognised in OCI £m	Transfers In £m	Transfers Out £m	As at 31 December 2020 £m
Corporate debt	120	77	(6)	-	-	(35)	-	-	12	(17)	151
Non-asset backed loans	974	1,955	(2,182)	-	(12)	(10)	-	-	39	(55)	709
Asset backed securities	656	458	(428)	-	(40)	(25)	-	-	99	(34)	686
Equity cash products	392	5	(149)	-	-	(41)	-	-	11	(4)	214
Other	122	-	-	-	-	(21)	-	-	2	-	103
Trading portfolio assets	2,264	2,495	(2,765)	-	(52)	(132)	-	-	163	(110)	1,863
Non-asset backed loans	1,964	1,102	(283)	-	(293)	142	-	-	-	(352)	2,280
Equity cash products	835	9	(404)	-	-	(93)	(36)	-	9	-	320
Private equity investments	113	2	(20)	-	(1)	-	(9)	-	15	(12)	88
Other	1,250	3,716	(3,606)	-	(26)	32	(48)	-	386	-	1,704
Financial assets at fair value through the income statement	4,162	4,829	(4,313)	-	(320)	81	(93)	-	410	(364)	4,392
Non-asset backed loans	343	-	-	-	(237)	-	-	-	-	-	106
Asset backed securities	86	-	(35)	-	-	-	-	(4)	-	-	47
Financial assets at fair value through other comprehensive income	429	-	(35)	-	(237)	-	-	(4)	-	-	153
Investment property	13	-	(2)	-	-	-	(1)	-	-	-	10
Trading portfolio liabilities	-	(27)	-	-	-	(1)	-	-	-	-	(28)
Financial liabilities designated at fair value	(343)	-	1	(21)	1	21	-	-	(38)	38	(341)
Interest rate derivatives	(206)	17	(12)	-	85	109	-	-	(18)	23	(2)
Foreign exchange derivatives	(7)	-	-	-	21	(16)	-	-	(19)	22	1
Credit derivatives	198	(125)	24	-	(371)	24	-	-	(21)	116	(155)
Equity derivatives	(820)	(699)	(43)	-	105	(101)	-	-	(13)	(44)	(1,615)
Net derivative financial instruments[a]	(835)	(807)	(31)	-	(160)	16	-	-	(71)	117	(1,771)
Total	5,690	6,490	(7,145)	(21)	(768)	(15)	(94)	(4)	464	(319)	4,278

Assets and liabilities held at fair value

Analysis of movements in Level 3 assets and liabilities

Barclays Bank Group	As at 1 January 2019 £m	Purchases £m	Sales £m	Issues £m	Settlements £m	Total gains and losses in the period recognised in the income statement: Trading income £m	Total gains and losses in the period recognised in the income statement: Other income £m	Total gains or losses recognised in OCI £m	Transfers: In £m	Transfers: Out £m	As at 31 December 2019 £m
Corporate debt	388	126	(52)	-	(311)	1	-	-	45	(77)	120
Non-asset backed loans	2,263	1,844	(2,799)	-	(134)	24	-	-	200	(424)	974
Asset backed securities	664	202	(166)	-	-	(30)	-	-	16	(30)	656
Equity cash products	136	62	(40)	-	-	(31)	-	-	293	(28)	392
Other	162	-	-	-	(1)	(24)	-	-	-	(15)	122
Trading portfolio assets	3,613	2,234	(3,057)	-	(446)	(60)	-	-	554	(574)	2,264
Non-asset backed loans	1,836	235	-	-	(204)	99	(1)	-	-	(1)	1,964
Equity cash products	559	66	-	-	(2)	3	209	-	-	-	835
Private equity investments	191	5	(9)	-	(2)	-	(17)	-	-	(55)	113
Other	2,064	5,716	(5,720)	-	(9)	12	(33)	-	24	(804)	1,250
Financial assets at fair value through the income statement	4,650	6,022	(5,729)	-	(217)	114	158	-	24	(860)	4,162
Non-asset backed loans	-	283	-	-	-	-	-	60	-	-	343
Asset backed securities	-	116	(30)	-	-	-	-	-	-	-	86
Equity cash products	2	-	(1)	-	-	-	-	(1)	-	-	-
Other	353	-	-	-	(135)	-	-	-	-	(218)	-
Financial assets at fair value through other comprehensive income	355	399	(31)	-	(135)	-	-	59	-	(218)	429
Investment property	9	5	-	-	-	-	(1)	-	-	-	13
Trading portfolio liabilities	(3)	-	-	-	-	-	-	-	-	3	-
Financial liabilities designated at fair value	(261)	(179)	10	(42)	41	67	(2)	-	(27)	50	(343)
Interest rate derivatives	22	(9)	-	-	88	(92)	-	-	(177)	(38)	(206)
Foreign exchange derivatives	7	-	-	-	25	(12)	-	-	(32)	5	(7)
Credit derivatives	1,050	(59)	3	-	(866)	76	-	-	(9)	3	198
Equity derivatives	(607)	(296)	(35)	-	(2)	(296)	-	-	(37)	453	(820)
Net derivative financial instruments[a]	472	(364)	(32)	-	(755)	(324)	-	-	(255)	423	(835)
Total	8,835	8,117	(8,839)	(42)	(1,512)	(203)	155	59	296	(1,176)	5,690

Note

a The derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets are £4,468m (2019: £3,154m) and derivative financial liabilities are £6,239m (2019: £3,989m).

Assets and liabilities held at fair value

Analysis of movements in Level 3 assets and liabilities

						Total gains and losses in the period recognised in the income statement		Total gains or losses recognised in OCI	Transfers		
Barclays Bank PLC	As at 1 January 2020 £m	Purchases £m	Sales £m	Issues £m	Settlements £m	Trading income £m	Other income £m	£m	In £m	Out £m	As at 31 December 2020 £m
Trading portfolio assets	**1,899**	**2,009**	**(2,294)**	**-**	**(54)**	**(157)**	**-**	**-**	**63**	**(74)**	**1,392**
Financial assets at fair value through the income statement	**2,909**	**4,696**	**(3,870)**	**-**	**(292)**	**68**	**(52)**	**-**	**28**	**(1)**	**3,486**
Fair value through other comprehensive income	**429**	**-**	**(35)**	**-**	**(237)**	**-**	**-**	**(4)**	**-**	**-**	**153**
Investment property	**5**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**5**
Trading portfolio liabilities	**-**	**(27)**	**-**	**-**	**-**	**(1)**	**-**	**-**	**-**	**-**	**(28)**
Financial liabilities designated at fair value	**(321)**	**-**	**3**	**(21)**	**1**	**21**	**-**	**-**	**(32)**	**28**	**(321)**
Net derivative financial instruments[a]	**(706)**	**(807)**	**(30)**	**-**	**(37)**	**(88)**	**-**	**-**	**(44)**	**98**	**(1,614)**
Total	**4,215**	**5,871**	**(6,226)**	**(21)**	**(619)**	**(157)**	**(52)**	**(4)**	**15**	**51**	**3,073**

Analysis of movements in Level 3 assets and liabilities

						Total gains and losses in the period recognised in the income statement		Total gains or losses recognised in OCI	Transfers		
Barclays Bank PLC	As at 1 January 2019 £m	Purchases £m	Sales £m	Issues £m	Settlements £m	Trading income £m	Other income £m	£m	In £m	Out £m	As at 31 December 2019 £m
Trading portfolio assets	3,462	2,098	(2,939)	-	(445)	(80)	-	-	364	(561)	1,899
Financial assets at fair value through the income statement	4,013	5,903	(6,125)	-	(174)	109	(35)	-	23	(805)	2,909
Fair value through other comprehensive income	355	398	(30)	-	(135)	60	(1)	-	-	(218)	429
Investment property	-	5	-	-	-	-	-	-	-	-	5
Financial liabilities designated at fair value	(251)	(221)	10	-	38	66	-	-	(13)	50	(321)
Net derivative financial instruments[a]	416	(363)	97	-	(785)	(296)	-	-	(127)	352	(706)
Total	7,995	7,820	(8,987)	-	(1,501)	(141)	(36)	-	247	(1,182)	4,215

Note
a The derivative financial instruments are represented on a net basis. On a gross basis, derivative financial assets are £4,356m (2019: £3,143m) and derivative financial liabilities are £5,970m (2019: £3,849m).

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

	2020				2019			
	Income statement				Income statement			
Barclays Bank Group As at 31 December	Trading income £m	Other income £m	Other compre-hensive income £m	Total £m	Trading income £m	Other income £m	Other compre-hensive income £m	Total £m
Trading portfolio assets	**(114)**	**-**	**-**	**(114)**	(57)	-	-	(57)
Financial assets at fair value through the income statement	**115**	**(89)**	**-**	**26**	101	199	-	300
Fair value through other comprehensive income	**-**	**-**	**(1)**	**(1)**	-	-	60	60
Investment property	**-**	**(1)**	**-**	**(1)**	-	(1)	-	(1)
Trading portfolio liabilities	**-**	**-**	**-**	**-**	-	-	-	-
Financial liabilities designated at fair value	**20**	**(1)**	**-**	**19**	64	-	-	64
Net derivative financial instruments	**(91)**	**-**	**-**	**(91)**	(459)	-	-	(459)
Total	**(70)**	**(91)**	**(1)**	**(162)**	(351)	198	60	(93)

Unrealised gains and losses recognised during the period on Level 3 assets and liabilities held at year end

	2020				2019			
	Income statement		Other compre-hensive income		Income statement		Other compre-hensive income	
Barclays Bank PLC	Trading income	Other income		Total	Trading income	Other income		Total
As at 31 December	£m	£m	£m	£m	£m	£m	£m	£m
Trading portfolio assets	(153)	-	-	(153)	(100)	-	-	(100)
Financial assets at fair value through the income statement	103	(50)	-	53	99	212	-	311
Fair value through other comprehensive income	-	-	(1)	(1)	-	-	60	60
Financial liabilities designated at fair value	21	-	-	21	66	-	-	66
Net derivative financial instruments	(72)	-	-	(72)	(430)	-	-	(430)
Total	(101)	(50)	(1)	(152)	(365)	212	60	(93)

Significant unobservable inputs

The following table discloses the valuation techniques and significant unobservable inputs for assets and liabilities recognised at fair value and classified as Level 3 along with the range of values used for those significant unobservable inputs:

			2020 Range		2019 Range		
	Valuation technique(s) [a]	Significant unobservable inputs	Min	Max	Min	Max	Units[b]
Derivative financial instruments[c]							
Interest rate derivatives	Discounted cash flows	Inflation forwards	1	3	1	3	%
		Credit spread	17	1,831	41	1,620	bps
	Comparable pricing	Price	-	84	-	37	points
	Option model	Inflation volatility	31	227	47	190	bps vol
		Interest rate volatility	6	489	8	431	bps vol
		FX - IR correlation	(30)	78	(30)	78	%
		IR - IR correlation	(20)	99	(30)	100	%
Credit derivatives	Discounted cash flows	Credit spread	5	480	72	200	bps
	Comparable pricing	Price	-	100	-	155	points
Equity derivatives	Option model	Equity volatility	1	110	1	200	%
		Equity - equity correlation	(45)	100	(20)	100	%
	Discounted cash flow	Discounted margin	(225)	3,000	(500)	1,100	bps
Non-derivative financial instruments							
Non-asset backed loans	Discounted cash flows	Loan spread	32	477	31	624	bps
		Credit spread	200	300	180	1,223	bps
		Price	-	104	-	133	points
		Yield	5	8	6	12	%
	Comparable pricing	Price	-	137	-	123	points
Asset backed securities	Comparable pricing	Price	-	112	-	99	points
Corporate debt	Comparable pricing	Price	-	127	-	100	points
Other[d]	Discounted cash flows	Credit spread	146	483	126	649	bps

Notes
a A range has not been provided for Net Asset Value as there would be a wide range reflecting the diverse nature of the positions.
b 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%.
c Certain derivative instruments are classified as Level 3 due to a significant unobservable credit spread input into the calculation of the Credit Valuation Adjustment for the instruments. The range of significant unobservable credit spreads is between 17-1,831bps (2019: 41-1,620bps).
d Other includes commercial real estate loans.

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.

Assets and liabilities held at fair value

Forwards

A price or rate that is applicable to a financial transaction that will take place in the future.

In general, a significant increase in a forward in isolation will result in a fair value increase for the contracted receiver of the underlying (currency, bond, commodity, etc.), but the sensitivity is dependent on the specific terms of the instrument.

Credit spread

Credit spreads typically represent the difference in yield between an instrument and a benchmark security or reference rate. Credit spreads reflect the additional yield that a market participant demands for taking on exposure to the credit risk of an instrument and form part of the yield used in a discounted cash flow calculation.

In general, a significant increase in credit spread in isolation will result in a movement in a fair value decrease for a cash asset.

For a derivative instrument, a significant increase in credit spread in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

Volatility

Volatility is a measure of the variability or uncertainty in return for a given derivative underlying. It is an estimate of how much a particular underlying instrument input or index will change in value over time. In general, volatilities are implied from observed option prices. For unobservable options the implied volatility may reflect additional assumptions about the nature of the underlying risk, and the strike/maturity profile of a specific contract.

In general a significant increase in volatility in isolation will result in a fair value increase for the holder of a simple option, but the sensitivity is dependent on the specific terms of the instrument.

There may be interrelationships between unobservable volatilities and other unobservable inputs (e.g. when equity prices fall, implied equity volatilities generally rise) but these are generally specific to individual markets and may vary over time.

Correlation

Correlation is a measure of the relationship between the movements of two variables. Correlation can be a significant input into valuation of derivative contracts with more than one underlying instrument. Credit correlation generally refers to the correlation between default processes for the separate names that make up the reference pool of a CDO structure.

A significant increase in correlation in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

Comparable price

Comparable instrument prices are used in valuation by calculating an implied yield (or spread over a liquid benchmark) from the price of a comparable observable instrument, then adjusting that yield (or spread) to account for relevant differences such as maturity or credit quality. Alternatively, a price-to-price basis can be assumed between the comparable and unobservable instruments in order to establish a value.

In general, a significant increase in comparable price in isolation will result in an increase in the price of the unobservable instrument. For derivatives, a change in the comparable price in isolation can result in a fair value increase or decrease depending on the specific terms of the instrument.

Loan spread

Loan spreads typically represent the difference in yield between an instrument and a benchmark security or reference rate. Loan spreads typically reflect credit quality, the level of comparable assets such as gilts and other factors, and form part of the yield used in a discounted cash flow calculation.

The ESHLA portfolio primarily consists of long-dated fixed rate loans extended to counterparties in the UK Education, Social Housing and Local Authority sectors. The loans are categorised as Level 3 in the fair value hierarchy due to their illiquid nature and the significance of unobservable loan spreads to the valuation. Valuation uncertainty arises from the long-dated nature of the portfolio, the lack of secondary market in the loans and the lack of observable loan spreads. The majority of ESHLA loans are to borrowers in heavily regulated sectors that are considered extremely low credit risk, and have a history of near zero defaults since inception. While the overall loan spread range is from 32bps to 477bps (2019: 31bps to 624bps), the vast majority of spreads are concentrated towards the bottom end of this range, with 98% 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.

Notes to the financial statements
Assets and liabilities held at fair value

Sensitivity analysis of valuations using unobservable inputs

	2020				2019			
	Favourable changes		Unfavourable changes		Favourable changes		Unfavourable changes	
	Income statement £m	Equity £m	Income statement £m	Equity £m	Income statement £m	Equity £m	Income statement £m	Equity £m
Interest rate derivatives	82	-	(123)	-	44	-	(127)	-
Foreign exchange derivatives	6	-	(11)	-	5	-	(7)	-
Credit derivatives	55	-	(44)	-	73	-	(47)	-
Equity derivatives	174	-	(179)	-	114	-	(119)	-
Commodity derivatives	2	-	(2)	-	-	-	-	-
Corporate debt	16	-	(14)	-	11	-	(16)	-
Non asset backed loans	104	3	(190)	(3)	125	8	(228)	(8)
Equity cash products	158	-	(141)	-	123	-	(175)	-
Private equity investments	15	-	(15)	-	16	-	(25)	-
Other[a]	21	-	(21)	-	1	-	(1)	-
Total	633	3	(740)	(3)	512	8	(745)	(8)

Note
a Other includes commercial real estate loans, funds and fund-linked products, issued debt, government sponsored debt and investment property.

The effect of stressing unobservable inputs to a range of reasonably possible alternatives, alongside considering the impact of using alternative models, would be to increase fair values by up to £636m (2019: £520m) or to decrease fair values by up to £743m (2019: £753m) with substantially all the potential effect impacting profit and loss rather than reserves.

Fair value adjustments
Key balance sheet valuation adjustments are quantified below:

	2020 £m	2019 £m
Exit price adjustments derived from market bid-offer spreads	(483)	(420)
Uncollateralised derivative funding	(115)	(57)
Derivative credit valuation adjustments	(268)	(135)
Derivative debit valuation adjustments	113	155

Exit price adjustments derived from market bid-offer spreads
Barclays Bank Group uses mid-market pricing where it is a market maker and has the ability to transact at, or better than, mid price (which is the case for certain equity, bond and vanilla derivative markets). For other financial assets and liabilities, bid-offer adjustments are recorded to reflect the exit level for the expected close out strategy. The methodology for determining the bid-offer adjustment for a derivative portfolio involves calculating the net risk exposure by offsetting long and short positions by strike and term in accordance with the risk management and hedging strategy.

Bid-offer levels are generally derived from market quotes such as broker data. Less liquid instruments may not have a directly observable bid-offer level. In such instances, an exit price adjustment may be derived from an observable bid-offer level for a comparable liquid instrument, or determined by calibrating to derivative prices, or by scenario or historical analysis.

Exit price adjustments derived from market bid-offer spreads have increased by £63m to £483m as a result of movements in market bid offer spreads.

Discounting approaches for derivative instruments
Collateralised
In line with market practice, the methodology for discounting collateralised derivatives takes into account the nature and currency of the collateral that can be posted within the relevant credit support annex (CSA). The CSA aware discounting approach recognises the 'cheapest to deliver' option that reflects the ability of the party posting collateral to change the currency of the collateral.

Uncollateralised
A fair value adjustment of £115m is applied to account for the impact of incorporating the cost of funding into the valuation of uncollateralised and partially collateralised derivative portfolios and collateralised derivatives where the terms of the agreement do not allow the rehypothecation of collateral received. This adjustment is referred to as the Funding Fair Value Adjustment (FFVA). FFVA has increased by £58m to £115m as a result of moves in input funding spreads and an update to methodology.

FFVA incorporates a scaling factor which is an estimate of the extent to which the cost of funding is incorporated into observed traded levels. On calibrating the scaling factor, it is with the assumption that Credit Valuation Adjustments (CVA) and Debit Valuation Adjustments (DVA) are retained as valuation components incorporated into such levels. The effect of incorporating this scaling factor at 31 December 2020 was to reduce FFVA by £115m (2019: £170m).

Derivative credit and debit valuation adjustments
CVA and DVA are incorporated into derivative valuations to reflect the impact on fair value of counterparty credit risk and Barclays Bank Group's own credit quality respectively. These adjustments are calculated for uncollateralised and partially collateralised derivatives across all asset classes. CVA and DVA are calculated using estimates of exposure at default, probability of default and recovery rates, at a counterparty level. Counterparties include (but are not limited to) corporates, sovereigns and sovereign agencies and supranationals.

Exposure at default is generally estimated through the simulation of underlying risk factors through approximating with a more vanilla structure, or by using current or scenario-based mark to market as an estimate of future exposure.

Probability of default and recovery rate information is generally sourced from the CDS markets. Where this information is not available, or considered unreliable, alternative approaches are taken based on mapping internal counterparty ratings onto historical or market-based default and recovery information. In particular, this applies to sovereign related names where the effect of using the recovery assumptions implied in CDS levels would imply a £32m (2019: £36m) increase in CVA.

CVA increased by £133m to £268m as a result of an increased uncollateralised and partially collateralised derivative asset and widening input counterparty credit spreads. DVA decreased by £42m to £113m, as a result of an update to methodology partially offset by widening input own credit spreads.

Correlation between counterparty credit and underlying derivative risk factors, termed 'wrong-way,' or 'right-way' risk, is not systematically incorporated into the CVA calculation but is adjusted where the underlying exposure is directly related to the counterparty.

Barclays continues to monitor market practices and activity to ensure the approach to uncollateralised derivative valuation remains appropriate.

Portfolio exemptions
Barclays Bank 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, Barclays Bank 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 £103m (2019: £100m) for financial instruments measured at fair value and £30m (2019: £31m) for financial instruments carried at amortised cost. The increase in financial instruments measured at fair value of £3m (2019: £27m decrease) was driven by additions of £26m (2019: £40m) and £23m (2019: £67m) of amortisation and releases. The decrease of £1m (2019: £nil) in financial instruments carried at amortised cost was driven by £2m (2019: £2m) of amortisation and releases offset by additions of £1m (2019: £2m).

Third party credit enhancements
Structured and brokered certificates of deposit issued by Barclays Bank Group are insured up to $250,000 per depositor by the Federal Deposit Insurance Corporation (FDIC) in the US. The FDIC is funded by premiums that Barclays Bank Group and other banks pay for deposit insurance coverage. The carrying value of these issued certificates of deposit that are designated under the IFRS 9 fair value option includes this third party credit enhancement. The on-balance sheet value of these brokered certificates of deposit amounted to £1,494m (2019: £3,218m).

Assets and liabilities held at fair value

Comparison of carrying amounts and fair values

The following tables summarises the fair value of financial assets and liabilities measured at amortised cost on Barclays Bank Group's and Barclays Bank PLC's balance sheet:

Barclays Bank 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	134,267	134,537	8,824	65,267	60,446	141,636	141,251	6,827	69,289	63,133
Reverse repurchase agreements and other similar secured lending	8,981	8,981	-	8,981	-	1,731	1,731	-	1,731	-
Financial liabilities										
Deposits at amortised cost	(244,696)	(244,738)	(165,909)	(78,769)	(60)	(213,881)	(213,897)	(135,398)	(78,494)	(5)
Repurchase agreements and other similar secured borrowing	(10,443)	(10,443)	-	(10,443)	-	(2,032)	(2,032)	-	(2,032)	-
Debt securities in issue	(29,423)	(29,486)	-	(27,630)	(1,856)	(33,536)	(33,529)	-	(31,652)	(1,877)
Subordinated liabilities	(32,005)	(33,356)	-	(33,356)	-	(33,425)	(34,861)	-	(34,861)	-

Barclays Bank 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	191,538	190,811	8,832	146,142	35,837	161,663	161,007	6,827	124,665	29,515
Reverse repurchase agreements and other similar secured lending	11,535	11,535	-	11,535	-	4,939	4,939	-	4,939	-
Financial liabilities										
Deposits at amortised cost	(272,190)	(272,189)	(139,051)	(133,078)	(60)	(240,631)	(240,630)	(111,940)	(128,685)	(5)
Repurchase agreements and other similar secured borrowing	(27,722)	(27,720)	-	(27,720)	-	(9,185)	(9,185)	-	(9,185)	-
Debt securities in issue	(17,221)	(17,272)	-	(17,272)	-	(19,883)	(19,899)	-	(19,899)	-
Subordinated liabilities	(31,852)	(33,205)	-	(33,205)	-	(33,205)	(34,616)	-	(34,616)	-

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 18.

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.

17 Offsetting financial assets and financial liabilities

In accordance with IAS 32 *Financial Instruments: Presentation*, the Barclays Bank 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 in the table below are not intended to represent the Barclays Bank 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 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	**342,896**	**(44,305)**	**298,591**	**(233,088)**	**(47,820)**	**17,683**	**4,102**	**302,693**
Reverse repurchase agreements and other similar secured lending[e]	**448,377**	**(305,749)**	**142,628**	**-**	**(142,244)**	**384**	**4,911**	**147,539**
Total assets	**791,273**	**(350,054)**	**441,219**	**(233,088)**	**(190,064)**	**18,067**	**9,013**	**450,232**
Derivative financial liabilities	**(333,748)**	**41,982**	**(291,766)**	**233,088**	**46,592**	**(12,086)**	**(8,814)**	**(300,580)**
Repurchase agreements and other similar secured borrowing[e]	**(475,616)**	**305,749**	**(169,867)**	**-**	**169,867**	**-**	**(18,031)**	**(187,898)**
Total liabilities	**(809,364)**	**347,731**	**(461,633)**	**233,088**	**216,459**	**(12,086)**	**(26,845)**	**(488,478)**
As at 31 December 2019								
Derivative financial assets	260,611	(32,546)	228,065	(176,022)	(38,872)	13,171	1,576	229,641
Reverse repurchase agreements and other similar secured lending[e]	373,775	(276,234)	97,541	-	(97,541)	-	2,013	99,554
Total assets	634,386	(308,780)	325,606	(176,022)	(136,413)	13,171	3,589	329,195
Derivative financial liabilities	(255,005)	31,180	(223,825)	176,022	38,343	(9,460)	(5,115)	(228,940)
Repurchase agreements and other similar secured borrowing[e]	(405,166)	276,234	(128,932)	-	128,930	(2)	(1,786)	(130,718)
Total liabilities	(660,171)	307,414	(352,757)	176,022	167,273	(9,462)	(6,901)	(359,658)

Notes
a Amounts offset for derivative financial assets additionally includes cash collateral netted of £4,990m (2019: £4,099m). Amounts offset for derivative financial liabilities additionally includes cash collateral netted of £7,313m (2019: £5,465m). Settlements assets and liabilities have been offset amounting to £18,143m (2019: £14,079m).
b Financial collateral of £47,820m (2019: £38,872m) was received in respect of derivative assets, including £43,164m (2019: £33,469m) of cash collateral and £4,656m (2019: £5,403m) of non-cash collateral. Financial collateral of £46,592m (2019: £38,343m) was placed in respect of derivative liabilities, including £42,518m (2019: £35,423m) of cash collateral and £4,074m (2019: £2,920m) of non-cash collateral. The collateral amounts are limited to net balance sheet exposure so as to not include 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 Reverse Repurchase agreements and other similar secured lending of £147,539m (2019: £99,554m) is split by fair value £138,558m (2019: £97,823m) and amortised cost £8,981m (2019: £1,731m). Repurchase agreements and other similar secured borrowing of £187,898m (2019: £130,718m) is split by fair value £177,455m (2019: £128,686m) and amortised cost £10,443m (2019: £2,032m).

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.

Reverse repurchase and repurchase agreements and other similar secured lending and borrowing

The 'Amounts offset' column identifies financial assets and liabilities that are subject to set off under netting agreements, such as Global Master Repurchase Agreements and Global Master Securities Lending Agreements, whereby all outstanding transactions with the same counterparty can be offset and close-out netting applied across all outstanding transactions covered by the agreements if an event of default or other predetermined events occur.

Financial collateral typically comprises highly liquid securities which are legally transferred and can be liquidated in the event of counterparty default.

These offsetting and collateral arrangements and other credit risk mitigation strategies used by the Barclays Bank Group are further explained in the Credit risk mitigation section on pages 52 and 53.

Barclays Bank 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	**329,314**	**(35,480)**	**293,834**	**(238,339)**	**(38,535)**	**16,960**	**3,295**	**297,129**
Reverse repurchase agreements and other similar secured lending[e]	**506,836**	**(334,701)**	**172,135**	**-**	**(172,135)**	**-**	**4,070**	**176,205**
Total assets	**836,150**	**(370,181)**	**465,969**	**(238,339)**	**(210,670)**	**16,960**	**7,365**	**473,334**
Derivative financial liabilities	**(319,283)**	**34,318**	**(284,965)**	**238,339**	**35,989**	**(10,637)**	**(7,573)**	**(292,538)**
Repurchase agreements and other similar secured borrowing[e]	**(551,064)**	**334,701**	**(216,363)**	**-**	**216,363**	**-**	**(15,549)**	**(231,912)**
Total liabilities	**(870,347)**	**369,019**	**(501,328)**	**238,339**	**252,352**	**(10,637)**	**(23,122)**	**(524,450)**
As at 31 December 2019	£m	£m	£m	£m	£m	£m	£m	£m
Derivative financial assets	257,576	(29,462)	228,114	(177,955)	(35,128)	15,031	1,224	229,338
Reverse repurchase agreements and other similar secured lending[e]	411,756	(285,514)	126,242	-	(126,242)	-	1,194	127,436
Total assets	669,332	(314,976)	354,356	(177,955)	(161,370)	15,031	2,418	356,774
Derivative financial liabilities	(249,010)	28,069	(220,941)	177,955	34,375	(8,611)	(4,666)	(225,607)
Repurchase agreements and other similar secured borrowing[e]	(441,700)	285,514	(156,186)	-	156,184	(2)	(1,461)	(157,647)
Total liabilities	(690,710)	313,583	(377,127)	177,955	190,559	(8,613)	(6,127)	(383,254)

Notes

a Amounts offset for derivative financial assets additionally includes cash collateral netted of £4,183m (2019: £3,565m). Amounts offset for derivative financial liabilities additionally includes cash collateral netted of £5,345m (2019: £4,958m). Settlements assets and liabilities have been offset amounting to £13,950m (2019: £10,595m).

b Financial collateral of £38,535m (2019: £35,128m) was received in respect of derivative assets, including £34,081m (2019: £29,949m) of cash collateral and £4,454m (2019: £5,179m) of non-cash collateral. Financial collateral of £35,989m (2019: £34,375m) was placed in respect of derivative liabilities, including £33,444m (2019: £32,154m) of cash collateral and £2,545m (2019: £2,221m) of non-cash collateral. 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 Reverse Repurchase agreements and other similar secured lending of £176,205m (2019: £127,436m) is split by fair value £164,670m (2019: £122,497m) and amortised cost £11,535m (2019: £4,939m). Repurchase agreements and other similar secured borrowing of £231,912m (2019: £157,647m) is split by fair value £204,190m (2019: £148,462m) and amortised cost £27,722m (2019: £9,185m).

Notes to the financial statements

Assets at amortised cost and other investments

The notes included in this section focus on the Barclays Bank 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 Group's liquidity and capital position can be found on pages 103 to 118.

18 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 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 Group will consider past sales and expectations about future sales.

Loans and advances and deposits at amortised cost

	Barclays Bank Group	
	2020	2019
As at 31 December	£m	£m
Loans and advances at amortised cost to banks	**9,003**	9,722
Loans and advances at amortised cost to customers	**110,101**	121,015
Debt securities at amortised cost	**15,163**	10,899
Total loans and advances at amortised cost	**134,267**	141,636
Deposits at amortised cost from banks	**17,348**	18,144
Deposits at amortised cost from customers	**227,348**	195,737
Total deposits at amortised cost	**244,696**	213,881

Loans and advances and deposits at amortised cost

	Barclays Bank PLC	
	2020	2019
As at 31 December	£m	£m
Loans and advances at amortised cost to banks	**13,672**	15,593
Loans and advances at amortised cost to customers	**164,677**	136,933
Debt securities at amortised cost	**13,189**	9,137
Total loans and advances at amortised cost	**191,538**	161,663
Deposits at amortised cost from banks	**16,906**	16,673
Deposits at amortised cost from customers	**255,284**	223,958
Total deposits at amortised cost	**272,190**	240,631

19 Property, plant and equipment

Accounting for property, plant and equipment

The Barclays Bank Group applies IAS 16 *Property Plant and Equipment* and IAS 40 *Investment Properties*.

Property, plant and equipment is stated at cost, which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment, if required. Subsequent costs are capitalised if these result in enhancement of the asset.

Depreciation is provided on the depreciable amount of items of property, plant and equipment on a straight-line basis over their estimated useful economic lives. Depreciation rates, methods and the residual values underlying the calculation of depreciation of items of property, plant and equipment are kept under review to take account of any change in circumstances. The Barclays Bank Group uses the following annual rates in calculating depreciation:

Annual rates in calculating depreciation	Depreciation rate
Freehold land	Not depreciated
Freehold buildings and long-leasehold property (more than 50 years to run)	2-3.3%
Leasehold property over the remaining life of the lease (less than 50 years to run)	Over the remaining life of the lease
Costs of adaptation of freehold and leasehold property	6-10%
Equipment installed in freehold and leasehold property	6-10%
Computers and similar equipment	17-33%
Fixtures and fittings and other equipment	9-20%

Costs of adaptation and installed equipment are depreciated over the shorter of the life of the lease or the depreciation rates noted in the table above.

Investment property
The Barclays Bank Group initially recognises investment property at cost, and subsequently at fair value at each balance sheet date, reflecting market conditions at the reporting date. Gains and losses on remeasurement are included in the income statement.

	Barclays Bank Group					
	Investment property	Property	Equipment	Leased assets	Right of use assets[a]	Total
	£m	£m	£m	£m	£m	£m
Cost						
As at 1 January 2020	**13**	**1,635**	**1,071**	**9**	**621**	**3,349**
Additions	**-**	**39**	**35**	**-**	**28**	**102**
Disposals	**(1)**	**(25)**	**(88)**	**(9)**	**(6)**	**(129)**
Exchange and other movements	**(2)**	**(30)**	**(31)**	**-**	**45**	**(18)**
As at 31 December 2020	**10**	**1,619**	**987**	**-**	**688**	**3,304**
Accumulated depreciation and impairment						
As at 1 January 2020	**-**	**(697)**	**(866)**	**(9)**	**(146)**	**(1,718)**
Depreciation charge	**-**	**(72)**	**(61)**	**-**	**(77)**	**(210)**
Impairment charge	**-**	**-**	**-**	**-**	**(2)**	**(2)**
Disposals	**-**	**22**	**84**	**9**	**1**	**116**
Exchange and other movements	**-**	**17**	**22**	**-**	**8**	**47**
As at 31 December 2020	**-**	**(730)**	**(821)**	**-**	**(216)**	**(1,767)**
Net book value	**10**	**889**	**166**	**-**	**472**	**1,537**
Cost						
As at 1 January 2019	9	1,463	1,079	9	580	3,140
Additions	5	233	182	-	45	465
Disposals	-	(19)	(144)	-	(6)	(169)
Exchange and other movements	(1)	(42)	(46)	-	2	(87)
As at 31 December 2019	13	1,635	1,071	9	621	3,349
Accumulated depreciation and impairment						
As at 1 January 2019	-	(658)	(946)	(9)	(71)	(1,684)
Additions	-	-	(31)	-	-	(31)
Depreciation charge	-	(72)	(65)	-	(75)	(212)
Disposals	-	13	142	-	-	155
Exchange and other movements	-	20	34	-	-	54
As at 31 December 2019	-	(697)	(866)	(9)	(146)	(1,718)
Net book value	13	938	205	-	475	1,631

Assets at amortised cost and other investments

	Barclays Bank PLC				
	Investment property	Property	Equipment	Right of use assets[a]	Total
	£m	£m	£m	£m	£m
Cost					
As at 1 January 2020	5	282	298	271	856
Additions	-	5	17	27	49
Disposals	(1)	(8)	(46)	(4)	(59)
Exchange and other movements	1	(1)	(4)	14	10
As at 31 December 2020	5	278	265	308	856
Accumulated depreciation and impairment					
As at 1 January 2020	-	(127)	(261)	(42)	(430)
Depreciation charge	-	(15)	(16)	(28)	(59)
Disposals	-	7	46	1	54
Exchange and other movements	-	-	4	-	4
As at 31 December 2020	-	(135)	(227)	(69)	(431)
Net book value	5	143	38	239	425
Cost					
As at 1 January 2019	-	218	341	271	830
Additions	5	95	70	4	174
Disposals	-	(29)	(103)	-	(132)
Exchange and other movements	-	(2)	(10)	(4)	(16)
As at 31 December 2019	5	282	298	271	856
Accumulated depreciation and impairment					
As at 1 January 2019	-	(128)	(328)	(15)	(471)
Additions	-	-	(31)	-	(31)
Depreciation charge	-	(16)	(15)	(27)	(58)
Disposals	-	16	102	-	118
Exchange and other movements	-	1	11	-	12
As at 31 December 2019	-	(127)	(261)	(42)	(430)
Net book value	5	155	37	229	426

Note
a Right of use (ROU) asset balances relate to Property Leases under IFRS 16. Refer to Note 20 for further details.

Property rentals of £8m (2019: £10m) have been included in other income within The Barclays Bank Group.

The fair value of investment property is determined by reference to current market prices for similar properties, adjusted as necessary for condition and location, or by reference to recent transactions updated to reflect current economic conditions. Discounted cash flow techniques may be employed to calculate fair value where there have been no recent transactions, using current external market inputs such as market rents and interest rates. Valuations are carried out by management with the support of appropriately qualified independent valuers. Refer to Note 16 for further details.

20 Leases

Accounting for leases under IFRS 16 effective from 1 January 2019

IFRS 16 applies to all leases with the exception of licenses of intellectual property, rights held by licensing agreement within the scope of IAS 38 *Intangible Assets*, service concession arrangements, leases of biological assets within the scope of IAS 41 *Agriculture* and leases of minerals, oil, natural gas and similar non-regenerative resources. IFRS 16 includes an accounting policy choice for a lessee to elect not to apply IFRS 16 to remaining assets within the scope of IAS 38 *Intangible Assets* which the Barclays Bank Group has decided to apply.

When the Barclays Bank 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 the one of the following:

- Future lease payments arising from a change in an index or rate;
- The Barclays Bank Group's estimate of the amount expected to be payable under a residual value guarantee; or
- The Barclays Bank 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 Group applies the recognition exemption in IFRS 16 for leases with a term not exceeding 12 months. For these leases the lease payments are recognised as an expense on a straight line basis over the lease term unless another systematic basis is more appropriate.

When the Barclays Bank Group is the lessor, the lease must be classified as either a finance lease or an operating lease. A finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. An operating lease is a lease where substantially all of the risks and rewards of the leased asset remain with the lessor.

When the lease is deemed a finance lease, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease.

When the lease is deemed an operating lease, the lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Barclays Bank Group holds the leased assets on-balance sheet within property, plant and equipment.

Accounting for finance leases under IAS 17 for 2018
Under IAS 17, a finance lease is a lease which confers substantially all the risks and rewards of the leased assets on the lessee. Where the Barclays Bank Group is the lessor, the leased asset is not held on the balance sheet; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease, discounted at the rate of interest implicit in the lease. Where the Barclays Bank Group is the lessee, the leased asset is recognised in property, plant and equipment and a finance lease liability is recognised, representing the minimum lease payments payable under the lease, discounted at the rate of interest implicit in the lease.

Interest income or expense is recognised in interest receivable or payable, allocated to accounting periods to reflect a constant periodic rate of return.

Accounting for operating leases under IAS 17 for 2018
An operating lease under IAS 17 is a lease where substantially all of the risks and rewards of the leased assets remain with the lessor. Where the Barclays Bank Group is the lessor, lease income is recognised on a straight-line basis over the period of the lease unless another systematic basis is more appropriate. The Barclays Bank Group holds the leased assets on-balance sheet within property, plant and equipment.

Where the Barclays Bank Group is the lessee, rentals payable are recognised as an expense in the income statement on a straight-line basis over the lease term unless another systematic basis is more appropriate.

As a Lessor
Finance lease receivables are included within loans and advances at amortised cost. The Barclays Bank Group specialises in the provision of leasing and other asset finance facilities across a broad range of asset types to business and individual customers.

The following table sets out a maturity analysis of lease receivables, showing the lease payments to be received after the reporting date:

	2020				2019			
	Gross investment in finance lease receivables	Future finance income	Present value of minimum lease payments receivable	Un-guaranteed residual values	Gross investment in finance lease receivables	Future finance income	Present value of minimum lease payments receivable	Un-guaranteed residual values
	£m	£m	£m	£m	£m	£m	£m	£m
Barclays Bank Group								
Not more than one year	-	-	-	-	1,403	(115)	1,288	77
One to two year	-	-	-	-	909	(76)	833	53
Two to three year	-	-	-	-	593	(49)	544	45
Three to four year	-	-	-	-	354	(28)	326	43
Four to five year	-	-	-	-	123	(8)	115	19
Over five years	-	-	-	-	115	(17)	98	22
Total	-	-	-	-	3,497	(293)	3,204	259

As a part of the strategic review, Barclays Partner Finance sold its motor point of sale finance portfolio that led to a decrease in gross investment in finance lease receivables. The remaining balance was transferred to the Barclays Group during the year. The Barclays Bank Group does not have any material operating leases as a lessor.

There is no impairment allowance for finance lease receivables in current year (2019: £55m).

Finance lease income

Finance lease income is included within interest income. The following table shows amounts recognised in the income statement during the year.

	Barclays Bank Group	
	2020	2019
	£m	£m
Finance income from net investment in lease	**10**	141
(Loss)/Profit on sales	**(27)**	6

As a Lessee

The Barclays Bank Group leases various offices, branches and other premises under non-cancellable lease arrangements to meet its operational business requirements. In some instances, the Barclays Bank Group will sublease property to third parties when it is no longer needed to meet business requirements. Currently, the Barclays Bank Group does not have any material subleasing arrangements.

ROU asset balances relate to property leases only. Refer to Note 19 for a breakdown of the carrying amount of ROU assets.

The Barclays Bank Group has not recognised any expense related to short term leases during the year (2019: £3m). The portfolio of short term leases to which the Barclays Bank Group is exposed at the end of the year is not dissimilar to the expenses recognised in the year.

Lease liabilities	Barclays Bank Group	
	2020	2019
	£m	£m
As at 1 January	**529**	569
Interest expense	**23**	25
New leases	**27**	43
Disposals	**(5)**	(7)
Cash payments	**(114)**	(106)
Exchange and other movements	**55**	5
As at 31 December (see Note 22)	**515**	529

Lease liabilities	Barclays Bank PLC	
	2020	2019
	£m	£m
As at 1 January	**242**	265
Interest expense	**12**	12
New leases	**27**	2
Disposals	**(4)**	(1)
Cash payments	**(35)**	(36)
Exchange and other movements	**17**	-
As at 31 December (see Note 22)	**259**	242

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 Group	
	2020	2019
	£m	£m
Not more than one year	**91**	112
One to two years	**70**	86
Two to three years	**60**	66
Three to four years	**58**	57
Four to five years	**55**	52
Five to ten years	**227**	199
Greater than ten years	**68**	84
Total undiscounted lease liabilities as at 31 December	**629**	656

Undiscounted lease liabilities maturity analysis	Barclays Bank PLC	
	2020	2019
	£m	£m
Not more than one year	34	34
One to two years	34	30
Two to three years	29	28
Three to four years	29	27
Four to five years	28	26
Five to ten years	134	120
Greater than ten years	42	53
Total undiscounted lease liabilities as at 31 December	**330**	318

In addition to the cash flows identified above, the Barclays Bank Group is exposed to:

- Variable lease payments: This variability will typically arise from either inflation index instruments or market based pricing adjustments.

  Currently, the Barclays Bank Group has 59 leases (2019: 71 leases) out of the total 121 leases (2019: 143 leases) which have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, £121m (2019: £403m) is attributable to leases with some degree of variability predominately linked to market based pricing adjustments.

  Currently, the Barclays Bank PLC has 44 leases (2019: 56 leases) out of the total 69 leases (2019: 86 leases) which have variable lease payment terms based on market based pricing adjustments. Of the gross cash flows identified above, £38m (2019: £303m) is attributable to leases with some degree of variability predominately linked to market based pricing adjustments.

- Extension and termination options: The table above represents the Barclays Bank Group's and the Barclays Bank 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 £395m (2019: £408m) and £3m (2019: £4m) for leases where the Barclays Bank Group and the Barclays Bank PLC are highly expected to exercise an early termination option. However, there is no significant impact where the Barclays Bank Group and the Barclays Bank PLC is expected to exercise an extension option.

The Barclays Bank Group and the Barclays Bank PLC currently does not have any significant sale and lease back transactions. The Barclays Bank Group and the Barclays Bank PLC does not have any restrictions or covenants imposed by the lessor on its property leases which restrict its businesses.

21 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 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:

Assets at amortised cost and other investments

Annual rates in calculating amortisation	Amortisation period
Goodwill	Not amortised
Internally generated software[a]	12 months to 6 years
Other software	12 months to 6 years
Customer lists	12 months to 25 years
Licences and other	12 months to 25 years

Intangible assets are reviewed for impairment when there are indications that impairment may have occurred. Intangible assets not yet available for use are reviewed annually for impairment.

Note
a Exceptions to the above rate relate to useful lives of certain core banking platforms that are assessed individually and, if appropriate, amortised over longer periods ranging from 10 to 15 years.

		Intangible assets				
	Goodwill £m	Internally generated software £m	Other software £m	Customer lists £m	Licences and other £m	Total £m
Barclays Bank Group						
Cost						
As at 1 January 2020	**406**	**1,430**	**81**	**1,371**	**458**	**3,746**
Additions and disposals	**(77)**	**169**	**21**	**-**	**20**	**133**
Exchange and other movements	**(5)**	**(60)**	**4**	**(46)**	**(21)**	**(128)**
As at 31 December 2020	**324**	**1,539**	**106**	**1,325**	**457**	**3,751**
Accumulated amortisation and impairment						
As at 1 January 2020	**(111)**	**(870)**	**(54)**	**(1,159)**	**(340)**	**(2,534)**
Disposals	**43**	**22**	**9**	**-**	**4**	**78**
Amortisation charge	**-**	**(132)**	**(8)**	**(40)**	**(31)**	**(211)**
Impairment charge	**-**	**(18)**	**-**	**-**	**-**	**(18)**
Exchange and other movements	**-**	**34**	**(2)**	**41**	**15**	**88**
As at 31 December 2020	**(68)**	**(964)**	**(55)**	**(1,158)**	**(352)**	**(2,597)**
Net book value	**256**	**575**	**51**	**167**	**105**	**1,154**

	Goodwill £m	Internally generated software £m	Other software £m	Customer lists £m	Licences and other £m	Total £m
Barclays Bank Group						
Cost						
As at 1 January 2019	445	1,342	100	1,540	532	3,959
Additions and disposals	(33)	133	(15)	(128)	(39)	(82)
Exchange and other movements	(6)	(45)	(4)	(41)	(35)	(131)
As at 31 December 2019	406	1,430	81	1,371	458	3,746
Accumulated amortisation and impairment						
As at 1 January 2019	(111)	(812)	(78)	(1,277)	(354)	(2,632)
Disposals	-	63	31	128	36	258
Amortisation charge	-	(154)	(13)	(44)	(34)	(245)
Impairment charge	-	(2)	-	-	-	(2)
Exchange and other movements	-	35	6	34	12	87
As at 31 December 2019	(111)	(870)	(54)	(1,159)	(340)	(2,534)
Net book value	295	560	27	212	118	1,212

		Intangible assets				
	Goodwill £m	Internally generated software £m	Other software £m	Customer lists £m	Licences and other £m	Total £m
Barclays Bank PLC						
Cost						
As at 1 January 2020	**164**	**27**	**3**	**11**	**14**	**219**
Additions and disposals	**-**	**-**	**-**	**-**	**5**	**5**
Exchange and other movements	**-**	**-**	**-**	**-**	**(1)**	**(1)**
As at 31 December 2020	**164**	**27**	**3**	**11**	**18**	**223**
Accumulated amortisation and impairment						
As at 1 January 2020	**(69)**	**(17)**	**(1)**	**(11)**	**(6)**	**(104)**
Amortisation charge	**-**	**(4)**	**-**	**-**	**(3)**	**(7)**
As at 31 December 2020	**(69)**	**(21)**	**(1)**	**(11)**	**(9)**	**(111)**
Net book value	**95**	**6**	**2**	**-**	**9**	**112**

Assets at amortised cost and other investments

	Goodwill	Internally generated software	Other software	Customer lists	Licences and other	Total
	£m	£m	£m	£m	£m	£m
Barclays Bank PLC						
Cost						
As at 1 January 2019	164	91	6	11	13	285
Additions and disposals	-	(60)	(2)	-	2	(60)
Exchange and other movements	-	(4)	(1)	-	(1)	(6)
As at 31 December 2019	164	27	3	11	14	219
Accumulated amortisation and impairment						
As at 1 January 2019	(69)	(77)	(3)	(10)	(3)	(162)
Disposals	-	60	1	-	-	61
Amortisation charge	-	(4)	-	(1)	(4)	(9)
Exchange and other movements	-	4	1	-	1	6
As at 31 December 2019	(69)	(17)	(1)	(11)	(6)	(104)
Net book value	95	10	2	-	8	115

Goodwill

Goodwill is allocated to business operations according to business segments as follows:

	Barclays Bank Group	
	2020	2019
	£m	£m
Consumer, Cards and Payments	**256**	295
Total net book value of goodwill	**256**	295

	Barclays Bank PLC	
	2020	2019
	£m	£m
Consumer, Cards and Payments	**95**	95
Total net book value of goodwill	**95**	95

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. 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 Barclays Bank 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 Barclays Bank 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.

Discount rates

IAS 36 requires that the discount rate used in a value in use calculation reflects the pre-tax rate an investor would require if they were to choose an investment that would generate similar cash flows to those that the entity expects to generate from the asset. In determining the discount rate, management have identified the cost of equity associated with market participants that closely resemble our cash generating units and adjusted them for tax to arrive at the pre-tax equivalent rate. A range of discount rates have been used across the CGU's ranging from 12% to 16.3% (2019: 11.0% to 13.2%).

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%).

Assets at amortised cost and other investments

Outcome of goodwill and intangibles review

Based on management's plans and assumptions the value in use exceeds the carrying value of the CGUs and no impairment has been indicated.

Other intangible assets

Determining the estimated useful lives of intangible assets (such as those arising from contractual relationships) requires an analysis of circumstances. The assessment of whether an asset is exhibiting indicators of impairment as well as the calculation of impairment, which requires the estimate of future cash flows and fair values less costs to sell, also requires the preparation of cash flow forecasts and fair values for assets that may not be regularly bought and sold.

Accruals, provisions, contingent liabilities and legal proceedings

The notes included in this section focus on the Barclays Bank 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.

22 Other liabilities

	Barclays Bank Group	
	2020	2019
	£m	£m
Accruals and deferred income	2,428	2,419
Other creditors	2,250	2,116
Items in the course of collection due to other banks	58	175
Lease liabilities (refer to Note 20)	515	529
Other liabilities	**5,251**	5,239

	Barclays Bank PLC	
	2020	2019
	£m	£m
Accruals and deferred income	1,023	956
Other creditors	1,873	1,508
Items in the course of collection due to other banks	(10)	101
Lease liabilities (refer to Note 20)	259	242
Other liabilities	**3,145**	2,807

23 Provisions

Accounting for provisions

The Barclays Bank 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 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 25 for more detail of legal, competition and regulatory matters.

Notes to the financial statements
Accruals, provisions, contingent liabilities and legal proceedings

	Onerous contracts	Redundancy and restructuring	Undrawn contractually committed facilities and guarantees provided[a]	Customer redress	Legal, competition and regulatory matters	Sundry provisions	Total
	£m	£m	£m	£m	£m	£m	£m
Barclays Bank Group							
As at 1 January 2020	20	63	252	71	374	171	951
Additions	3	66	575	29	63	57	793
Amounts utilised	(4)	(54)	-	(16)	(162)	(53)	(289)
Unused amounts reversed	(13)	(26)	(28)	(10)	(45)	(46)	(168)
Exchange and other movements	-	(5)	(30)	(30)	(8)	(6)	(79)
As at 31 December 2020	6	44	769	44	222	123	1,208

	Onerous contracts	Redundancy and restructuring	Undrawn contractually committed facilities and guarantees provided[a]	Customer redress	Legal, competition and regulatory matters	Sundry provisions	Total
	£m	£m	£m	£m	£m	£m	£m
Barclays Bank PLC							
As at 1 January 2020	4	23	214	48	228	113	630
Additions	1	26	496	28	41	50	642
Amounts utilised	(1)	(22)	-	(12)	(27)	(51)	(113)
Unused amounts reversed	(2)	(9)	(27)	(10)	(42)	(44)	(134)
Exchange and other movements	-	(2)	(29)	(10)	-	-	(41)
As at 31 December 2020	2	16	654	44	200	68	984

Note
a Undrawn contractually committed facilities and guarantees provisions are accounted for under IFRS 9.

Provisions expected to be recovered or settled within no more than 12 months after 31 December 2020 for Barclays Bank Group were £787m (2019: £739m) and for Barclays Bank PLC were £609m (2019: £491).

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 pages 68 and 70.

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 Group's business activities. There are no significant individual customer redress provisions at 31 December 2020.

Legal, competition and regulatory matters
The Barclays Bank Group is engaged in various legal proceedings, both in the UK and a number of other overseas jurisdictions, including the US. For further information in relation to legal proceedings and discussion of the associated uncertainties, please refer to Note 25.

Sundry provisions
This category includes provisions that do not fit into any of the other categories, such as fraud losses and dilapidation provisions.

24 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 Group	
	2020	2019
	£m	£m
Guarantees and letters of credit pledged as collateral security	**15,138**	17,006
Performance guarantees, acceptances and endorsements	**5,794**	6,771
Total contingent liabilities	**20,932**	23,777
Of which: Financial guarantees carried at fair value	***229***	*43*
Documentary credits and other short-term trade related transactions	**1,086**	1,291
Standby facilities, credit lines and other commitments	**263,936**	268,736
Total commitments	**265,022**	270,027
Of which: Loan commitments carried at fair value	***9,248***	*17,660*

	Barclays Bank PLC	
	2020	2019
	£m	£m
Guarantees and letters of credit pledged as collateral security	**24,038**	21,818
Performance guarantees, acceptances and endorsements	**4,520**	5,525
Total contingent liabilities	**28,558**	27,343
Of which: Financial guarantees carried at fair value	***229***	*43*
Documentary credits and other short-term trade related transactions	**1,029**	1,216
Standby facilities, credit lines and other commitments	**182,733**	189,634
Total commitments	**183,762**	190,850
Of which: Loan commitments carried at fair value	***8,733***	*17,023*

Expected credit losses held against contingent liabilities and commitments equal £769m (2019: £252m) for Barclays Bank Group and £654m (2019: £214m) for Barclays Bank PLC and are reported in Note 23.

Further details on contingent liabilities relating to legal and competition and regulatory matters can be found in Note 25.

25 Legal, competition and regulatory matters

Barclays Bank 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 23, Provisions. We have not disclosed an estimate of the potential financial impact or effect on the Barclays Bank 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 Group's potential financial exposure in respect of those matters.

Investigations into certain advisory services agreements and related civil action

FCA proceedings

In 2008, Barclays Bank PLC and Qatar Holdings LLC entered into two advisory service agreements (the Agreements). The Financial Conduct Authority (FCA) conducted an investigation into whether the Agreements may have related to Barclays PLC's capital raisings in June and November 2008 (the Capital Raisings) and therefore should have been disclosed in the announcements or public documents relating to the Capital Raisings. In 2013, the FCA issued warning notices (the Notices) finding that Barclays PLC and Barclays Bank PLC acted recklessly and in breach of certain disclosure-related listing rules, and that Barclays PLC was also in breach of Listing Principle 3. The financial penalty provided in the Notices is £50m. Barclays PLC and Barclays Bank PLC continue to contest the findings. Following the conclusion of the Serious Fraud Office (SFO) proceedings against certain former

Barclays executives resulting in their acquittals, the FCA proceedings, which were stayed, have resumed. All charges brought by the SFO against Barclays PLC and Barclays Bank PLC in relation to the Agreements were dismissed in 2018.

Civil action

PCP Capital Partners LLP and PCP International Finance Limited (PCP) are seeking damages of up to approximately £819m from Barclays Bank PLC for fraudulent misrepresentation and deceit, arising from alleged statements made by Barclays Bank PLC to PCP in relation to the terms on which securities were to be issued to potential investors, allegedly including PCP, in the November 2008 capital raising. The trial took place in 2020 and the High Court has indicated that judgment is imminent. The outcome of the judgment, and any financial impact on the Barclays Bank Group, is unknown. Barclays Bank PLC is defending the claim.

Investigations into LIBOR and other benchmarks and related civil actions

Regulators and law enforcement agencies, including certain competition authorities, from a number of governments have conducted investigations relating to Barclays Bank PLC's involvement in allegedly manipulating certain financial benchmarks, such as LIBOR. The SFO closed its investigation with no action to be taken against the Barclays Group. Various individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the Barclays Group and other banks in relation to the alleged manipulation of LIBOR and/or other benchmarks.

USD LIBOR civil actions

The majority of the USD LIBOR cases, which have been filed in various US jurisdictions, have been consolidated for pre-trial purposes in the US District Court in the Southern District of New York (SDNY). The complaints are substantially similar and allege, among other things, that Barclays PLC, Barclays Bank PLC, Barclays Capital Inc. (BCI) and other financial institutions individually and collectively violated provisions of the US Sherman Antitrust Act (Antitrust Act), the US Commodity Exchange Act (CEA), the US Racketeer Influenced and Corrupt Organizations Act (RICO), the Securities Exchange Act of 1934 and various state laws by manipulating USD LIBOR rates.

Putative class actions and individual actions seek unspecified damages with the exception of three lawsuits, in which the plaintiffs are seeking a combined total of approximately $900m in actual damages and additional punitive damages against all defendants, including Barclays Bank PLC. Some of the lawsuits also seek trebling of damages under the Antitrust Act and RICO. Barclays Bank PLC has previously settled certain claims. Two class action settlements where Barclays Bank PLC has respectively paid $7.1m and $20m have received final court approval.

Sterling LIBOR civil actions

In 2016, two putative class actions filed in the SDNY against Barclays Bank PLC, BCI and other Sterling LIBOR panel banks alleging, among other things, that the defendants manipulated the Sterling LIBOR rate in violation of the Antitrust Act, CEA and RICO, were consolidated. The defendants' motion to dismiss the claims was granted in 2018. The plaintiffs have appealed the dismissal.

Japanese Yen LIBOR civil actions

In 2012, a putative class action was filed in the SDNY against Barclays Bank PLC and other Japanese Yen LIBOR panel banks by a lead plaintiff involved in exchange-traded derivatives and members of the Japanese Bankers Association's Euroyen Tokyo Interbank Offered Rate (Euroyen TIBOR) panel. The complaint alleges, among other things, manipulation of the Euroyen TIBOR and Yen LIBOR rates and breaches of the CEA and the Antitrust Act. In 2014, the court dismissed the plaintiff's antitrust claims, and, in 2020, the court dismissed the plaintiff's remaining CEA claims. The plaintiff has appealed the lower court's dismissal of such claims.

In 2015, a second putative class action, making similar allegations to the above class action, was filed in the SDNY against Barclays PLC, Barclays Bank PLC and BCI. The plaintiffs filed an amended complaint in 2020, and the defendants have filed a motion to dismiss.

SIBOR/SOR civil action

In 2016, a putative class action was filed in the SDNY against Barclays PLC, Barclays Bank PLC, BCI and other defendants, alleging manipulation of the Singapore Interbank Offered Rate (SIBOR) and Singapore Swap Offer Rate (SOR). In 2018, the court dismissed all claims against Barclays PLC, Barclays Bank PLC and BCI. The plaintiffs have appealed the dismissal.

ICE LIBOR civil actions

In 2019, several putative class actions were filed in the SDNY against Barclays PLC, Barclays Bank PLC, BCI, other financial institution defendants and Intercontinental Exchange Inc. and certain of its affiliates (ICE), asserting antitrust claims that defendants manipulated USD LIBOR through defendants' submissions to ICE. These actions have been consolidated. The defendants' motion to dismiss was granted in 2020. The plaintiffs have appealed the dismissal. In August 2020, an ICE LIBOR-related action was filed in the US District Court for the Northern District of California on behalf of individual borrowers and consumers of loans and credit cards with variable interest rates linked to USD ICE LIBOR.

Non-US benchmarks civil actions

Legal proceedings (which include the claims referred to below in 'Local authority civil actions concerning LIBOR') have been brought or threatened against Barclays Bank PLC (and, in certain cases, Barclays Bank UK PLC) in the UK in connection with alleged manipulation of LIBOR, EURIBOR and other benchmarks. Proceedings have also been brought in a number of other jurisdictions in Europe and Israel. Additional proceedings in other jurisdictions may be brought in the future.

Foreign Exchange investigations and related civil actions

In 2015, the Barclays Group reached settlements totalling approximately $2.38bn with various US federal and state authorities and the FCA in relation to investigations into certain sales and trading practices in the Foreign Exchange market. Under the related plea agreement with the US Department of Justice (DoJ), which received final court approval in January 2017, the Barclays Group agreed to a term of probation of three years, which expired in January 2020. The Barclays Group also continues to provide relevant information to certain authorities.

The European Commission is one of a number of authorities still conducting an investigation into certain trading practices in Foreign Exchange markets. The European Commission announced two settlements in May 2019 and the Barclays Group paid penalties totalling approximately €210m. In June 2019, the Swiss Competition Commission announced two settlements and the Barclays Group paid penalties totalling approximately CHF 27m. The financial impact of the ongoing matters is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position.

Various individuals and corporates in a range of jurisdictions have threatened or brought civil actions against the Barclays Group and other banks in relation to alleged manipulation of Foreign Exchange markets.

FX opt out civil action
In 2018, Barclays Bank PLC and BCI settled a consolidated action filed in the SDNY, alleging manipulation of Foreign Exchange markets (Consolidated FX Action), for a total amount of $384m. Also in 2018, a group of plaintiffs who opted out of the Consolidated FX Action filed a complaint in the SDNY against Barclays PLC, Barclays Bank PLC, BCI and other defendants. Some of the plaintiff's claims were dismissed in 2020.

Retail basis civil action
In 2015, a putative class action was filed against several international banks, including Barclays PLC and BCI, on behalf of a proposed class of individuals who exchanged currencies on a retail basis at bank branches (Retail Basis Claims). The SDNY has ruled that the Retail Basis Claims are not covered by the settlement agreement in the Consolidated FX Action. The Court subsequently dismissed all Retail Basis Claims against the Barclays Group and all other defendants. The plaintiffs have filed an amended complaint.

State law FX civil action
In 2017, the SDNY dismissed consolidated putative class actions brought under federal and various state laws on behalf of proposed classes of (i) stockholders of Exchange Traded Funds and others who purportedly were indirect investors in FX instruments, and (ii) investors who traded FX instruments through FX dealers or brokers not alleged to have manipulated Foreign Exchange Rates. Barclays Bank PLC and BCI have settled the claim, which has received final court approval. The financial impact of the settlement is not material to the Barclays Bank Group's operating results, cash flows or financial position.

Non-US FX civil actions
Legal proceedings have been brought or are threatened against Barclays PLC, Barclays Bank PLC, BCI and Barclays Execution Services Limited (BX) in connection with alleged manipulation of Foreign Exchange in the UK, a number of other jurisdictions in Europe, Israel and Australia and additional proceedings may be brought in the future.

These include two purported class actions filed against Barclays PLC, Barclays Bank PLC, BX, BCI and other financial institutions in the UK Competition Appeal Tribunal in 2019 following the settlements with the European Commission described above. Also in 2019, a separate claim was filed in the UK in the High Court of Justice by various banks and asset management firms against Barclays Bank PLC and other financial institutions alleging breaches of European and UK competition laws related to FX trading.

Metals investigations and related civil actions
Barclays Bank PLC previously provided information to the DoJ, the US Commodity Futures Trading Commission and other authorities in connection with investigations into metals and metals-based financial instruments.

A number of US civil complaints, each on behalf of a proposed class of plaintiffs, have been consolidated and transferred to the SDNY. The complaints allege that Barclays Bank PLC and other members of The London Gold Market Fixing Ltd. manipulated the prices of gold and gold derivative contracts in violation of the Antitrust Act and other federal laws. This consolidated putative class action remains pending. A separate US civil complaint by a proposed class of plaintiffs against a number of banks, including Barclays Bank PLC, BCI and BX, alleging manipulation of the price of silver in violation of the CEA, the Antitrust Act and state antitrust and consumer protection laws, has been dismissed as against the Barclays entities. The plaintiffs have the option to seek the court's permission to appeal.

Civil actions have also been filed in Canadian courts against Barclays PLC, Barclays Bank PLC, Barclays Capital Canada Inc. and BCI on behalf of proposed classes of plaintiffs alleging manipulation of gold and silver prices.

US residential mortgage related civil actions
There are various pending civil actions relating to US Residential Mortgage-Backed Securities (RMBS), including four actions arising from unresolved repurchase requests submitted by Trustees for certain RMBS, alleging breaches of various loan-level representations and warranties (R&Ws) made by Barclays Bank PLC and/or a subsidiary acquired in 2007 (the Acquired Subsidiary). The unresolved repurchase requests had an original principal balance of approximately $2.1bn. The Trustees have also alleged that the relevant R&Ws may have been breached with respect to a greater (but unspecified) amount of loans than previously stated in the unresolved repurchase requests.

These repurchase actions are ongoing. In one repurchase action, the New York Court of Appeals held that claims related to certain R&Ws are time-barred. Barclays Bank PLC has reached a settlement to resolve two of the repurchase actions, which is subject to final court approval. The financial impact of the settlement is not expected to be material to the Barclays Bank Group's operating results, cash flows or financial position. The remaining two repurchase actions are pending.

In 2020, a civil litigation claim was filed in the New Mexico First Judicial District Court by the State of New Mexico against seven banks, including BCI, on behalf of two New Mexico state pension funds and the New Mexico State Investment Council relating to legacy RMBS purchases. As to BCI, the complaint alleges that the funds purchased approximately $22m in RMBS underwritten by BCI. The plaintiffs have asserted claims under New Mexico state law, which provides for the ability to claim treble damages and civil penalties.

Government and agency securities civil actions and related matters

Certain governmental authorities have conducted investigations into activities relating to the trading of certain government and agency securities in various markets. The Barclays Group provided information in cooperation with such investigations. In January 2021, the Mexican Competition Authority concluded its investigation into activities relating to the trading of Mexican government bonds and granted Barclays Bank Mexico S.A. immunity from fines.

Civil actions have also been filed on the basis of similar allegations, as described below.

Treasury auction securities civil actions

Consolidated putative class action complaints filed in US federal court against Barclays Bank PLC, BCI and other financial institutions under the Antitrust Act and state common law allege that the defendants (i) conspired to manipulate the US Treasury securities market and/or (ii) conspired to prevent the creation of certain platforms by boycotting or threatening to boycott such trading platforms. The defendants have filed a motion to dismiss.

In addition, certain plaintiffs have filed a related, direct action against BCI and certain other financial institutions, alleging that defendants conspired to fix and manipulate the US Treasury securities market in violation of the Antitrust Act, the CEA and state common law.

Supranational, Sovereign and Agency bonds civil actions

Civil antitrust actions have been filed in the SDNY and Federal Court of Canada in Toronto against Barclays Bank PLC, BCI, BX, Barclays Capital Securities Limited and, with respect to the civil action filed in Canada only, Barclays Capital Canada, Inc. and other financial institutions alleging that the defendants conspired to fix prices and restrain competition in the market for US dollar-denominated Supranational, Sovereign and Agency bonds.

In one of the actions filed in the SDNY, the court granted the defendants' motion to dismiss the plaintiffs' complaint, which the plaintiffs have appealed. The plaintiffs have voluntarily dismissed the other SDNY action.

Variable Rate Demand Obligations civil actions

Civil actions have been filed against Barclays Bank PLC and BCI and other financial institutions alleging the defendants conspired or colluded to artificially inflate interest rates set for Variable Rate Demand Obligations (VRDOs). VRDOs are municipal bonds with interest rates that reset on a periodic basis, most commonly weekly. Two actions in state court have been filed by private plaintiffs on behalf of the states of Illinois and California. Two putative class action complaints, which have been consolidated, have been filed in the SDNY. In the SDNY class action, certain of the plaintiff's claims were dismissed in November 2020.

Government bond civil actions

In a putative class action filed in the SDNY in 2019, plaintiffs alleged that BCI and certain other bond dealers conspired to fix the prices of US government sponsored entity bonds in violation of US antitrust law. BCI agreed to a settlement of $87m, which received final court approval in 2020. Separately, various entities in Louisiana, including the Louisiana Attorney General and the City of Baton Rouge, have commenced litigation against Barclays Bank PLC and other financial institutions making similar allegations as the SDNY class action plaintiffs.

In 2018, a separate putative class action against various financial institutions including Barclays PLC, Barclays Bank PLC, BCI, Barclays Bank Mexico, S.A., and certain other subsidiaries of the Barclays Bank Group was consolidated in the SDNY. The plaintiffs asserted antitrust and state law claims arising out of an alleged conspiracy to fix the prices of Mexican Government bonds. Barclays PLC has settled the claim for $5.7m, which is subject to final court approval.

Odd-lot corporate bonds antitrust class action

In 2020, BCI, together with other financial institutions, were named as defendants in a putative class action. The complaint alleges a conspiracy to boycott developing electronic trading platforms for odd-lots and price fixing. Plaintiffs demand unspecified money damages. The defendants have filed a motion to dismiss.

Interest rate swap and credit default swap US civil actions

Barclays PLC, Barclays Bank PLC and BCI, together with other financial institutions that act as market makers for interest rate swaps (IRS) are named as defendants in several antitrust class actions which were consolidated in the SDNY in 2016. The complaints allege the defendants conspired to prevent the development of exchanges for IRS and demand unspecified money damages.

In 2018, trueEX LLC filed an antitrust class action in the SDNY against a number of financial institutions including Barclays PLC, Barclays Bank PLC and BCI based on similar allegations with respect to trueEX LLC's development of an IRS platform. In 2017, Tera Group Inc. filed a separate civil antitrust action in the SDNY claiming that certain conduct alleged in the IRS cases also caused the plaintiff to suffer harm with respect to the Credit Default Swaps market. In 2018 and 2019, respectively, the court dismissed certain claims in both cases for unjust enrichment and tortious interference but denied motions to dismiss the federal and state antitrust claims, which remain pending.

BDC Finance L.L.C.

In 2008, BDC Finance L.L.C. (BDC) filed a complaint in the NY Supreme Court, demanding damages of $298m, alleging that Barclays Bank PLC had breached a contract in connection with a portfolio of total return swaps governed by an ISDA Master Agreement (collectively, the Agreement). Following a trial, the court ruled in 2018 that Barclays Bank PLC was not a defaulting party, which was affirmed on appeal. In October 2020, the trial court granted Barclays Bank PLC's motion for summary judgment on its counterclaims against BDC. BDC has appealed.

In 2011, BDC's investment advisor, BDCM Fund Adviser, L.L.C. and its parent company, Black Diamond Capital Holdings, L.L.C. also sued Barclays Bank PLC and BCI in Connecticut State Court for unspecified damages allegedly resulting from Barclays Bank PLC's conduct relating to the Agreement, asserting claims for violation of the Connecticut Unfair Trade Practices Act and tortious interference with business and prospective business relations. This case is currently stayed.

Civil actions in respect of the US Anti-Terrorism Act

There are a number of civil actions, on behalf of more than 4,000 plaintiffs, filed in US federal courts in the US District Court in the Eastern District of New York (EDNY) and SDNY against Barclays Bank PLC and a number of other banks. The complaints generally allege that Barclays Bank PLC and those banks engaged in a conspiracy to facilitate US dollar-denominated transactions for the Government of Iran and various Iranian banks, which in turn funded acts of terrorism that injured or killed plaintiffs or plaintiffs' family members. The plaintiffs seek to recover damages for pain, suffering and mental anguish under the provisions of the US Anti-Terrorism Act, which allow for the trebling of any proven damages.

The court granted the defendants' motion to dismiss three actions in the EDNY. Plaintiffs have appealed in one action. The court also granted the defendants' motion to dismiss another action in the SDNY. The remaining actions are stayed pending decisions in these cases.

Shareholder derivative action

A purported Barclays shareholder filed a putative derivative action in New York state court against BCI and a number of current and former members of the Board of Directors of Barclays PLC and senior executives or employees of the Barclays Group. The shareholder filed the claim on behalf of Barclays PLC, alleging that the individual defendants harmed the company through breaches of their duties under the Companies Act 2006. The plaintiff seeks damages for the losses that Barclays PLC allegedly suffered.

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 referred to above in 'Investigations into LIBOR and other benchmarks and related civil actions', in the UK, certain local authorities have brought claims against Barclays Bank PLC and Barclays Bank UK PLC asserting that they entered into loans in reliance on misrepresentations made by Barclays Bank PLC in respect of its conduct in relation to LIBOR. Barclays Bank PLC and Barclays Bank UK PLC have applied to strike out the claims.

General

The Barclays Bank Group is engaged in various other legal, competition and regulatory matters in the UK, the US and a number of other overseas jurisdictions. It is subject to legal proceedings brought by and against the Barclays Bank 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 Group is also subject to enquiries and examinations, requests for information, audits, investigations and legal and other proceedings by regulators, governmental and other public bodies in connection with (but not limited to) consumer protection measures, compliance with legislation and regulation, wholesale trading activity and other areas of banking and business activities in which the Barclays Bank Group is or has been engaged. The Barclays Bank 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 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 PLC's results, operations or cash flow for a particular period, depending on, among other things, the amount of the loss resulting from the matter(s) and the amount of profit otherwise reported for the reporting period.

Capital instruments, equity and reserves

The notes included in this section focus on the Barclays Bank Group's loan capital and shareholders' equity including issued share capital, retained earnings, other equity balances and interests of minority shareholders in our subsidiary entities (non-controlling interests). For more information on capital management and how the Barclays Bank Group maintains sufficient capital to meet our regulatory requirements refer to page 54.

26 Subordinated liabilities

Accounting for subordinated liabilities

Subordinated liabilities are measured at amortised cost using the effective interest method under IFRS 9, unless they are irrevocably designated at fair value through profit or loss at initial recognition because such designation eliminates or significantly reduces an accounting mismatch. Refer to Note 15 for details about accounting for liabilities designated at fair value through profit or loss.

	Barclays Bank Group	
	2020 £m	2019 £m
As at 1 January	**33,425**	35,327
Issuances	**3,856**	6,785
Redemptions	**(5,954)**	(7,804)
Other	**678**	(883)
As at 31 December	**32,005**	33,425

	Barclays Bank PLC	
	2020 £m	2019 £m
As at 1 January	**33,205**	35,085
Issuances	**3,700**	6,627
Redemptions	**(5,582)**	(7,632)
Other	**529**	(875)
As at 31 December	**31,852**	33,205

Issuances of £3,856m comprise £3,700m intra-group loans from Barclays PLC and £156m USD Floating Rate Notes issued externally by a Barclays Bank PLC subsidiary.

Redemptions of £5,954m comprise £3,456m intra-group loans from Barclays PLC and £2,498m externally issued notes comprising a £1,126m partial redemption of USD 7.625% Contingent Capital Notes and the redemption of £842m USD 5.14% Lower Tier 2 Notes and £158m 7.125% Undated Subordinated Notes. Barclays Bank PLC subsidiaries redeemed £342m USD Floating Rate Notes and £30m USD Fixed Rate Notes.

Other movements predominantly include fair value hedge adjustments, partially offset by amortisation and foreign exchange movements.

Subordinated liabilities include accrued interest and comprise undated and dated subordinated liabilities as follows:

	Barclays Bank Group	
	2020 £m	2019 £m
Undated subordinated liabilities	**905**	1,073
Dated subordinated liabilities	**31,100**	32,352
Total subordinated liabilities	**32,005**	33,425

	Barclays Bank PLC	
	2020 £m	2019 £m
Undated subordinated liabilities	**906**	1,211
Dated subordinated liabilities	**30,946**	31,994
Total subordinated liabilities	**31,852**	33,205

None of the Barclays Bank Group's subordinated liabilities are secured.

Undated subordinated liabilities [a]		Barclays Bank Group	
		2020	2019
	Initial call date	£m	£m
Barclays Bank PLC externally issued subordinated liabilities			
Tier One Notes (TONs)			
6% Callable Perpetual Core Tier One Notes	2032	**17**	16
6.86% Callable Perpetual Core Tier One Notes (USD 179m)	2032	**205**	203
Reserve Capital Instruments (RCIs)			
5.3304% Step-up Callable Perpetual Reserve Capital Instruments	2036	**56**	53
Undated Notes			
7.125% Undated Subordinated Notes	2020	**-**	165
6.125% Undated Subordinated Notes	2027	**43**	42
Junior Undated Floating Rate Notes (USD 38m)	Any interest payment date	**28**	29
Undated Floating Rate Primary Capital Notes Series 1 (USD 167m)	Any interest payment date	**89**	92
Undated Floating Rate Primary Capital Notes Series 2 (USD 295m)	Any interest payment date	**186**	191
Undated Floating Rate Primary Capital Notes Series 3	Any interest payment date	**21**	21
Bonds			
9.25% Perpetual Subordinated Bonds (ex-Woolwich Plc)	2021	**78**	81
9% Permanent Interest Bearing Capital Bonds(GBP 40m)	At any time	**44**	44
Loans			
5.03% Reverse Dual Currency Undated Subordinated Loan (JPY 8,000m)	2028	**57**	55
5% Reverse Dual Currency Undated Subordinated Loan (JPY 12,000m)	2028	**83**	81
Total undated subordinated liabilities		**905**	1,073

Undated subordinated liabilities [a]		Barclays Bank PLC	
		2020	2019
	Initial call date	£m	£m
Barclays Bank PLC externally issued subordinated liabilities			
Tier One Notes (TONs)			
6% Callable Perpetual Core Tier One Notes	2032	**17**	16
6.86% Callable Perpetual Core Tier One Notes (USD 179m)	2032	**205**	203
Reserve Capital Instruments (RCIs)			
5.3304% Step-up Callable Perpetual Reserve Capital Instruments	2036	**56**	53
Undated Notes			
7.125% Undated Subordinated Notes	2020	**-**	165
6.125% Undated Subordinated Notes	2027	**44**	42
Junior Undated Floating Rate Notes (USD 38m)	Any interest payment date	**28**	100
Undated Floating Rate Primary Capital Notes Series 1 (USD 167m)	Any interest payment date	**89**	126
Undated Floating Rate Primary Capital Notes Series 2 (USD 295m)	Any interest payment date	**186**	224
Undated Floating Rate Primary Capital Notes Series 3	Any interest payment date	**21**	21
Bonds			
9.25% Perpetual Subordinated Bonds (ex-Woolwich Plc)	2021	**78**	81
9% Permanent Interest Bearing Capital Bonds	At any time	**44**	44
Loans			
5.03% Reverse Dual Currency Undated Subordinated Loan (JPY 8,000m)	2028	**57**	55
5% Reverse Dual Currency Undated Subordinated Loan (JPY 12,000m)	2028	**83**	81
Total undated subordinated liabilities		**906**	1,211

Note
a Instrument values are disclosed to the nearest million

Undated subordinated liabilities

Undated subordinated liabilities are issued by Barclays Bank PLC and its subsidiaries for the development and expansion of their business and to strengthen their capital bases. The principal terms of the undated subordinated liabilities are described below:

Subordination

All undated subordinated liabilities rank behind the claims against the bank of depositors and other unsecured unsubordinated creditors and holders of dated subordinated liabilities in the following order: Junior Undated Floating Rate Notes; other issues of Undated Notes, Bonds and Loans ranking pari passu with each other; followed by TONs and RCIs ranking pari passu with each other.

Interest

All undated subordinated liabilities bear a fixed rate of interest until the initial call date, with the exception of the 9% Bonds which are fixed for the life of the issue, and the Junior and Series 1, Series 2 and Series 3 Undated Notes which are floating rate at rates fixed periodically in advance based on the related market rate.

After the initial call date, in the event that they are not redeemed, the 6.125% Undated Notes, and the 9.25% Bonds will bear interest at rates fixed periodically in advance for five-year periods based on market rates. All other undated subordinated liabilities will bear interest at rates fixed periodically in advance based on market rates.

Payment of interest

Apart from the Junior Undated Floating Rate Notes, Barclays Bank PLC is not obliged to make a payment of interest on its Undated Notes, Bonds and Loans excluding the 9.25% Bonds if, in the preceding six months, a dividend has not been declared or paid on any class of shares of Barclays PLC or, in certain cases, any class of preference shares of Barclays Bank PLC. Barclays Bank PLC is not obliged to make a payment of interest on its 9.25% Perpetual Subordinated Bonds if, in the immediately preceding 12 month interest period, a dividend has not been paid on any class of its share capital. Interest not paid becomes payable in each case if such a dividend is subsequently paid or in certain other circumstances. During the year, During the year, Barclays Bank PLC paid interest on each of its Undated Notes, Bonds and Loans.

No payment of principal or any interest may be made unless Barclays Bank PLC satisfies a specified solvency test.

Barclays Bank PLC may elect to defer any payment of interest on the RCIs. Any such deferred payment of interest must be paid on the earlier of: (i) the date of redemption of the RCIs, and (ii) the coupon payment date falling on or nearest to the tenth anniversary of the date of deferral of such payment. Whilst such deferral is continuing, (i) neither Barclays Bank PLC nor Barclays PLC may declare or pay a dividend, subject to certain exceptions, on any of its ordinary shares or preference shares and (ii) certain restrictions on the redemption, purchase or reduction of their respective share capital and certain other securities also apply.

Barclays Bank PLC may elect to defer any payment of interest on the TONs if it determines that it is, or such payment would result in it being, in non-compliance with capital adequacy requirements and policies of the PRA. Any such deferred payment of interest will only be payable on a redemption of the TONs. Until such time as Barclays Bank PLC next makes a payment of interest on the TONs, (i) neither Barclays Bank PLC nor Barclays PLC may declare or pay a dividend, subject to certain exceptions, on any of their respective ordinary shares or preference shares, or make payments of interest in respect of Barclays Bank PLC's Reserve Capital Instruments and (ii) certain restrictions on the redemption, purchase or reduction of their respective share capital and certain other securities also apply.

Repayment

All undated subordinated liabilities are repayable, at the option of Barclays Bank PLC generally in whole at the initial call date and on any subsequent coupon or interest payment date or in the case of the 6.125% Undated Notes and the 9.25% Bonds on any fifth anniversary after the initial call date. In addition, each issue of undated subordinated liabilities is repayable, at the option of Barclays Bank PLC, in whole for certain tax reasons, either at any time, or on an interest payment date. There are no events of default except non-payment of principal or mandatory interest. Any repayments require the prior consent of the PRA.

Other

All issues of undated subordinated liabilities are non-convertible.

Dated subordinated liabilities[a]	Initial call date	Maturity date	Barclays Bank Group 2020 £m	2019 £m
Barclays Bank PLC externally issued subordinated liabilities				
5.14% Lower Tier 2 Notes (USD 1,094m)		2020	**-**	832
6% Fixed Rate Subordinated Notes (EUR 1,500m)		2021	**1,427**	1,375
9.5% Subordinated Bonds (ex-Woolwich Plc)		2021	**221**	239
Subordinated Floating Rate Notes (EUR 100m)		2021	**90**	85
10% Fixed Rate Subordinated Notes		2021	**2,108**	2,157
10.179% Fixed Rate Subordinated Notes (USD 1,521m)		2021	**1,101**	1,123
Subordinated Floating Rate Notes (EUR 50m)		2022	**45**	43
6.625% Fixed Rate Subordinated Notes (EUR 1,000m)		2022	**982**	957
7.625% Contingent Capital Notes (USD 3,000m)		2022	**1,189**	2,453
Subordinated Floating Rate Notes (EUR 50m)		2023	**45**	42
5.75% Fixed Rate Subordinated Notes		2026	**351**	350
5.4% Reverse Dual Currency Subordinated Loan (JPY 15,000m)		2027	**108**	105
6.33% Subordinated Notes		2032	**64**	62
Subordinated Floating Rate Notes (EUR 68m)		2040	**61**	58
External issuances by other subsidiaries		2025	**146**	358
Barclays Bank PLC notes issued intra-group to Barclays PLC				
2% Fixed Rate Subordinated Callable Notes (EUR 1,500m)	2023	2028	**1,388**	1,309
3.75% Fixed Rate Resetting Subordinated Callable Notes (SGD 200m)	2025	2030	**119**	116
5.20% Fixed Rate Subordinated Notes (USD 1,367m)		2026	**1,069**	1,036
4.836% Fixed Rate Subordinated Callable Notes (USD 1,200m)	2027	2028	**973**	944
5.088% Fixed-to-Floating Rate Subordinated Callable Notes (USD 1,300m)	2029	2030	**1,049**	994
5.25% Fixed Rate Subordinated Notes (USD 827m)		2045	**660**	651
4.95% Fixed Rate Subordinated Notes (USD 1,250m)		2047	**960**	849
Floating Rate Subordinated Notes (USD 456m)		2047	**337**	350
Barclays Bank PLC intra-group loans from Barclays PLC				
Various Fixed Rate Subordinated Loans			**9,563**	7,548
Various Subordinated Floating Rate Loans			**489**	1,094
Various Fixed Rate Subordinated Callable Loans			**5,838**	5,225
Various Subordinated Floating Rate Callable Loans			**500**	1,997
Zero Coupon Callable Loans		2050	**221**	-
Total dated subordinated liabilities			**31,100**	32,352

Notes
a Instrument values are disclosed to the nearest million

Dated subordinated liabilities[a]			Barclays Bank PLC 2020	2019
	Initial call date	Maturity date	£m	£m
Barclays Bank PLC externally issued subordinated liabilities				
5.14% Lower Tier 2 Notes (USD 1,094m)		2020	**-**	832
6% Fixed Rate Subordinated Notes (EUR 1,500m)		2021	**1,427**	1,375
9.5% Subordinated Bonds (ex-Woolwich Plc)		2021	**221**	239
Subordinated Floating Rate Notes (EUR 100m)		2021	**90**	85
10% Fixed Rate Subordinated Notes		2021	**2,108**	2,157
10.179% Fixed Rate Subordinated Notes (USD 1,521m)		2021	**1,101**	1,123
Subordinated Floating Rate Notes (EUR 50m)		2022	**45**	43
6.625% Fixed Rate Subordinated Notes (EUR 1,000m)		2022	**982**	957
7.625% Contingent Capital Notes (USD 3,000m)		2022	**1,187**	2,453
Subordinated Floating Rate Notes (EUR 50m)		2023	**45**	42
5.75% Fixed Rate Subordinated Notes		2026	**351**	350
5.4% Reverse Dual Currency Subordinated Loan (JPY 15,000m)		2027	**108**	105
6.33% Subordinated Notes(GBP 50m)		2032	**64**	62
Subordinated Floating Rate Notes (EUR 68m)		2040	**61**	58
Barclays Bank PLC notes issued intra-group to Barclays PLC				
2% Fixed Rate Subordinated Callable Notes (EUR 1,500m)	2023	2028	**1,388**	1,309
3.75% Fixed Rate Resetting Subordinated Callable Notes (SGD 200m)	2025	2030	**119**	116
5.20% Fixed Rate Subordinated Notes (USD 1,367m)		2026	**1,069**	1,036
4.836% Fixed Rate Subordinated Callable Notes (USD 1,200m)	2027	2028	**973**	944
5.088% Fixed-to-Floating Rate Subordinated Callable Notes (USD 1,300m)	2029	2030	**1,049**	994
5.25% Fixed Rate Subordinated Notes (USD 827m)		2045	**660**	651
4.95% Fixed Rate Subordinated Notes (USD 1,250m)		2047	**960**	849
Floating Rate Subordinated Notes (USD 456m)		2047	**337**	350
Barclays Bank PLC intra-group loans from Barclays PLC				
Various Fixed Rate Subordinated Loans			**9,563**	7,548
Various Subordinated Floating Rate Loans			**489**	1,094
Various Fixed Rate Subordinated Callable Loans			**5,834**	5,225
Various Subordinated Floating Rate Callable Loans			**500**	1,997
Zero Coupon Callable Notes		2050	**221**	-
Total dated subordinated liabilities			**30,946**	31,994

Notes
a Instrument values are disclosed to the nearest million

Dated subordinated liabilities

Dated subordinated liabilities are issued by Barclays Bank PLC and its subsidiaries for the development and expansion of their business and to strengthen their respective capital bases. The principal terms of the dated subordinated liabilities are described below:

Currency and maturity

In addition to the individual dated subordinated liabilities listed in the table, the £16,607m (2019: £15,864m) of intra-group loans is made up of various fixed, fixed to floating floating rate and zero coupon loans from Barclays PLC with notional amounts denominated in USD 14,409m, EUR 5,024m, GBP 1,250m, JPY 233,600m, AUD 1,715m, SEK 500m, NOK 970m and CHF 175m, with maturities ranging from 2021to 2050. Certain intra-group loans have a call date one year prior to their maturity.

Subordination

All dated subordinated liabilities, both externally issued and issued intra-group to Barclays PLC, rank behind the claims against the bank of depositors and other unsecured unsubordinated creditors but before the claims of the undated subordinated liabilities and the holders of Barclays Bank PLC equity. The Barclays Bank PLC intra-group loans from Barclays PLC rank pari passu amongst themselves but ahead of the Barclays Bank PLC notes issued intra-group to Barclays PLC and the Barclays Bank PLC externally issued subordinated liabilities. The external dated subordinated liabilities issued by subsidiaries are similarly subordinated as the external subordinated liabilities issued by Barclays Bank PLC.

Interest

Interest on floating rate notes and loans is set by reference to market rates at the time of issuance and fixed periodically in advance, based on the related market rates.

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.

No interest is paid on zero coupon notes.

Repayment

Those subordinated liabilities with a call date are repayable at the option of the issuer, on conditions governing the respective debt obligations, some in whole or in part, and some only in whole. The remaining dated subordinated liabilities outstanding at 31 December 2020 are redeemable only on maturity, subject in particular cases, to provisions allowing an early redemption in the event of certain changes in tax law or, to certain changes in legislation or regulations.

Any repayments prior to maturity may require, in the case of Barclays Bank PLC, the prior consent of the PRA or BoE, or in the case of the overseas issues, the consent of the local regulator for that jurisdiction and of the PRA in certain circumstances.

There are no committed facilities in existence at the balance sheet date which permit the refinancing of debt beyond the date of maturity.

Other

The 7.625% Contingent Capital Notes will be automatically transferred from investors to Barclays PLC (or another entity within the Barclays Group) for nil consideration in the event the Barclays PLC transitional CET1 ratio falls below 7.0%.

27 Ordinary shares, preference shares and other equity

Called up share capital, allotted and fully paid and other equity instruments	Ordinary share capital £m	Preference share capital £m	Total share capital £m	Other equity instruments £m
As at 1 January 2020	**2,342**	**6**	**2,348**	**8,323**
AT1 securities issuance	**-**	**-**	**-**	**1,134**
AT1 securities redemption	**-**	**-**	**-**	**(836)**
As at 31 December 2020	**2,342**	**6**	**2,348**	**8,621**
As at 1 January 2019	2,342	6	2,348	7,595
AT1 securities issuance	-	-	-	2,302
AT1 securities redemption	-	-	-	(1,574)
As at 31 December 2019	2,342	6	2,348	8,323

Capital reorganisation

The share premium account of Barclays Bank PLC was cancelled in 2018, following the confirmation of the High Court of Justice in England and Wales. The balance of £12,092m was credited to retained earnings.

Ordinary shares

The issued ordinary share capital of Barclays Bank PLC, as at 31 December 2020, comprised 2,342m (2019: 2,342m) ordinary shares of £1 each.

Preference shares

The issued preference share capital of Barclays Bank PLC, as at 31 December 2020, comprised 1,000 Sterling Preference Shares of £1 each (2019: 1,000); 31,856 Euro Preference Shares of €100 each (2019: 31,856); and 58,133 US Dollar Preference Shares of $100 each (2019: 58,133).

Ordinary share capital and preference share capital constitutes 100% (2019: 100%) of total share capital issued.

Sterling £1 Preference Shares

1,000 Sterling cumulative callable preference shares of £1 each (the £1 Preference Shares) were issued on 31 December 2004 at nil premium.

The £1 Preference Shares entitle the holders thereof to receive Sterling cumulative cash dividends out of distributable profits of Barclays Bank PLC, semi-annually at a rate reset semi-annually equal to the Sterling interbank offered rate for six-month sterling deposits.

Barclays Bank PLC shall be obliged to pay such dividends if: (1) it has profits available for the purpose of distribution under the Companies Act 2006 as at each dividend payment date; and (2) it is solvent on the relevant dividend payment date, provided that a capital regulations condition is satisfied on such dividend payment date. The dividends shall not be due and payable on the relevant dividend payment date except to the extent that Barclays Bank PLC could make such payment and still be solvent immediately thereafter. Barclays Bank PLC shall be considered solvent on any date if: (1) it is able to pay its debts to senior creditors as they fall due; and (2) its auditors have reported within the previous six months that its assets exceed its liabilities. If Barclays Bank PLC shall not pay, or shall pay only in part, a dividend for a period of seven days or more after the due date for payment, the holders of the £1 Preference Shares may institute proceedings for the winding-up of Barclays Bank PLC. No remedy against Barclays Bank PLC shall be available to the holder of any £1 Preference Shares for the recovery of amounts owing in respect of £1 Preference Shares other than the institution of proceedings for the winding-up of Barclays Bank PLC and/or proving in such winding-up.

On a winding-up or other return of capital (other than a redemption or purchase by Barclays Bank PLC of any of its issued shares, or a reduction of share capital, permitted by the Articles of Barclays Bank PLC and under applicable law), the assets of Barclays Bank PLC available to shareholders shall be applied in priority to any payment to the holders of ordinary shares and any other class of shares in the capital of Barclays Bank PLC then in issue ranking junior to the £1 Preference Shares on such a return of capital and pari passu on such a return of capital with the holders of any other class of shares in the capital of Barclays Bank PLC then in issue (other than any class of shares in the capital of Barclays Bank PLC then in issue ranking in priority to the £1 Preference Shares on a winding-up or other such return of capital), in payment to the holders of the £1 Preference Shares of a sum equal to the aggregate of: (1) an amount equal to the dividends accrued thereon for the then current dividend period (and any accumulated arrears thereof) to the date of the commencement of the winding-up or other such return of capital; and (2) an amount equal to £1 per £1 Preference Share. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of the £1 Preference Shares will have no right or claim to any of the remaining assets of Barclays Bank PLC and will not be entitled to any further participation in such return of capital.

The £1 Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, subject to the Companies Act 2006 and its Articles. Holders of the £1 Preference Shares are not entitled to receive notice of, or to attend, or vote at, any general meeting of Barclays Bank PLC.

Euro Preference Shares

140,000 Euro non-cumulative callable preference shares of €100 each (the Euro Preference Shares) were issued on 15 March 2005 for a consideration of €1,383.3m (£966.7m), of which the nominal value was €14m and the balance was share premium. The Euro Preference Shares entitled the holders thereof to receive Euro non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, annually at a fixed rate of 4.75% per annum on the amount of €10,000 per preference share until 15 March 2020, and since 15 March 2020 quarterly at a rate reset quarterly equal to 0.71% per annum above the Euro interbank offered rate for three-month Euro deposits. The board of directors of Barclays Bank PLC may resolve, in its absolute discretion, not to pay in full, or at all, the dividend on the Euro Preference Shares in respect of a particular dividend period.

The Euro Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on each dividend payment date at €10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

US Dollar Preference Shares

100,000 US Dollar non-cumulative callable preference shares of $100 each (the US Dollar Preference Shares), represented by 100,000 American Depositary Shares, Series 1, were issued on 8 June 2005 for a consideration of $995.4m (£548.1m), of which the nominal value was $10m and the balance was share premium. The US Dollar Preference Shares entitle the holders thereof to receive US Dollar non-cumulative cash dividends out of distributable profits of Barclays Bank PLC, semi-annually at a fixed rate of 6.278% per annum on the amount of $10,000 per preference share until 15 December 2034, and thereafter quarterly at a rate reset quarterly equal to 1.55% per annum above the London interbank offered rate for three-month US Dollar deposits. The board of directors of Barclays Bank PLC may resolve, for any reason and in its absolute discretion, not to declare or pay in full or in part any dividends on the US Dollar Preference Shares in respect of a particular dividend period.

The US Dollar Preference Shares are redeemable at the option of Barclays Bank PLC, in whole but not in part only, on 15 December 2034, and on each dividend payment date thereafter at $10,000 per share plus any dividends accrued for the then current dividend period to the date fixed for redemption.

No redemption or purchase of any Euro Preference Shares and US Dollar Preference Shares (together, the Preference Shares) may be made by Barclays Bank PLC without the prior consent of the PRA and any such redemption will be subject to the Companies Act 2006 and the Articles of Barclays Bank PLC.

On a winding-up of Barclays Bank PLC or other return of capital (other than a redemption or purchase of shares of Barclays Bank PLC, or a reduction of share capital), a holder of Preference Shares will rank in the application of assets of Barclays Bank PLC available to shareholders: (1) junior to the holder of any shares of Barclays Bank PLC in issue ranking in priority to the Preference Shares; (2) equally in all respects with holders of other preference shares and any other shares of Barclays Bank PLC in issue ranking pari passu with the Preference Shares; and (3) in priority to the holders of ordinary shares and any other shares of Barclays Bank PLC in issue ranking junior to the Preference Shares.

The holders of the £13m 6% Callable Perpetual Core Tier One Notes and the $179m 6.86% Callable Perpetual Core Tier One Notes of Barclays Bank PLC (together, the TONs) and the holders of the £35m 5.3304% Step-up Callable Perpetual Reserve Capital Instruments of Barclays Bank PLC (the RCIs) would, for the purposes only of calculating the amounts payable in respect of such securities on a winding-up of Barclays Bank PLC, subject to limited exceptions and to the extent that the TONs and the RCIs are then in issue, rank pari passu with the holders of the most senior class or classes of preference shares then in issue in the capital of Barclays Bank PLC. Accordingly, the holders of the preference shares would rank equally with the holders of such TONs and RCIs on such a winding-up of Barclays Bank PLC (unless one or more classes of shares of Barclays Bank PLC ranking in priority to the preference shares are in issue at the time of such winding-up, in which event the holders of such TONs and RCIs would rank equally with the holders of such shares and in priority to the holders of the preference shares).

Subject to such ranking, in such event, holders of the preference shares will be entitled to receive out of assets of Barclays Bank PLC available for distributions to shareholders, liquidating distributions in the amount of €10,000 per Euro Preference Share and $10,000 per US Dollar Preference Share, plus, in each case, an amount equal to the accrued dividend for the then current dividend period to the date of the commencement of the winding-up or other such return of capital.

If a dividend is not paid in full on any preference shares on any dividend payment date, then a dividend restriction shall apply. This dividend restriction will mean that neither Barclays Bank PLC nor Barclays PLC may (a) declare or pay a dividend (other than payment by Barclays PLC of a final dividend declared by its shareholders prior to the relevant dividend payment date, or a dividend paid by Barclays Bank PLC to Barclays PLC) on any of their respective ordinary shares, other preference shares or other share capital or (b) redeem, purchase, reduce or otherwise acquire any of their respective share capital, other than shares of Barclays Bank PLC held by Barclays PLC or a wholly owned subsidiary, until the earlier of: (1) the date on which Barclays Bank PLC next declares and pays in full a preference share dividend; and (2) the date on or by which all the preference shares are redeemed in full or purchased by Barclays Bank PLC.

Holders of the preference shares are not entitled to receive notice of, or to attend, or vote at, any general meeting of Barclays Bank PLC. Barclays Bank PLC is not permitted to create a class of shares ranking as regards participation in the profits or assets of Barclays Bank PLC in priority to the preference shares, save with the sanction of a special resolution of a separate general meeting of the holders of the preference shares (requiring a majority of not less than three-fourths of the holders of the preference shares voting at the separate general meeting) or with the consent in writing of the holders of three-fourths of the preference shares.

Except as described above, the holders of the preference shares have no right to participate in the surplus assets of Barclays Bank PLC.

Other equity instruments

Other equity instruments of £8,621m (2019: £8,323m) include AT1 securities issued to Barclays PLC. Barclays PLC uses funds from its own market issuance of AT1 securities to purchase AT1 securities from the Barclays Bank 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 was one issuance of AT1 instruments, in the form of Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (2019: three issuances) totalling £1,134m (2019: £2,302m). There was also one redemption in 2020 (2019: two redemptions) totalling £836m (2019: £1,574m).

AT1 equity instruments

	Initial call date	2020 £m	2019 £m
AT1 equity instruments - Barclays Bank Group			
8.0% Perpetual Subordinated Contingent Convertible Securities (EUR 1,000m)	2020	**-**	836
7.875% Perpetual Subordinated Contingent Convertible Securities	2022	**1,000**	1,000
7.875% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2022	**1,136**	1,136
7.25% Perpetual Subordinated Contingent Convertible Securities	2023	**500**	500
7.75% Perpetual Subordinated Contingent Convertible Securities (USD 2,500m)	2023	**1,925**	1,925
5.875% Perpetual Subordinated Contingent Convertible Securities	2024	**623**	623
8% Perpetual Subordinated Contingent Convertible Securities (USD 2,000m)	2024	**1,509**	1,509
7.125% Perpetual Subordinated Contingent Convertible Securities	2025	**299**	299
6.375% Perpetual Subordinated Contingent Convertible Securities	2025	**495**	495
6.125% Perpetual Subordinated Contingent Convertible Securities (USD 1,500m)	2025	**1,134**	-
Total AT1 equity instruments		**8,621**	8,323

28 Reserves

Currency translation reserve

The currency translation reserve represents the cumulative gains and losses on the retranslation of the Barclays Bank Group net investment in foreign operations, net of the effects of hedging.

Fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve represents the changes in the fair value of fair value through other comprehensive income investments since initial recognition.

Cash flow hedging reserve

The cash flow hedging reserve represents the cumulative gains and losses on effective cash flow hedging instruments that will be recycled to the income statement when the hedged transactions affect profit or loss.

Own credit reserve

The own credit reserve reflects the cumulative own credit gains and losses on financial liabilities at fair value. Amounts in the own credit reserve are not recycled to profit or loss in future periods.

Other reserves and other shareholders' equity

Other reserves relate to redeemed ordinary and preference shares issued by the Barclays Bank Group.

Included in other shareholders' equity are capital notes which bear interest at rates fixed periodically in advance, based on London interbank rates. These notes are repayable at the option of the Barclays Bank PLC, in whole on any interest payment date. Barclays Bank PLC is not obliged to make a payment of interest on its capital notes if, in the preceding six months, a dividend has not been declared or paid on any class of shares of Barclays PLC.

	Barclays Bank Group	
	2020	2019
	£m	£m
Currency translation reserve	**2,736**	3,383
Fair value through other comprehensive income reserve	**244**	(139)
Cash flow hedging reserve	**1,181**	388
Own credit reserve	**(954)**	(373)
Other reserves and other shareholders' equity	**(24)**	(24)
Total	**3,183**	3,235

	Barclays Bank PLC	
	2020	2019
	£m	£m
Currency translation reserve	**140**	659
Fair value through other comprehensive income reserve	**248**	(141)
Cash flow hedging reserve	**1,191**	403
Own credit reserve	**(875)**	(315)
Other reserves and other shareholders' equity	**72**	72
Total	**776**	678

Employee benefits

The notes included in this section focus on the costs and commitments associated with employing our staff.

29 Staff costs

Accounting for staff costs

The Barclays Bank 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 Group has a present obligation to its employees that can be measured reliably and are recognised over the period of service that employees are required to work to qualify for the payments.

Deferred cash and share awards are made to employees to incentivise performance over the period employees provide services. To receive payment under an award, employees must provide service over the vesting period. The period over which the expense for deferred cash and share awards is recognised is based upon the period employees consider their services contribute to the awards. For past awards, the Barclays Bank Group considers that it is appropriate to recognise the awards over the period from the date of grant to the date that the awards vest. In relation to awards granted from 2017, the Barclays Bank Group, taking into account the changing employee understanding surrounding those awards, considered it appropriate for expense to be recognised over four years including the financial year prior to the grant date.

The accounting policies for share-based payments, and pensions and other post-retirement benefits are included in Note 30 and Note 31 respectively.

	2020 £m	2019 £m	2018 £m
Performance costs	**1,145**	1,104	1,300
Salaries[a]	**2,285**	2,373	2,269
Social security costs	**295**	269	263
Post-retirement benefits[b]	**176**	184	302
Other compensation costs	**208**	237	246
Total compensation costs	**4,109**	4,167	4,380
Other resourcing costs			
Outsourcing	**142**	211	287
Redundancy and restructuring	**47**	69	87
Temporary staff costs	**14**	48	54
Other	**53**	70	66
Total other resourcing costs	**256**	398	494
Total staff costs	**4,365**	4,565	4,874

Notes

a £156m (2019: £123m; 2018: £54m) of compensation was capitalised as internally generated software.

b Post-retirement benefits charge includes £127m (2019: £126m; 2018: £99m) in respect of defined contribution schemes and £49m (2019: £57m; 2018: £203m) in respect of defined benefit schemes.

30 Share-based payments

Accounting for share-based payments

The Barclays Bank Group applies IFRS 2 *Share-based Payments* in accounting for employee remuneration in the form of shares.

Employee incentives include awards in the form of shares and share options, as well as offering employees the opportunity to purchase shares on favourable terms. The cost of the employee services received in respect of the shares or share options granted is recognised in the income statement over the period that employees provide services. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a cancellation, resulting in an acceleration of recognition of the cost of the employee services.

The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability. The fair value of options granted is determined using option pricing models to estimate the numbers of shares likely to vest. These take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Market conditions that must be met in order for the award to vest are also reflected in the fair value of the award, as are any other non-vesting conditions – such as continuing to make payments into a share-based savings scheme.

The charge for the year arising from share based payment schemes was as follows:

	Charge for the year		
	2020	2019	2018
	£m	£m	£m
Deferred Share Value Plan / Share Value Plan	220	244	235
Others	129	148	131
Total equity settled	349	392	366
Cash settled	2	3	1
Total share based payments	351	395	367

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]	1.04	1.24	1	370,006	1.43	1.60	1	297,149
Others[a]	0.24-1.24	1.19-1.67	0-4	53,767	0.40-1.60	1.57-1.70	0-3	37,481

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	**297,149**	242,332	**37,481**	38,092	**1.27**	1.39
Transfers in the year[d]	**953**	2,934	**140**	(3,042)	**-**	-
Granted in the year	**203,157**	198,884	**136,227**	101,881	**0.84**	1.19
Exercised/released in the year	**(117,355)**	(130,695)	**(99,465)**	(91,337)	**1.21**	1.21
Less: forfeited in the year	**(13,898)**	(16,306)	**(18,285)**	(7,081)	**1.23**	1.51
Less: expired in the year	**-**	-	**(2,331)**	(1,032)	**1.33**	2.00
Outstanding at end of year	**370,006**	297,149	**53,767**	37,481	**0.95**	1.27
Of which exercisable:	**-**	-	**4,746**	5,499	**1.64**	1.31

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 1,673,362). The weighted average exercise price relates to Sharesave.
d Awards of employees transferred between the Barclays Bank Group and the rest of the Barclays PLC Group.

Awards and options granted to employees and former employees of the Barclays Bank Group under the Barclays PLC 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 the Barclays Bank 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 £2m (2019: £3m).

31 Pensions and post-retirement benefits

Accounting for pensions and post-retirement benefits

The Barclays Bank Group operates a number of pension schemes and post-employment benefit schemes.

Defined contribution schemes – the Barclays Bank Group recognises contributions due in respect of the accounting period in the income statement. Any contributions unpaid at the balance sheet date are included as a liability.

Defined benefit schemes – the Barclays Bank Group recognises its obligations to members of each scheme at the period end, less the fair value of the scheme assets after applying the asset ceiling test.

Each scheme's obligations are calculated using the projected unit credit method. Scheme assets are stated at fair value as at the period end.

Changes in pension scheme liabilities or assets (remeasurements) that do not arise from regular pension cost, net interest on net defined benefit liabilities or assets, past service costs, settlements or contributions to the scheme, are recognised in other comprehensive income. Remeasurements comprise experience adjustments (differences between previous actuarial assumptions and what has actually occurred), the effects of changes in actuarial assumptions, return on scheme assets (excluding amounts included in the interest on the assets) and any changes in the effect of the asset ceiling restriction (excluding amounts included in the interest on the restriction).

Post-employment benefit schemes – the cost of providing healthcare benefits to retired employees is accrued as a liability in the financial statements over the period that the employees provide services to the Barclays Bank Group, using a methodology similar to that for defined benefit pension schemes.

Pension schemes

UK Retirement Fund (UKRF)

The UKRF is the Barclays Bank Group's main scheme, representing 97% of the Barclays Bank Group's total retirement benefit obligations. Barclays Bank PLC is the principal employer of the UKRF. The UKRF was closed to new entrants on 1 October 2012, and comprises 10 sections, the two most significant of which are:

- Afterwork, which comprises a contributory cash balance defined benefit element, and a voluntary defined contribution element. The cash balance element is accrued each year and revalued until Normal Retirement Age in line with the increase in Retail Price Index (RPI) (up to a maximum of 5% p.a.). An increase of up to 2% a year may also be added at Barclays Bank PLC's discretion. The costs of ill-health retirements and death in service benefits for Afterwork members are borne by the UKRF. The main risks that the Barclays Bank Group runs in relation to Afterwork are limited although additional contributions are required if pre-retirement investment returns are not sufficient to provide for the benefits.
- The 1964 Pension Scheme. Most employees recruited before July 1997 built up benefits in this non-contributory defined benefit scheme in respect of service up to 31 March 2010. Pensions were calculated by reference to service and pensionable salary. From 1 April 2010, members became eligible to accrue future service benefits in either Afterwork or the Pension Investment Plan (PIP), a historic defined contribution section which is now closed to future contributions. The risks that the Barclays Bank Group runs in relation to the 1964 section are typical of final salary pension schemes, principally that investment returns fall short of expectations, that inflation exceeds expectations, and that retirees live longer than expected.

Employee benefits

Barclays Pension Savings Plan (BPSP)
The BPSP is a defined contribution scheme providing benefits for all new UK hires from 1 October 2012, BPSP is not subject to the same investment return, inflation or life expectancy risks for the Barclays Bank Group that defined benefit schemes are. Members' benefits reflect contributions paid and the level of investment returns achieved.

Other
Apart from the UKRF and the BPSP, the Barclays Bank Group operates a number of smaller pension and long-term employee benefits and post-retirement health care plans globally, the largest of which are the US defined benefit schemes. Many of the schemes are funded, with assets backing the obligations held in separate legal vehicles such as trusts. Others are operated on an unfunded basis. The benefits provided, the approach to funding, and the legal basis of the schemes, reflect local environments.

Governance
The UKRF operates under trust law and is managed and administered on behalf of the members in accordance with the terms of the Trust Deed and Rules and all relevant legislation. The Corporate Trustee is Barclays Pension Funds Trustees Limited, a private limited company and a wholly owned subsidiary of Barclays Bank PLC. The Trustee is the legal owner of the assets of the UKRF which are held separately from the assets of the Barclays Bank Group.

The Trustee Board comprises six Management Directors selected by Barclays Bank PLC, of whom three are independent Directors with no relationship with the Barclays Bank Group (and who are not members of the UKRF), plus three Member Nominated Directors selected from eligible active members of the UKRF, deferred members or pensioner members who apply for the role.

The BPSP is a Group Personal Pension arrangement which operates as a collection of personal pension plans. Each personal pension plan is a direct contract between the employee and the BPSP provider (Legal & General Assurance Society Limited), and is regulated by the FCA.

Similar principles of pension governance apply to the Barclays Bank Group's other pension schemes, depending on local legislation.

Amounts recognised
The following tables include amounts recognised in the income statement and an analysis of benefit obligations and scheme assets for all Barclays Bank Group defined benefit schemes. The net position is reconciled to the assets and liabilities recognised on the balance sheet. The tables include funded and unfunded post-retirement benefits.

Income statement charge

	2020 £m	2019 £m
Current service cost	**53**	58
Net finance cost	**(40)**	(48)
Past service cost	**(4)**	–
Other movements	**–**	1
Total	**9**	11

The Barclays Bank PLC is the principal employer of the UKRF and hence Scheme Assets and Defined Benefit Obligations relating to the UKRF are recognised within the Barclays Bank Group. Barclays Bank UK Plc and Barclays Execution Services Limited are participating employers in the UKRF and their share of the UKRF service cost is borne by them. Of the £232m current service cost in the table on the next page, £93m relates to Barclays Bank UK Plc and £86m relates to Barclays Execution Services Limited. While the entire current service cost is accounted for in the Barclays Bank Group on balance sheet, the income statement charge is accounted for across all the participating employers.

Employee benefits

Balance sheet reconciliation	2020		2019	
	Barclays Bank Group Total	Of which relates to UKRF	Barclays Bank Group Total	Of which relates to UKRF
	£m	£m	£m	£m
Benefit obligation at beginning of the year	(30,298)	(29,304)	(28,237)	(27,301)
Current service cost	(232)	(217)	(226)	(210)
Interest costs on scheme liabilities	(573)	(549)	(747)	(718)
Past service cost	4	-	-	-
Remeasurement (loss)/gain - financial	(3,439)	(3,358)	(3,087)	(2,964)
Remeasurement (loss)/gain - demographic	(281)	(286)	223	214
Remeasurement (loss)/gain - experience	243	237	277	266
Employee contributions	(5)	(1)	(5)	(1)
Benefits paid	1,406	1,370	1,459	1,410
Exchange and other movements	44	-	45	-
Benefit obligation at end of the year	(33,131)	(32,108)	(30,298)	(29,304)
Fair value of scheme assets at beginning of the year	32,093	31,362	29,722	29,036
Interest income on scheme assets	613	595	795	774
Employer contribution	265	248	755	731
Settlements	-	-	(2)	-
Remeasurement - return on plan assets greater than discount rate	3,411	3,328	2,312	2,230
Employee contributions	5	1	5	1
Benefits paid	(1,406)	(1,370)	(1,459)	(1,410)
Exchange and other movements	(268)	(249)	(35)	-
Fair value of scheme assets at the end of the year	34,713	33,915	32,093	31,362
Net surplus/(deficit)	1,582	1,807	1,795	2,058
Retirement benefit assets	1,814	1,807	2,108	2,058
Retirement benefit liabilities	(232)	-	(313)	-
Net retirement benefit assets/(liabilities)	1,582	1,807	1,795	2,058

Balance sheet reconciliation	2020		2019	
	Barclays Bank PLC Total	Of which relates to UKRF	Barclays Bank PLC Total	Of which relates to UKRF
	£m	£m	£m	£m
Benefit obligation at beginning of the year	(29,462)	(29,304)	(27,635)	(27,301)
Current service cost	(220)	(217)	(212)	(210)
Interest costs on scheme liabilities	(552)	(549)	(721)	(718)
Remeasurement (loss)/gain - financial	(3,367)	(3,358)	(2,987)	(2,964)
Remeasurement (loss)/gain - demographic	(286)	(286)	211	214
Remeasurement (loss)/gain - experience	240	237	275	266
Employee contributions	(1)	(1)	(1)	(1)
Benefits paid	1,373	1,370	1,427	1,410
Exchange and other movements	5	-	181	-
Benefit obligation at end of the year	(32,270)	(32,108)	(29,462)	(29,304)
Fair value of scheme assets at beginning of the year	31,420	31,362	29,259	29,036
Interest income on scheme assets	596	595	774	774
Employer contribution	251	248	740	731
Remeasurement - return on plan assets greater than discount rate	3,329	3,328	2,228	2,230
Employee contributions	1	1	1	1
Benefits paid	(1,373)	(1,370)	(1,427)	(1,410)
Exchange and other movements	(246)	(249)	(155)	-
Fair value of scheme assets at the end of the year	33,978	33,915	31,420	31,362
Net surplus/(deficit)	1,708	1,807	1,958	2,058
Retirement benefit assets	1,812	1,807	2,062	2,058
Retirement benefit liabilities	(104)	-	(104)	-
Net retirement benefit assets/(liabilities)	1,708	1,807	1,958	2,058

Employee benefits

Included within the Barclays Bank Group's benefit obligation was £866m (2019: £760m) relating to overseas pensions and £157m (2019: £166m) relating to other post-employment benefits.

As at 31 December 2020, the UKRF's scheme assets were in surplus versus IAS 19 obligations by £1,807m (2019: £2,058m). The movement for the UKRF was driven by a net decrease in the discount rate and changes to pension increase assumptions, offset partially by higher than assumed asset returns. During the year the UKRF invested in non-transferable listed senior gilt-backed notes for £750m, partially financed by £500m deficit contributions (the "Heron 2" transaction). The net impact of £250m on plan assets is shown as an outflow under "Exchange and other movements"; further details of Heron 2 can be found on page 245.

The weighted average duration of the benefit payments reflected in the defined benefit obligation for the UKRF is 17 years. The UKRF expected benefits are projected to be paid out for in excess of 50 years, although 25% of the total benefits are expected to be paid in the next 10 years; 30% in years 11 to 20 and 25% in years 20 to 30. The remainder of the benefits are expected to be paid beyond 30 years.

Of the £1,370m (2019: £1,410m) UKRF benefits paid out, £520m (2019: £580m) related to transfers out of the fund.

Where a scheme's assets exceed its obligation, an asset is recognised to the extent that it does not exceed the present value of future contribution holidays or refunds of contributions (the asset ceiling). In the case of the UKRF the asset ceiling is not applied as, in certain specified circumstances such as wind-up, the Barclays Bank Group expects to be able to recover any surplus. Similarly, a liability in respect of future minimum funding requirements is not recognised. The UKRF Trustee does not have a substantive right to augment benefits, nor does it have the right to wind up the plan except in the dissolution of Barclays Bank PLC or termination of contributions by Barclays Bank PLC. The application of the asset ceiling to other plans and recognition of additional liabilities in respect of future minimum funding requirements are considered on an individual plan basis.

Critical accounting estimates and judgements

Actuarial valuation of the schemes' obligation is dependent upon a series of assumptions. Below is a summary of the main financial and demographic assumptions adopted for the UKRF.

Key UKRF financial assumptions	2020 % p.a.	2019 % p.a.
Discount rate	**1.29**	1.92
Inflation rate (RPI)	**2.99**	3.02

The UKRF discount rate assumption for 2020 was based on a standard Willis Towers Watson RATE Link model. The UKRF discount rate assumption for 2019 was based on a variant of the standard Willis Towers Watson RATE Link model that included all bonds rated AA by at least one of the four major ratings agencies, and assumed that forward rates after year 30 were flat. The change in discount rate methodology as at 31 December 2020 led to a remeasurement gain of £1.2bn. The RPI inflation assumption for 2020 was set by reference to the Bank of England's implied inflation curve. The inflation assumption incorporates a deduction of 20 basis points as an allowance for an inflation risk premium. The methodology used to derive the inflation assumptions is consistent with that used at the prior year end.

The UKRF's post-retirement mortality assumptions are based on a best estimate assumption derived from an analysis in 2019 of the UKRF's own post-retirement mortality experience, and taking account of recent evidence from published mortality surveys. An allowance has been made for future mortality improvements based on the 2019 core projection model published by the Continuous Mortality Investigation Bureau subject to a long-term trend of 1.5% per annum in future improvements. The methodology used is consistent with the prior year end, except that the 2018 core projection model was used at 2019. The table below shows how the assumed life expectancy at 60, for members of the UKRF, has varied over the past three years.

Assumed life expectancy	2020	2019	2018
Life expectancy at 60 for current pensioners (years)			
– Males	**27.2**	27.1	27.7
– Females	**29.4**	29.3	29.4
Life expectancy at 60 for future pensioners currently aged 40 (years)			
– Males	**29.0**	28.9	29.2
– Females	**31.2**	31.1	31.0

On 11 December 2020, the UKRF entered into a £5bn longevity swap to hedge around a quarter of current pensioner liabilities against unexpected increases in life expectancy. The swap will form part of the UKRF's investment portfolio and provide income in the event that pensions are paid out for longer than expected. The UKRF Trustee established a Guernsey based captive insurer (Barclays UKRF No.1 IC Limited) to act as an insurance intermediary between the UKRF and swap provider. The swap is not included directly within the balance sheet of Barclays Bank Group as it is an asset of the UKRF. At 31 December 2020, the swap is valued at nil fair value as it is considered to remain at fair market value for both parties over the very limited period from 11 December 2020 to 31 December 2020.

Sensitivity analysis on actuarial assumptions

The sensitivity analysis has been calculated by valuing the UKRF liabilities using the amended assumptions shown in the table below and keeping the remaining assumptions the same as disclosed in the table above, except in the case of the inflation sensitivity where other assumptions that depend on assumed inflation have also been amended correspondingly. The difference between the recalculated liability figure and that stated in the balance sheet reconciliation table above is the figure shown. The selection of these movements to illustrate the sensitivity of the defined benefit obligation to key assumptions should not be interpreted as Barclays Bank Group expressing any specific view of the probability of such movements happening.

Employee benefits

Change in key assumptions

	2020	2019
	(Decrease)/Increase in UKRF defined benefit obligation £bn	(Decrease)/Increase in UKRF defined benefit obligation £bn
Discount rate		
0.50% p.a. increase	**(2.5)**	(2.3)
0.25% p.a. increase	**(1.3)**	(1.2)
0.25% p.a. decrease	**1.4**	1.2
0.50% p.a. decrease	**2.9**	2.6
Assumed RPI		
0.50% p.a. increase	**1.8**	1.5
0.25% p.a. increase	**0.9**	0.8
0.25% p.a. decrease	**(0.9)**	(0.7)
0.50% p.a. decrease	**(1.8)**	(1.4)
Life expectancy at 60		
One year increase	**1.2**	1.0
One year decrease	**(1.2)**	(1.0)

Assets

A long-term investment strategy has been set for the UKRF, with its asset allocation comprising a mixture of equities, bonds, property and other appropriate assets. This recognises that different asset classes are likely to produce different long-term returns and some asset classes may be more volatile than others. The long-term investment strategy ensures, among other aims, that investments are adequately diversified.

The UKRF also employs derivative instruments, where appropriate, to achieve a desired exposure or return, or to match assets more closely to liabilities. The value of assets shown reflects the assets held by the schemes, with any derivative holdings reflected on a fair value basis.

The value of the assets of the schemes and their percentage in relation to total scheme assets were as follows:

Analysis of scheme assets

	Barclays Bank Group Total				Of which relates to UKRF			
	Quoted[a]	Unquoted[a]	Value	% of total fair value of scheme assets	Quoted[a]	Unquoted[a]	Value	% of total fair value of scheme assets
	£m	£m	£m	%	£m	£m	£m	%
As at 31 December 2020								
Equities	**567**	**1,498**	**2,065**	**6.0**	**378**	**1,498**	**1,876**	**5.5**
Private equities	**-**	**2,233**	**2,233**	**6.4**	**-**	**2,233**	**2,233**	**6.6**
Bonds - fixed government	**4,205**	**110**	**4,315**	**12.4**	**3,932**	**110**	**4,042**	**11.9**
Bonds - index-linked government	**10,706**	**1,014**	**11,720**	**33.8**	**10,697**	**1,014**	**11,711**	**34.5**
Bonds - corporate and other	**7,439**	**1,678**	**9,117**	**26.3**	**7,214**	**1,678**	**8,892**	**26.2**
Property	**10**	**1,416**	**1,426**	**4.1**	**-**	**1,416**	**1,416**	**4.2**
Infrastructure	**-**	**1,812**	**1,812**	**5.2**	**-**	**1,812**	**1,812**	**5.3**
Cash and liquid assets	**64**	**1,830**	**1,894**	**5.5**	**46**	**1,830**	**1,876**	**5.5**
Mixed investment funds	**9**	**-**	**9**	**–**	**-**	**-**	**-**	**-**
Other	**14**	**108**	**122**	**0.4**	**-**	**57**	**57**	**0.2**
Fair value of scheme assets	**23,014**	**11,699**	**34,713**	**100.0**	**22,267**	**11,648**	**33,915**	**100.0**
As at 31 December 2019[b]								
Equities	942	1,568	2,510	7.8	768	1,568	2,336	7.4
Private equities	-	2,083	2,083	6.5	-	2,083	2,083	6.6
Bonds - fixed government	3,574	300	3,874	12.1	3,303	299	3,602	11.5
Bonds - index-linked government	10,355	681	11,036	34.4	10,345	682	11,027	35.2
Bonds - corporate and other	6,260	2,297	8,557	26.7	6,069	2,295	8,364	26.7
Property	11	1,633	1,644	5.1	-	1,633	1,633	5.2
Infrastructure	-	1,558	1,558	4.9	-	1,558	1,558	5.0
Cash and liquid assets	596	170	766	2.4	576	169	745	2.4
Other	-	65	65	0.2	-	14	14	–
Fair value of scheme assets	21,738	10,355	32,093	100.0	21,061	10,301	31,362	100.0

Notes to the financial statements
Employee benefits

Analysis of scheme assets

	Barclays Bank PLC Total				Of which relates to UKRF			
	Quoted[a]	Unquoted[a]	Value £m	% of total fair value of scheme assets %	Quoted[a]	Unquoted[a]	Value £m	% of total fair value of scheme assets %
As at 31 December 2020								
Equities	**390**	**1,498**	**1,888**	**5.6**	**378**	**1,498**	**1,876**	**5.5**
Private equities	**-**	**2,233**	**2,233**	**6.6**	**-**	**2,233**	**2,233**	**6.6**
Bonds - fixed government	**3,950**	**110**	**4,060**	**12.0**	**3,932**	**110**	**4,042**	**11.9**
Bonds - index-linked government	**10,698**	**1,014**	**11,712**	**34.5**	**10,697**	**1,014**	**11,711**	**34.5**
Bonds - corporate and other	**7,230**	**1,678**	**8,908**	**26.2**	**7,214**	**1,678**	**8,892**	**26.2**
Property	**-**	**1,416**	**1,416**	**4.2**	**-**	**1,416**	**1,416**	**4.2**
Infrastructure	**-**	**1,812**	**1,812**	**5.3**	**-**	**1,812**	**1,812**	**5.3**
Cash and liquid assets	**48**	**1,830**	**1,878**	**5.5**	**46**	**1,830**	**1,876**	**5.5**
Mixed Investment Funds	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other	**-**	**71**	**71**	**0.2**	**-**	**57**	**57**	**0.2**
Fair value of scheme assets	**22,316**	**11,662**	**33,978**	**100.0**	**22,267**	**11,648**	**33,915**	**100.0**
As at 31 December 2019[b]								
Equities	778	1,568	2,346	7.5	768	1,568	2,336	7.4
Private equities	-	2,083	2,083	6.6	-	2,083	2,083	6.6
Bonds - fixed government	3,321	299	3,620	11.5	3,303	299	3,602	11.5
Bonds - index-linked government	10,346	682	11,028	35.1	10,345	682	11,027	35.2
Bonds - corporate and other	6,084	2,295	8,379	26.7	6,069	2,295	8,364	26.7
Property	-	1,633	1,633	5.2	-	1,633	1,633	5.2
Infrastructure	-	1,558	1,558	5.0	-	1,558	1,558	5.0
Cash and liquid assets	579	170	749	2.4	576	169	745	2.4
Other	-	24	24	0.1	-	14	14	–
Fair value of scheme assets	21,108	10,312	31,420	100.0	21,061	10,301	31,362	100.0

a Valuations on unquoted assets are provided by the underlying managers or qualified independent valuers. Valuations on complex instruments are based on UKRF custodian valuations. All valuations are determined in accordance with relevant industry guidance.
b Analysis of scheme assets for 2019 is restated with a quoted/unquoted split.

Included within the fair value of scheme assets were nil (2019: nil) relating to shares in Barclays PLC and nil (2019: nil) relating to bonds issued by Barclays PLC or Barclays Bank Group. The UKRF also invests in pooled investment vehicles which may hold shares or debt issued by Barclays PLC.

The UKRF assets above do not include the Senior Notes asset referred to in the section below on Triennial Valuation, as these are non-transferable instruments and not recognised under IAS19.

Approximately 45% of the UKRF assets are invested in liability-driven investment strategies; primarily UK gilts as well as interest rate and inflation swaps. These are used to better match the assets to its liabilities. The swaps are used to reduce the scheme's inflation and duration risks against its liabilities.

Triennial Valuation
The latest annual update as at 30 September 2020 showed the funding deficit had improved to £0.9bn from the £2.3bn shown at the 30 September 2019 triennial valuation. The improvement was mainly due to £1.0bn of deficit contributions paid over the year.

The main differences between the funding and accounting assumptions are a different approach to setting the discount rate and a more conservative longevity assumption for funding.

The deficit reduction contributions agreed with the UKRF Trustee as part of the 30 September 2019 triennial valuation recovery plan are shown in the table below.

Employee benefits

Year	Deficit reduction contributions under the 30 September 2019 valuation £m
Cash paid:	
2020	500
Future commitments:	
2021	700
2022	294
2023	286
2024 - 2026	-

On 12 June 2020, Barclays Bank PLC paid the £500m deficit reduction contribution agreed for 2020 and at the same time the UKRF subscribed for non-transferrable listed senior fixed rate notes for £750m, backed by UK gilts (the Senior Notes). These Senior Notes entitle the UKRF to semi-annual coupon payments for five years, and full repayment in cash in three equal tranches in 2023, 2024, and at final maturity in 2025. The Senior Notes were issued by Heron Issuer Number 2 Limited (Heron 2), an entity that is consolidated within the Barclays Bank Group under IFRS 10. As a result of the investment in Senior Notes, the regulatory capital impact of the £500m deficit reduction contribution paid on 12 June 2020 takes effect in 2023, 2024 and 2025 on maturity of the notes. As the UKRF's investment in the Senior Notes does not qualify as a plan asset under IAS 19, the £500m deficit reduction contribution does not appear in the IAS19 plan assets nor as an employer contribution as at 31 December 2020, and the additional £250m scheme investment appears as an outflow in the balance sheet reconciliation under 'Exchange and other movements'. The £250m additional investment by the UKRF in the Senior Notes has a positive capital impact in 2020 which is reduced equally in 2023, 2024 and 2025 on the maturity of the notes. Heron 2 acquired a total of £750m of gilts from Barclays Bank PLC for cash to support payments on the senior notes. A transaction with a similar structure was agreed as part of the 2019 triennial actuarial valuation. On 11 December 2019, Barclays Bank PLC paid the £500m deficit reduction contribution agreed for 2019 and at the same time the UKRF subscribed for non-transferrable listed senior fixed rate notes for £500m, backed by UK gilts (the Senior Notes). These Senior Notes entitle the UKRF to semi-annual coupon payments for five years, and full repayment in cash at maturity in 2024. As the UKRF's investment in these Senior Notes does not qualify as a plan asset under IAS 19, the 2019 £500m deficit reduction contribution also does not appear in the IAS19 plan assets. No liability is recognised under IAS19 for the obligation to make deficit reduction contributions or to repay the Senior Notes, as settlement gives rise to both a reduction in cash and a corresponding increase in net defined benefit assets.

The deficit reduction contributions are in addition to the regular contributions to meet the Barclays Bank Group's share of the cost of benefits accruing over each year. The next funding valuation of the UKRF is due to be completed in 2023 with an effective date of 30 September 2022.

Other support measures agreed which remain in place

Collateral – The UKRF Trustee and Barclays Bank PLC have entered into an arrangement whereby a collateral pool has been put in place to provide security for the UKRF funding deficit as it increases or decreases over time. The collateral pool is currently made up of government securities, and agreement was made with the Trustee to cover at least 100% of the funding deficit with an overall cap of £9bn. The arrangement provides the UKRF Trustee with dedicated access to the pool of assets in the event of Barclays Bank PLC not paying a deficit reduction contribution to the UKRF or in the event of Barclays Bank PLC's insolvency. These assets are included within Note 36 Assets pledged, collateral received and assets transferred.

Support from Barclays PLC – In the event of Barclays Bank PLC not paying a deficit reduction contribution payment required by a specified pre-payment date, Barclays PLC has entered into an arrangement whereby it will be required to use, in first priority, dividends received from Barclays Bank UK PLC (if any) to invest the proceeds in Barclays Bank PLC (up to the maximum amount of the deficit reduction contribution unpaid by Barclays Bank PLC). The proceeds of the investment will be used to discharge Barclays Bank PLC's unpaid deficit reduction contribution.

Participation – As permitted under the Financial Services and Markets Act 2000 (Banking Reform) (Pensions) Regulations 2015, Barclays Bank UK PLC is a participating employer in the UKRF and will remain so during a transitional phase until September 2025 as set out in a deed of participation. Barclays Bank UK PLC will make contributions for the future service of its employees who are currently Afterwork members and, in the event of Barclays Bank PLC's insolvency during this period provision has been made to require Barclays Bank UK PLC to become the principal employer of the UKRF. Barclays Bank PLC's Section 75 debt would be triggered by the insolvency (the debt would be calculated after allowing for the payment to the UKRF of the collateral above).

Defined benefit contributions paid with respect to the UKRF were as follows:

Contributions paid	£m
2020	**748**
2019	1,231
2018	741

There were nil (2019: nil) Section 75 contributions included within the Barclays Bank Group's contributions paid as no participating employers left the UKRF in 2020.

The Barclays Bank Group's expected contribution to the UKRF in respect of defined benefits in 2021 is £783m (2020: £560m). In addition, the expected contributions to UK defined contribution schemes in 2021 is £9m (2020: £7m) to the UKRF and £47m (2020: £41m) to the BPSP.

Notes to the financial statements
Scope of consolidation

The section presents information on the Barclays Bank Group's investments in subsidiaries, joint ventures and associates and its interests in structured entities. Detail is also given on securitisation transactions the Barclays Bank Group has entered into and arrangements that are held off-balance sheet.

32 Principal subsidiaries

Barclays Bank Group applies IFRS 10 *Consolidated Financial Statements*. The consolidated financial statements combine the financial statements of Barclays Bank PLC and all of its subsidiaries. Subsidiaries are entities over which Barclays Bank Group has control. Under IFRS 10, this is when Barclays Bank Group is exposed or has rights to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity.

Barclays Bank Group reassesses whether it controls an entity if facts and circumstances indicate that there have been changes to its power, its rights to variable returns or its ability to use its power to affect the amount of its returns.

Intra-group transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the Barclays Bank Group for the purposes of the consolidation. Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has been obtained and they do not result in loss of control.

The significant judgements used in applying this policy are set out below.

Accounting for investment in subsidiaries
In the individual financial statements of Barclays Bank PLC, investments in subsidiaries are stated at cost less impairment.

Investments in subsidiaries, the majority of which are engaged in banking related activities, are recorded on the balance sheet at historical cost less any impairment. At 31 December 2020 the historical cost of investments in subsidiaries was £18,059m (2019: £16,606m), and impairment allowances recognised against these investments totalled £279m (2019: £501m). The increase in historical cost is predominantly due to capital injections into Barclays Bank Ireland PLC. The reduction in impairment is predominantly due to the liquidation of subsidiaries which had been previously impaired.

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 an estimate of fair value less costs to sell. The investment in Barclays Investment Management Limited of £704m showed a recoverable amount of £688m resulting in an impairment being recognised of £16m. Also, the investment in BNC Brazil Consultoria Empresarial Limitada of £35m showed a recoverable amount of £24m resulting in an impairment being recognised of £11m. The recoverable amount was higher than the carrying value of all other investments in subsidiaries.

Principal subsidiaries of the Barclays Bank Group are set out below. This includes those subsidiaries that are most significant in the context of the Barclays Bank Group's business, results or financial position.

Company Name	Principal place of business or incorporation	Nature of business	Percentage of voting rights held %	Non-controlling interests - proportion of ownership interests %	Non-controlling interests - proportion of voting interests %
Barclays Bank Ireland PLC	Ireland	Banking	100	-	-
Barclays Capital Inc.	United States	Securities dealing	100	-	-
Barclays Capital Securities Limited	United Kingdom	Securities dealing	100	-	-
Barclays Securities Japan Limited	Japan	Securities dealing	100	-	-
Barclays US LLC	United States	Holding company	100	-	-
Barclays Bank Delaware	United States	Credit card issuer	100	-	-

The country of registration or incorporation is also the principal area of operation of each of the above subsidiaries.

Ownership interests are in some cases different to voting interests due to the existence of non-voting equity interests, such as preference shares.

Significant judgements and assumptions used to determine the scope of the consolidation
Determining whether the Barclays Bank Group has control of an entity is generally straightforward based on ownership of the majority of the voting capital. However, in certain instances, this determination will involve significant judgement, particularly in the case of structured entities where voting rights are often not the determining factor in decisions over the relevant activities. This judgement will involve assessing the purpose and design of the entity. It will also often be necessary to consider whether the Barclays Bank Group, or another involved party with power over the relevant activities, is acting as a principal in its own right or as an agent on behalf of others.

There is also often considerable judgement involved in the ongoing assessment of control over structured entities. In this regard, where market conditions have deteriorated such that the other investors' exposures to the structure's variable returns have been substantively eliminated, the Barclays Bank Group may conclude that the managers of the structured entity are acting as its agent and therefore will consolidate the structured entity.

An interest in equity voting rights exceeding 50% would typically indicate that the Barclays Bank Group has control of an entity. However, the entity set out below is excluded from consolidation because the Barclays Bank Group does not have exposure to its variable returns.

Country of registration or incorporation	Company name	Percentage of voting rights held (%)	Equity shareholders' funds (£m)	Retained profit for the year (£m)
Cayman Islands	Palomino Limited	100	–	–

This entity is managed by an external counterparty and consequently is not controlled by the Barclays Bank Group. Interests relating to this entity are included in Note 33.

Significant restrictions

As is typical for a group of its size and international scope, there are restrictions on the ability of the Barclays Bank Group to obtain distributions of capital, access the assets or repay the liabilities of members of its Group due to the statutory, regulatory and contractual requirements of its subsidiaries and due to the protective rights of non-controlling interests. These are considered below.

Regulatory requirements

The Barclays Bank Group's principal subsidiary companies have assets and liabilities before intercompany eliminations of £417bn (2019: £307bn) and £393bn (2019: £285bn) respectively. Certain of these assets and liabilities are subject to prudential regulation and regulatory capital requirements in the countries in which they are regulated. These require entities to maintain minimum capital levels which cannot be returned to the parent company, Barclays Bank PLC, on a going concern basis.

In order to meet capital requirements, subsidiaries may issue certain equity accounted and debt accounted financial instruments such as Tier 1 and Tier 2 capital instruments and other forms of subordinated liabilities. Refer to Note 26 and Note 27 for particulars of these instruments. These instruments may be subject to cancellation clauses or preference share restrictions that would limit the ability of the entity to repatriate the capital on a timely basis.

Liquidity requirements

Regulated subsidiaries of the Barclays Bank Group are required to meet PRA or local regulatory requirements pertaining to liquidity. Some of the regulated subsidiaries include Barclays Capital Securities Limited (which is regulated on a combined basis with Barclays Bank PLC under a Domestic Liquidity Sub-Group (DoLSub) arrangement), Barclays Bank Ireland PLC, Barclays Capital Inc. and Barclays Bank Delaware Inc. See page 103 for further details of liquidity requirements, including those of the Barclays Bank Group's significant subsidiaries.

Statutory requirements

The Barclays Bank Group's subsidiaries are subject to statutory requirements not to make distributions of capital and unrealised profits and generally to maintain solvency. These requirements restrict the ability of subsidiaries to make remittances of dividends to Barclays Bank PLC, the parent, except in the event of a legal capital reduction or liquidation. In most cases the regulatory restrictions referred to above exceed the statutory restrictions.

Asset encumbrance

The Barclays Bank Group uses its financial assets to raise finance in the form of securitisations and through the liquidity schemes of central banks, as well as to provide security to the UK Retirement Fund. Once encumbered, the assets are not available for transfer around the Barclays Bank Group. The assets typically affected are disclosed in Note 36.

Other restrictions

The Barclays Bank Group is required to maintain balances with central banks and other regulatory authorities and these amounted to £3,119m (2019: £4,505m).

33 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 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 Group has contractual arrangements which may require it to provide financial support to the following types of consolidated structured entities:

- Securitisation: The Barclays Bank Group uses securitisation as a source of financing and a means of risk transfer. Refer to Note 35 for further detail.
- Commercial paper (CP) and medium-term note conduits: The Barclays Bank Group provided £11.7bn (2019: £8.3bn) in undrawn contractual backstop liquidity facilities to CP conduits.
- Employee benefit trusts: The Barclays Bank Group provides capital contributions to employee benefit trusts to enable them to meet obligations to employees in relation to share-based remuneration arrangements.
- Other trusts: During 2020, the Barclays Bank Group provided undrawn liquidity facilities of £2.9bn (2019: £2.5bn) to certain trusts.

Unconsolidated structured entities in which the Barclays Bank 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 Group. Such interests include holdings of debt or equity securities, derivatives that transfer financial risks from the entity to the Barclays Bank Group, lending, loan commitments, financial guarantees and investment management agreements.

Interest rate swaps, foreign exchange derivatives that are not complex and which expose the Barclays Bank Group to insignificant credit risk by being senior in the payment waterfall of a securitisation and derivatives that are determined to introduce risk or variability to a structured entity are not considered to be an interest in an entity and have been excluded from the disclosures below.

The nature and extent of the Barclays Bank Group's interests in structured entities is summarised below:

Summary of interests in unconsolidated structured entities

	Secured financing	Short-term traded interests	Traded derivatives	Other interests	Total
	£m	£m	£m	£m	£m
As at 31 December 2020					
Assets					
Trading portfolio assets	-	11,361	-	-	11,361
Financial assets at fair value through the income statement	56,265	-	-	2,780	59,045
Derivative financial instruments	-	-	2,968	-	2,968
Financial assets at fair value through other comprehensive income	-	-	-	153	153
Loans and advances at amortised cost	-	-	-	18,418	18,418
Reverse repurchase agreements and other similar secured lending	10	-	-	-	10
Other assets	-	-	-	11	11
Total assets	56,275	11,361	2,968	21,362	91,966
Liabilities					
Derivative financial instruments	-	-	7,075	-	7,075
As at 31 December 2019					
Assets					
Trading portfolio assets	-	9,585	-	76	9,661
Financial assets at fair value through the income statement	32,859	-	-	2,500	35,359
Derivative financial instruments	-	-	2,369	-	2,369
Financial assets at fair value through other comprehensive income	-	-	-	391	391
Loans and advances at amortised cost	-	-	-	17,092	17,092
Reverse repurchase agreements and other similar secured lending	77	-	-	-	77
Other assets	-	-	-	22	22
Total assets	32,936	9,585	2,369	20,081	64,971
Liabilities					
Derivative financial instruments	-	-	3,171	2,437	5,608

Secured financing arrangements, short-term traded interests and traded derivatives are typically managed under market risk management policies described in the Market risk management section which includes an indication of the change of risk measures compared to last year. For this reason, the total assets of these entities are not considered meaningful for the purposes of understanding the related risks and so have not been presented. Other interests include conduits and lending where the interest is driven by normal customer demand.

Secured financing
The Barclays Bank Group routinely enters into reverse repurchase contracts, stock borrowing and similar arrangements on normal commercial terms where the counterparty to the arrangement is a structured entity. Due to the nature of these arrangements, especially the transfer of collateral and ongoing margining, the Barclays Bank Group has minimal exposure to the performance of the structured entity counterparty. This includes margin lending which is presented under financial assets at fair value through the income statement to align to the balance sheet presentation.

Short-term traded interests
The Barclays Bank Group buys and sells interests in structured entities as part of its trading activities, for example, retail mortgage-backed securities, collateralised debt obligations and similar interests. Such interests are typically held individually or as part of a larger portfolio for no more than 90 days. In such cases, the Barclays Bank Group typically has no other involvement with the structured entity other than the securities it holds as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset.

As at 31 December 2020, £10,682m (2019: £8,903m) of the Barclays Bank Group's £11,361m (2019: £9,585m) short-term traded interests were comprised of debt securities issued by asset securitisation vehicles.

Traded derivatives
The Barclays Bank Group enters into a variety of derivative contracts with structured entities which reference market risk variables such as interest rates, foreign exchange rates and credit indices among other things. The main derivative types which are considered interests in structured entities include index-based and entity specific credit default swaps, balance guaranteed swaps, total return swaps, commodities swaps, and equity swaps. A description of the types of derivatives and the risk management practices are detailed in Note 13. The risk of loss may be mitigated through ongoing margining requirements as well as a right to cash flows from the structured entity which are senior in the payment waterfall. Such margining requirements are consistent with market practice for many derivative arrangements and in line with the Barclays Bank Group's normal credit policies.

Derivative transactions require the counterparty to provide cash or other collateral under margining agreements to mitigate counterparty credit risk. The Barclays Bank Group is mainly exposed to settlement risk on these derivatives which is mitigated through daily margining. Total notional contract amounts were £153,894m (2019: £314,170m).

Except for credit default swaps where the maximum exposure to loss is the swap notional amount, it is not possible to estimate the maximum exposure to loss in respect of derivative positions as the fair value of derivatives is subject to changes in market rates of interest, exchange rates and credit indices which by their nature are uncertain. In addition, the Barclays Bank Group's losses would be subject to mitigating action under its traded market risk and credit risk policies that require the counterparty to provide collateral in cash or other assets in most cases.

Other interests in unconsolidated structured entities
The Barclays Bank Group's interests in structured entities not held for the purposes of short-term trading activities are set out below, summarised by the purpose of the entities and limited to significant categories, based on maximum exposure to loss.

Nature of interest

	Multi-seller conduit programmes £m	Lending £m	Other £m	Total £m
As at 31 December 2020				
Trading portfolio assets	-	-	-	-
Financial assets at fair value through the income statement	-	15	2,765	2,780
Financial assets at fair value through other comprehensive income	-	106	47	153
Loans and advances at amortised cost	5,146	12,475	797	18,418
Other assets	8	3	-	11
Total on-balance sheet exposures	5,154	12,599	3,609	21,362
Total off-balance sheet notional amounts	11,750	7,531	-	19,281
Maximum exposure to loss	16,904	20,130	3,609	40,643
Total assets of the entity	87,004	153,990	14,110	255,104
As at 31 December 2019				
Trading portfolio assets	-	-	76	76
Financial assets at fair value through the income statement	-	-	2,500	2,500
Financial assets at fair value through other comprehensive income	-	-	391	391
Loans and advances at amortised cost	5,930	7,874	3,288	17,092
Other assets	17	4	1	22
Total on-balance sheet exposures	5,947	7,878	6,256	20,081
Total off-balance sheet notional amounts	8,649	3,732	1,621	14,002
Maximum exposure to loss	14,596	11,610	7,877	34,083
Total assets of the entity	78,716	139,210	16,139	234,065

Maximum exposure to loss
Unless specified otherwise below, the Barclays Bank Group's maximum exposure to loss is the total of its on-balance sheet positions and its off-balance sheet arrangements, being loan commitments and financial guarantees. Exposure to loss is mitigated through collateral, financial guarantees, the availability of netting and credit protection held.

Multi-seller conduit programme
The multi-seller conduit engages in providing financing to various clients and holds whole or partial interests in pools of receivables or similar obligations. These instruments are protected from loss through over-collateralisation, seller guarantees, or other credit enhancements provided to the conduit. The Barclays Bank Group's off-balance sheet exposure included in the table above represents liquidity facilities that are provided to the conduit for the benefit of the holders of the commercial paper issued by the conduit and will only be drawn where the conduit is unable to access the commercial paper market. If these liquidity facilities are drawn, the Barclays Bank Group is protected from loss through over-collateralisation, seller guarantees, or other credit enhancements provided to the conduit.

Lending
The portfolio includes lending provided by the Barclays Bank 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 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 Group incurred an impairment of £22m (2019: £7m) against such facilities.

Other
This includes fair value loans with structured entities where the market risk is materially hedged with corresponding derivative contracts, interests in debt securities issued by securitisation vehicles and drawn and undrawn loan facilities to these entities. In addition, other includes investment funds with interests restricted to management fees based on the performance of the fund and trusts held on behalf of beneficiaries with interests restricted to unpaid fees.

Assets transferred to sponsored unconsolidated structured entities
Assets transferred to sponsored unconsolidated structured entities were £730m (2019: £471m).

34 Investments in associates and joint ventures

Accounting for associates and joint ventures
The Barclays Bank Group applies IAS 28 *Investments in Associates* and IFRS 11 *Joint Arrangements*. Associates are entities in which the Barclays Bank Group has significant influence, but not control, over the operating and financial policies. Generally, the Barclays Bank Group holds more than 20%, but less than 50%, of their voting shares. Joint ventures are arrangements where the Barclays Bank Group has joint control and rights to the net assets of the entity.

The Barclays Bank Group's investments in associates and joint ventures are initially recorded at cost and increased (or decreased) each year by the Barclays Bank Group's share of the post acquisition profit/(loss). The Barclays Bank Group ceases to recognise its share of the losses of equity accounted associates when its share of the net assets and amounts due from the entity have been written off in full, unless it has a contractual or constructive obligation to make good its share of the losses. In some cases, investments in these entities may be held at fair value through profit or loss, for example, those held by private equity businesses.

There are no individually significant investments in joint ventures or associates held by Barclays Bank Group.

	2020			2019		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
	£m	£m	£m	£m	£m	£m
Equity accounted (Group)	**24**	**-**	**24**	30	265	295

	2020			2019		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
	£m	£m	£m	£m	£m	£m
Equity accounted (Parent)	**13**	**-**	**13**	19	100	119

Summarised financial information for the Barclays Bank Group's equity accounted associates and joint ventures is set out below. The amounts shown are the Barclays Bank Group's share of the net income of the investees for the year ended 31 December 2020, with the exception of certain undertakings for which the amounts are based on accounts made up to dates not earlier than three months before the balance sheet date.

	Associates		Joint ventures	
	2020	2019	**2020**	2019
	£m	£m	**£m**	£m
Profit/(loss) from continuing operations	**(1)**	19	**2**	43
Other comprehensive income / (expenses)	**(3)**	-	**-**	2
Total comprehensive income/(loss) from continuing operations	**(4)**	19	**2**	45

Unrecognised shares of the losses of individually immaterial associates and joint ventures were £nil (2019: £nil).

The Barclays Bank commitments and contingencies to its associates and joint ventures comprised unutilised credit facilities provided to customers of £nil (2019: £1,726m).

35 Securitisations

Accounting for securitisations
The Barclays Bank 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 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 Group transfers both its contractual right to receive cash flows from the financial assets, or retains the contractual rights to receive the cash flows, but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment, and also transfers substantially all the risks and rewards of ownership, including credit risk, prepayment risk and interest rate risk.

In the course of its normal banking activities, the Barclays Bank 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 Group retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty. Depending on the nature of the transaction, this may result in derecognition of the assets in their entirety, partial derecognition or no derecognition of the assets subject to the transfer.

A summary of the main transactions, and the assets and liabilities and the financial risks arising from these transactions, is set out below:

Transfers of financial assets that do not result in derecognition

Securitisations
The Barclays Bank Group was party to securitisation transactions involving its credit card balances.

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 Group's continuing involvement in those assets can also occur or derecognition of the assets and the separate recognition, as assets or liabilities, of any rights and obligations created or retained in the transfer.

The following table shows the carrying amount of securitised assets that have not resulted in full derecognition, together with the associated liabilities, for each category of asset on the balance sheet:

	2020				2019			
	Assets		Liabilities		Assets		Liabilities	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	£m	£m	£m	£m	£m	£m	£m	£m
Barclays Bank Group								
Loans and advances at amortised cost								
Credit cards, unsecured loans and other retail lending	**963**	**1,051**	**(952)**	**(966)**	3,035	3,183	(2,426)	(2,429)

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 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 Note 36

Continuing involvement in financial assets that have been derecognised

In some cases, the Barclays Bank Group may have transferred a financial asset in its entirety but may have continuing involvement in it. This arises in asset securitisations where loans and asset backed securities were derecognised as a result of the Barclays Bank Group's involvement with asset backed securities, residential mortgage backed securities and commercial mortgage securities. Continuing involvement largely arises from providing financing into these structures in the form of retained notes, which do not bear first losses.

The table below shows the potential financial implications of such continuing involvement:

	Continuing involvement[a]			Gain/(loss) from continuing involvement	
	Carrying amount	Fair value	Maximum exposure to loss	For the year ended	Cumulative to 31 December
Type of transfer	£m	£m	£m	£m	£m
2020					
Asset Backed Securities	**56**	**56**	**56**	**1**	**1**
Residential mortgage backed securities	**49**	**49**	**49**	**1**	**1**
Commercial mortgage backed securities	**243**	**237**	**243**	**2**	**6**
Total	**348**	**342**	**348**	**4**	**8**
2019					
Commercial mortgage backed securities	189	188	189	1	4
Total	189	188	189	1	4

Note
a Assets which represent the Barclays Bank Group's continuing involvement in derecognised assets are recorded in Loans and advances at amortised cost and Debt Securities at FVTP&L.

36 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 Group's balance sheet, for example because the Barclays Bank Group 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 Group is unable to use, sell or pledge the transferred assets for the duration of the transaction and remains exposed to interest rate risk and credit risk on these pledged assets. Unless stated, the counterparty's recourse is not limited to the transferred assets.

The following table summarises the nature and carrying amount of the assets pledged as security against these liabilities:

	Barclays Bank Group	
	2020	2019
	£m	£m
Cash collateral and settlements	**69,271**	61,158
Loans and advances at amortised cost	**25,437**	18,726
Trading portfolio assets	**76,750**	65,341
Financial assets at fair value through the income statement	**5,584**	8,107
Financial assets at fair value through other comprehensive income	**15,303**	8,011
Assets pledged	**192,345**	161,343

	Barclays Bank PLC	
	2020	2019
	£m	£m
Cash collateral and settlements	**65,925**	60,637
Loans and advances at amortised cost	**23,068**	8,869
Trading portfolio assets	**47,590**	47,357
Financial assets at fair value through the income statement	**2,583**	5,697
Financial assets at fair value through other comprehensive income	**25,147**	15,782
Assets pledged	**164,313**	138,342

The following table summarises the transferred financial assets and the associated liabilities:

	Barclays Bank Group	
	Transferred assets	Associated liabilities
	£m	£m
At 31 December 2020		
Derivatives	**72,732**	**(72,732)**
Repurchase agreements	**58,398**	**(39,044)**
Securities lending arrangements	**59,824**	**-**
Other	**1,391**	**(1,134)**
	192,345	**(112,910)**
At 31 December 2019		
Derivatives	64,061	(64,061)
Repurchase agreements	35,562	(22,981)
Securities lending arrangements	53,099	-
Other	8,621	(4,430)
	161,343	(91,472)

	Barclays Bank PLC	
	Transferred assets	Associated liabilities
	£m	£m
At 31 December 2020		
Derivatives	**68,404**	**(68,404)**
Repurchase agreements	**50,173**	**(29,958)**
Securities lending arrangements	**45,588**	**-**
Other	**148**	**(148)**
	164,313	**(98,510)**
At 31 December 2019		
Derivatives	63,079	(63,079)
Repurchase agreements	30,929	(18,026)
Securities lending arrangements	40,359	-
Other	3,975	(1,707)
	138,342	(82,812)

Included within Other are agreements where a counterparty's recourse is limited to the transferred assets. The relationship between the transferred assets and the associated liabilities is that holders of notes may only look to cash flows from the securitised assets for payments of principal and interest due to them under the terms of their notes.

	Carrying value		Fair value		
	Transferred assets	Associated liabilities	Transferred assets	Associated liabilities	Net position
	£m	£m	£m	£m	£m
Barclays Bank Group					
2020					
Recourse to transferred assets only	**963**	**(952)**	**1,051**	**(966)**	**85**
2019					
Recourse to transferred assets only	3,035	(2,426)	3,183	(2,429)	754

The Barclays Bank Group has an additional £3.1bn (2019: £2.5bn) 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.

Total assets pledged includes a collateral pool put in place to provide security for the UKRF funding deficit, as referred to in Note 31.

Collateral held as security for assets

Under certain transactions, including reverse repurchase agreements and stock borrowing transactions, the Barclays Bank 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 Group	
	2020	2019
	£m	£m
Fair value of securities accepted as collateral	**792,317**	660,999
Of which fair value of securities re-pledged/transferred to others	**684,389**	554,111

	Barclays Bank PLC	
	2020	2019
	£m	£m
Fair value of securities accepted as collateral	**851,368**	679,265
Of which fair value of securities re-pledged/transferred to others	**747,125**	594,822

Additional disclosure has been included in collateral and other credit enhancements on pages 60 to 64.

The notes included in this section focus on related party transactions, Auditors' remuneration, Directors' remuneration and Transition disclosures. Related parties include any subsidiaries, associates, joint ventures and Key Management Personnel.

37 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 PLC.

Subsidiaries

Transactions between Barclays Bank 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 Group's financial statements. A list of the Barclays Bank Group's principal subsidiaries is shown in Note 32.

Fellow subsidiaries

Transactions between the Barclays Bank Group and other subsidiaries of the parent company also meet the definition of related party transactions.

Associates, joint ventures and other entities

The Barclays Bank Group provides banking services to its associates, joint ventures and the Barclays Bank Group pension funds (principally the UK Retirement Fund), providing loans, overdrafts, interest and non-interest bearing deposits and current accounts to these entities as well as other services. Barclays Bank Group companies also provide investment management and custodian services to the Barclays Bank Group pension schemes. All of these transactions are conducted on the same terms as third party transactions. Summarised financial information for the Barclays Bank Group's investments in associates and joint ventures is set out in Note 34.

Amounts included in the Barclays Bank Group's financial statements, in aggregate, by category of related party entity are as follows:

	Parent	Fellow subsidiaries	Associates	Joint ventures	Pension funds
	£m	£m	£m	£m	£m
For the year ended and as at 31 December 2020					
Total income	**(606)**	**41**	**-**	**-**	**3**
Credit impairment charges	**-**	**-**	**-**	**-**	**-**
Operating expenses	**(62)**	**(2,937)**	**-**	**-**	**(1)**
Total assets	**6,803**	**1,917**	**-**	**-**	**4**
Total liabilities	**25,819**	**3,954**	**66**	**-**	**69**
For the year ended and as at 31 December 2019					
Total income	(717)	53	-	12	3
Credit impairment charges	-	-	-	-	-
Operating expenses	(90)	(3,023)	(5)	-	-
Total assets	2,097	2,165	-	1,303	3
Total liabilities	24,876	1,600	-	-	75

Total liabilities includes derivatives transacted on behalf of the pensions funds of £13m (2019: £6m).

Amounts included in Barclays Bank PLC's financial statements, in aggregate, by category of related party entity are as follows:

	Parent £m	Subsidiaries £m	Fellow subsidiaries £m	Associates £m	Joint ventures £m	Pension funds £m
As at 31 December 2020						
Total assets	**4,317**	**272,845**	**1,899**	**-**	**-**	**-**
Total liabilities	**25,368**	**196,405**	**3,892**	**66**	**-**	**63**
As at 31 December 2019						
Total assets	2,096	209,910	2,155	-	1,303	-
Total liabilities	24,876	147,472	1,480	-	-	72

It is the normal practice of Barclays Bank 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 PLC (directly or indirectly) and comprise the Directors and Officers of Barclays Bank PLC, certain direct reports of the Chief Executive Officer and the heads of major business units and functions.

The Barclays Bank Group provides banking services to Key Management Personnel and persons connected to them. Transactions during the year and the balances outstanding were as follows:

Loans outstanding

	2020 £m	2019 £m
As at 1 January	**-**	14.6
Loans issued during the year[a]	**-**	0.1
Loan repayments during the year[b]	**-**	(14.7)
As at 31 December	**-**	-

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	**4.2**	2.9
Deposits received during the year[a]	**13.3**	11.5
Deposits repaid during the year[b]	**(14.1)**	(10.2)
As at 31 December	**3.4**	4.2

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 £0.2m (2019: £0.1m).

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	**37.5**	37.6
Pension costs	**0.1**	0.2
Other long-term benefits	**7.2**	9.1
Share-based payments	**12.4**	14.2
Employer social security charges on emoluments	**6.0**	6.0
Costs recognised for accounting purposes	**63.2**	67.1
Employer social security charges on emoluments	**(6.0)**	(6.0)
Other long-term benefits – difference between awards granted and costs recognised	**0.4**	(1.0)
Share-based payments – difference between awards granted and costs recognised	**1.3**	(0.7)
Total remuneration awarded	**58.9**	59.4

Disclosure required by the Companies Act 2006
The following information regarding the Barclays Bank PLC Board of Directors is presented in accordance with the Companies Act 2006:

	2020 £m	2019 £m
Aggregate emoluments[a]	**6.4**	7.6
Amounts paid under LTIPs[b]	**-**	0.2
	6.4	7.8

Notes
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 £0.6m (2019: £1.9m) will be made to Directors which will only vest subject to meeting certain conditions.
b No LTIP amounts were received by the Executive Directors in 2020 as the release of the first tranche of the 2017-2019 LTIP was delayed from June 2020 to March 2021.

There were no pension contributions paid to defined contribution schemes on behalf of Directors (2019: £11,932). 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).

The aggregate amount of compensation payable to departing officers in respect of loss of office was £1,850,713.

Of the figures in the table above, the amounts attributable to the highest paid Director in respect of qualifying services are as follows:

	2020 £m	2019 £m
Aggregate emoluments[a]	**3.0**	3.2
Amounts paid under LTIPs	**-**	-
	3.0	3.2

Note
a The aggregate emoluments include amounts paid for the 2020 year. In addition, a deferred share award for 2020 with a value at grant of £0.4m (2019: £1.2m) will be made to the highest paid Director which will only vest subject to meeting certain conditions.

There were no actual pension contributions to defined contribution schemes on behalf of the highest paid Director (2019: £nil). There were no notional pension contributions to defined contribution schemes.

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 £nil (2019: £nil). The total value of guarantees entered into on behalf of Directors during 2020 was £nil (2019: £nil).

38 Discontinued operations and assets included in disposal groups classified as held for sale and associated liabilities

Accounting for non-current assets held for sale and associated liabilities

The Barclays Bank Group applies IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use. In order to be classified as held for sale, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Non-current assets (or disposal groups) held for sale are measured at the lower of carrying amount and fair value less cost to sell.

A component of the Barclays Bank Group that has either been disposed of or is classified as held for sale is presented as a discontinued operation if it represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of the separate major line or geographical area of operations, or if it is a subsidiary acquired exclusively with a view to re-sale.

Barclays Bank Group

During the year, Barclays Bank PLC sold its investments in Barclaycard International Payments Limited, Entercard Group AB, Carnegie Holdings Limited and Barclays Mercantile Business Finance Limited to Barclays Principal Investments Limited, a fellow Barclays PLC Group company, at their fair values of £102m, £292m, £188m and £154m respectively. Barclays Bank PLC recorded profit on disposal of £56m, £192m, £133m and £23m in respect of these transactions. The Barclays Bank Group recorded profit on disposal of £45m, £13m, £57m and £11m.

UK banking business

Following the court approval of the ring-fencing transfer scheme on 9 March 2018, the UK banking business largely comprising Personal Banking, Barclaycard Consumer UK and Business Banking customers, and related assets and liabilities was transferred to Barclays Bank UK PLC on 1 April 2018, to meet the regulatory ring-fencing requirement under the Financial Services (Banking Reform) Act 2013 and related legislation. Following the transfer of the UK banking business, Barclays Bank PLC transferred the equity ownership in Barclays Bank UK PLC to Barclays PLC through a dividend in specie on the same day. Accordingly, Barclays Bank UK PLC ceased to be a subsidiary of Barclays Bank PLC and became a direct subsidiary of the ultimate parent, Barclays PLC.

The results of Barclays Bank UK PLC and its subsidiaries for the three months ended 31 March 2018, the date prior to the transfer of ownership to Barclays PLC, are included in the consolidated financial statements of the Barclays Bank Group.

The transfer of the ownership of Barclays Bank UK PLC to Barclays PLC resulted in a material change to the consolidated financial position and results of the Barclays Bank Group in 2018, in comparison to prior periods. The transfer had no impact on the share capital and share premium of Barclays Bank PLC. Other equity instruments reduced by £2,070m relating to additional tier 1 (AT1) securities transferred to Barclays Bank UK PLC. The fair value through other comprehensive income reserve increased by £16m and retained earnings reduced by £14,187m.

Upon disposal of the equity ownership of Barclays Bank UK PLC on 1 April 2018, the UK banking business met the requirements for presentation as a discontinued operation. As such, the results, which have been presented as the profit after tax in respect of discontinued operations on the face of the Barclays Bank Group income statement, are analysed in the income statement below. In 2018, discontinued operations relating to the UK banking business incurred a loss after tax of £47m. The income statement and cash flow statement below represent three months of results as a discontinued operation to 31 March 2018.

UK banking business disposal group income statement

For the year ended 31 December	2020 £m	2019 £m	2018 £m
Net interest income	-	-	1,449
Net fee and commission income	-	-	296
Net trading income	-	-	(5)
Net investment income	-	-	6
Other income	-	-	2
Total income	-	-	1,748
Credit impairment charges and other provisions	-	-	(201)
Net operating income	-	-	1,547
Staff costs	-	-	(321)
Administration and general expenses	-	-	(1,135)
Operating expenses	-	-	(1,456)
Profit before tax	-	-	91
Taxation	-	-	(138)
(Loss)/profit after tax	-	-	(47)
Attributable to:			
Equity holders of the parent	-	-	(47)
(Loss)/profit after tax	-	-	(47)

The cash flows attributed to the UK banking business discontinued operation are as follows:

For the year ended 31 December	2020 £m	2019 £m	2018 £m
Net cash flows from operating activities	-	-	(522)
Net cash flows from investing activities	-	-	54
Net (decrease)/increase in cash and cash equivalents	-	-	(468)

Barclays Bank PLC

Following a decision to transfer Barclays PLC Group's European businesses to Barclays Bank Ireland PLC, Barclays Bank PLC transferred its German business in Q4 2018 and its branches in France, Italy, Netherlands, Portugal, Spain and Sweden in Q1 2019. Throughout 2019, Barclays Bank PLC also transferred positions facing European clients to Barclays Bank Ireland PLC, at the clients' request.

During 2020, Barclays Bank PLC transferred loans and advances at amortised cost of £361m and trading portfolio assets of £76m to Barclays Bank Ireland PLC, in exchange for cash consideration. Barclays Bank PLC also transferred derivative financial instrument assets of £9,692m and derivative financial instrument liabilities of £12,337m to Barclays Bank Ireland PLC. Concurrently, Barclays Bank PLC entered into new derivative positions with Barclays Bank Ireland PLC to hedge the risk on the transferring positions. Therefore, there was no net impact on the balance sheet of Barclays Bank PLC.

39 Auditor's remuneration

Auditor's remuneration is included within consultancy, legal and professional fees in administration and general expenses and comprises:

	2020 £m	2019 £m	2018 £m
Audit of the Barclays Bank Group's annual accounts	**17**	16	14
Other services:			
Audit of the Barclays Bank PLC subsidiaries[a]	**13**	12	10
Other audit related fees[b]	**7**	6	6
Other services	**1**	1	1
Total Auditor's remuneration	**38**	35	31

Notes
a Comprises the fees for the statutory audit of the subsidiaries both inside and outside UK 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.

40 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 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 Group's risk exposure is predominately to GBP, USD, JPY and CHF LIBOR and Euro Overnight Index Average (EONIA) with the vast majority concentrated in derivatives within the Corporate and Investment Bank. Some additional exposure resides on floating rate loans and advances, repurchase agreements and debt securities held and issued within the Corporate and Investment Bank.

The Barclays Bank 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 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 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 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 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 Group has in place detailed plans, processes and procedures to support the transition of the remainder during 2021. Barclays Bank Group has adhered to the ISDA IBOR Fallbacks Protocol for its major derivative dealing entities and we continue to track progress and engage with clients on their own adherence. Following the progress made during 2020, the Barclays Bank Group continues to deliver technology and business process changes to ensure operational readiness in preparation for LIBOR cessation and transitions to RFRs that will be necessary during 2021 in line with official sector expectations and milestones.

Risks to which the Group is exposed as a result of the transition

IBOR reform exposes the Barclays Bank Group to various risks, which are being managed through the LIBOR Transition Programme. The material risks identified include those set out below:

Notes to the financial statements
Other disclosure matters

- **Conduct and Legal 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 Bank Group, in connection with LIBOR 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 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 Group and its clients that markets are disrupted due to IBOR reform. This could give rise to financial losses should the Barclays Bank 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 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 the Barclays Bank Group and the industry in general. The Barclays Bank 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 Group does not expect material changes to its risk management approach and strategy as a result of interest rate benchmark reform.

The following table summarises the significant exposures impacted by interest rate benchmark reform as at 31 December 2020:

	GBP LIBOR	USD LIBOR	JPY LIBOR	CHF LIBOR	Others	Total
	£m	£m	£m	£m	£m	£m
Non-derivative financial assets						
Loans and advances at amortised cost	19,317	17,990	173	11	1,725	39,216
Reverse repurchase agreements and other similar secured lending	-	334	-	-	-	334
Financial assets at fair value through the income statement	1,190	6,373	-	283	209	8,055
Financial assets at fair value through other comprehensive income	186	106	-	-	8	300
Non-derivative financial assets	20,693	24,803	173	294	1,942	47,905
Non-derivative financial liabilities						
Debt securities in issue	-	(1,430)	(22)	-	-	(1,452)
Subordinated liabilities	(21)	(876)	-	-	-	(897)
Financial liabilities designated at fair value	(149)	(1,273)	(759)	-	(139)	(2,320)
Non-derivative financial liabilities	(170)	(3,579)	(781)	-	(139)	(4,669)
Equity						
Other equity instruments	(2,122)	(3,062)	-	-	-	(5,184)
Standby facilities, credit lines and other commitments	18,169	74,008	-	74	15,951	108,202

The table above represents the exposures to interest rate benchmark reform by balance sheet account, which have yet to transition. The exposure disclosed is for positions with contractual maturities after 31 December 2021. Balances reported at amortised cost are disclosed at their gross carrying value and do not include any expected credit losses that may be held against them. Balances reported at fair value are disclosed at their fair value on the balance sheet date.

The Barclays Bank Group also has exposure to interest rate benchmark reform in respect of its cash collateral balances across some of its Credit Support Annex agreements, predominantly in EONIA. This exposure is not included within the table above due to its short dated nature.

	GBP LIBOR £m	USD LIBOR £m	EONIA £m	JPY LIBOR £m	CHF LIBOR £m	Others £m	Total £m
Derivative notional contract amount							
OTC interest rate derivatives	596,564	2,832,339	457,844	754,206	25,681	41,782	4,708,416
OTC interest rate derivatives - cleared by central counterparty	1,552,637	2,872,962	623,802	1,091,479	119,382	198,113	6,458,375
Exchange traded interest rate derivatives	300,182	333,705	-	-	2,494	-	636,381
OTC foreign exchange derivatives	155,285	589,332	-	93,108	31,257	1,921	870,903
OTC equity and stock index derivatives	1,845	7,946	544	1,929	491	2,141	14,896
Derivative notional contract amount	2,606,513	6,636,284	1,082,190	1,940,722	179,305	243,957	12,688,971

The table above represents the derivative exposures to interest rate benchmark reform, which have yet to transition. The exposure disclosed is for positions with contractual maturities after 31 December 2021. Derivatives are reported by using the notional contract amount and where derivatives have both pay and receive legs with exposure to benchmark reform such as cross currency swaps, the notional contract amount is disclosed for both legs. As at 31 December 2020, there were £264bn of cross currency swaps where both the pay and receive legs are impacted by interest rate benchmark reform.

The Barclays Bank Group also had £23bn of Barclays issued debt retained by the group, impacted by the interest rate benchmark reform, predominately in GBP and USD LIBOR.

The table below provides detail on the contractual maturity of the above exposures:

Current benchmark rate	Over one year but not more than two years £m	Over two years but not more than five years £m	Over five years but not more than ten years £m	Over ten years £m	Total £m
Non-derivative financial assets					
GBP LIBOR	4,520	10,781	1,544	3,848	20,693
USD LIBOR	8,381	14,653	1,715	54	24,803
JPY LIBOR	11	144	-	18	173
CHF LIBOR	22	73	88	111	294
Other	931	713	60	238	1,942
Non-derivative financial assets	13,865	26,364	3,407	4,269	47,905
Non-derivative financial liabilities					
GBP LIBOR	(32)	(117)	-	(21)	(170)
USD LIBOR	(464)	(1,124)	(1,591)	(400)	(3,579)
JPY LIBOR	(213)	(43)	(240)	(285)	(781)
CHF LIBOR	-	-	-	-	-
Other	(12)	(5)	-	(122)	(139)
Non-derivative financial liabilities	(721)	(1,289)	(1,831)	(828)	(4,669)
Equity					
GBP LIBOR	-	-	-	(2,122)	(2,122)
USD LIBOR	-	-	-	(3,062)	(3,062)
Equity	-	-	-	(5,184)	(5,184)
Derivative notional contract amount					
GBP LIBOR	872,516	745,834	473,388	514,775	2,606,513
USD LIBOR	2,019,027	2,563,020	1,344,292	709,945	6,636,284
EONIA	395,558	416,670	207,656	62,306	1,082,190
JPY LIBOR	327,669	582,200	731,942	298,911	1,940,722
CHF LIBOR	46,868	73,792	46,010	12,635	179,305
Other	50,777	96,657	72,125	24,398	243,957
Derivative notional contract amount	3,712,415	4,478,173	2,875,413	1,622,970	12,688,971
Standby facilities, credit lines and other commitments					
GBP LIBOR	4,827	11,752	441	1,149	18,169
USD LIBOR	15,366	56,579	455	1,608	74,008
CHF LIBOR	-	74	-	-	74
Other	2,897	12,170	862	22	15,951
Standby facilities, credit lines and other commitments	23,090	80,575	1,758	2,779	108,202

41 Related undertakings

The Barclays Bank PLC Group's corporate structure consists of a number of related undertakings, comprising subsidiaries, joint ventures, associates and significant other interests. A full list of these undertakings, the country of incorporation and the ownership of each share class is set out below. The information is provided as at 31 December 2020.

The entities are grouped by the countries in which they are incorporated. The profits earned by the activities of these entities are in some cases taxed in countries other than the country of incorporation. Barclays 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 PLC and the share capital disclosed comprises ordinary and/or common shares, 100% of the nominal value of which is held by Barclays Bank PLC or its subsidiaries.

Notes

A	Directly held by Barclays Bank PLC
B	Partnership Interest
C	Membership Interest
D	Trust Interest
E	Guarantor
F	Preference Shares
G	A Preference Shares
H	B Preference Shares
I	Ordinary/Common Shares in addition to other shares
J	A Ordinary Shares
K	B Ordinary Shares
L	C Ordinary Shares
M	F Ordinary Shares
N	W Ordinary Shares
O	First Preference Shares, Second Preference Shares
P	Registered Address not in country of incorporation
Q	Core Shares, Insurance (Classified) Shares
R	Capital Contribution Shares
S	A Unit Shares, B Unit Shares
T	Non-Redeemable Ordinary Shares
U	C Preference Shares, D Preference Shares
V	Class A Ordinary Shares, Class B Ordinary Shares, Class C Ordinary Shares, Class C Preference Shares, Class D Ordinary Shares, Class D Preference Shares, Class E Ordinary Shares, Class E Preference Shares, Class F Ordinary Shares, Class F Preference Shares, Class H 2012 Ordinary Shares, Class H 2012 Preference Shares, Class H Ordinary Shares, Class H Preference Shares, Class I Preference Shares, Class J Ordinary Shares, Class J Preference Shares
W	First Class Common Shares, Second Class Common Shares
X	Class B Redeemable Preference Shares
Y	EUR Tracker 1 Shares, GBP Tracker 1 Shares, USD Tracker 1 Shares, USD Tracker 2 Shares, USD Tracker 3 Shares
Z	Not Consolidated (see Note 33 Structured entities)
AA	USD Linked Ordinary Shares
BB	Redeemable Class B Shares
CC	Class A Redeemable Preference Shares
DD	Nominal Shares

Wholly owned subsidiaries	Note
United Kingdom	
- 1 Churchill Place, London, E14 5HP	
Aequor Investments Limited	
Ardencroft Investments Limited	A
B D & B Investments Limited	
B.P.B. (Holdings) Limited	A
Barclays (Barley) Limited (In Liquidation)	J, K, A
Barclays Aldersgate Investments Limited	A
Barclays Capital Asia Holdings Limited	A
Barclays Capital Finance Limited	A
Barclays Capital Japan Securities Holdings Limited	
Barclays Capital Nominees (No.2) Limited	
Barclays Capital Nominees (No.3) Limited	A
Barclays Capital Nominees Limited	A
Barclays Capital Securities Client Nominee Limited	A
Barclays Capital Securities Limited	A, F, I
Barclays CCP Funding LLP	A, B
Barclays Directors Limited	A
Barclays Executive Schemes Trustees Limited	A
Barclays Group Holdings Limited	A
Barclays International Holdings Limited	A
Barclays Investment Management Limited	A
Barclays Long Island Limited	A
Barclays Marlist Limited	A
Barclays Nominees (George Yard) Limited	A, Z
Barclays Pension Funds Trustees Limited	A
Barclays Private Bank	
Barclays Services (Japan) Limited	A
Barclays Shea Limited	A
Barclays Term Funding Limited Liability Partnership	B
Barclays Wealth Nominees Limited	A
Barcosec Limited	A
Barsec Nominees Limited	A
BB Client Nominees Limited	A
BMBF (No.24) Limited	
BMI (No.9) Limited	
Chapelcrest Investments Limited	
Clydesdale Financial Services Limited	
Cobalt Investments Limited	A
Cornwall Homes Loans Limited	A
CP Flower Guaranteeco (UK) Limited (In Liquidation)	A, E
DMW Realty Limited	A
Dorset Home Loans Limited	A

Wholly owned subsidiaries	Note
Durlacher Nominees Limited	A
Eagle Financial and Leasing Services (UK) Limited	A
Equity Value Investments No.1 Limited	A
Equity Value Investments No.2 Limited	
Finpart Nominees Limited	A
Foltus Investments Limited	
Hawkins Funding Limited	A
Heraldglen Limited	I, O
Isle of Wight Home Loans Limited	A
J.V. Estates Limited	A
Kirsche Investments Limited	A
Long Island Assets Limited	
Maloney Investments Limited	A
Menlo Investments Limited	A
Mercantile Credit Company Limited	A
Mercantile Leasing Company (No.132) Limited	A
MK Opportunities LP	B
Murray House Investment Management Limited (In Liquidation)	A
Naxos Investments Limited	A
Northwharf Nominees Limited	A
Real Estate Participation Management Limited	
Real Estate Participation Services Limited	
Relative Value Investments UK Limited Liability Partnership	B
Relative Value Trading Limited	
Roder Investments No. 1 Limited	A, I, Y
Roder Investments No. 2 Limited	A, I, Y
RVT CLO Investments LLP	B
Surety Trust Limited	A
Swan Lane Investments Limited	
US Real Estate Holdings No.1 Limited	
US Real Estate Holdings No.2 Limited	
US Real Estate Holdings No.3 Limited	
US Real Estate Holdings No.4 Limited	
Wedd Jefferson (Nominees) Limited	A
Westferry Investments Limited	A
Woolwich Qualifying Employee Share Ownership Trustee Limited	A
Zeban Nominees Limited	A
- Hill House, 1 Little New Street, London, EC4A 3TR	
Barclays Nominees (Branches) Limited (In Liquidation)	A

Wholly owned subsidiaries	Note
Gerrard Management Services Limited (In Liquidation)	A
Lombard Street Nominees Limited (In Liquidation)	A
Ruthenium Investments Limited Liquidation)	A
Woolwich Plan Managers Limited (In liquidation)	A
Woolwich Surveying Services Limited (In liquidation)	A
- 5 The North Colonnade, London, E14 4BB	
Leonis Investments LLP	A, B
- 9, allée Scheffer, L-2520, Luxembourg	
Barclays Claudas Investments Partnership	B, P
Barclays Pelleas Investments Limited Partnership	B, P
Barclays Blossom Finance General Partnership	B, P
Argentina	
- 855 Leandro N.Alem Avenue, 8th Floor, Buenos Aires	
Compañía Sudamerica S.A.	A
- Marval, O'Farrell & Mairal, Av. Leandro N. Alem 882, Buenos Aires, C1001AAQ	
Compañia Regional del Sur S.A.	A
Brazil	
- Av. Brigadeiro Faria Lima, No. 4.440, 12th Floor, Bairro Itaim Bibi, Sao Paulo, CEP, 04538-132	
Barclays Brasil Assessoria Financeira Ltda	A
BNC Brazil Consultoria Empresarial Ltda	A
Canada	
- 333 Bay Street, Suite 4910, Toronto ON M5H 2R2	
Barclays Capital Canada Inc.	
- Stikeman Elliot LLP, 199 Bay Street, 5300 Commerce Court West, Toronto ON M5L 1B9	
Barclays Corporation Limited	A
Cayman Islands	
- Maples Corporate Services Limited, PO Box 309, Ugland House, George Town, Grand Cayman, KY1-1104	
Alymere Investments Limited	G, H, I
Analytical Trade UK Limited	A

Notes to the financial statements
Other disclosure matters

Wholly owned subsidiaries	Note
Barclays Capital (Cayman) Limited	A
Barclays Securities Financing Limited	F, I
Braven Investments No.1 Limited	
Calthorpe Investments Limited	
Capton Investments Limited	A
Claudas Investments Limited	A, I, CC, X
Claudas Investments Two Limited	
Gallen Investments Limited	
Hurley Investments No.1 Limited	
JV Assets Limited	L
Mintaka Investments No. 4 Limited	
OGP Leasing Limited	
Palomino Limited	A, Z
Pelleas Investments Limited	A
Pippin Island Investments Limited	A
Razzoli Investments Limited	A, F, I
RVH Limited	A, F, I
Wessex Investments Limited	
- Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, KY1- 9008	
Long Island Holding B Limited	A
Germany	
- TaunusTurm, Taunustor 1, 60310, Frankfurt	
Barclays Capital Effekten GmbH	A
- Stuttgarter Straße 55-57, 73033 Göppingen	
Holding Stuttgarter Straße GmbH (In Liquidation)	
Guernsey	
- P.O. Box 33, Dorey Court, Admiral Park, St. Peter Port, GY1 4AT	
Barclays Insurance Guernsey PCC Limited	A, Q
Barclays UKRF No.1 IC Limited	Z
Barclays UKRF ICC Limited	Z
- PO BOX 41, Floor 2, Le Marchant House, Le Truchot, St Peter Port, GY1 3BE	
Barclays Nominees (Guernsey) Limited (In Liquidation)	A
Hong Kong	
- 42nd floor Citibank Tower, Citibank Plaza, 3 Garden Road	
Barclays Bank (Hong Kong Nominees) Limited (in Liquidation)	A
Barclays Capital Asia Nominees Limited (In Liquidation)	
- Level 41, Cheung Kong Center, 2 Queen's Road, Central	
Barclays Capital Asia Limited	A
India	
- 208 Ceejay House, Shivsagar Estate, Dr A Beasant Road, Worli, Mumbai, 400 018	
Barclays Securities (India) Private Limited	
Barclays Wealth Trustees (India) Private Limited	
- Level 10, Block B6, Nirlon Knowledge Park, Off Western Express Highway Goregaon (East), Mumbai, 40063	
Barclays Investments & Loans (India) Private Limited	A, F, I
Ireland	
- One Molesworth Street, Dublin 2, D02RF29	
Barclays Bank Ireland Public Limited Company	A
Barclays Europe Client Nominees Designated Activity Company	
Barclays Europe Firm Nominees Designated Activity Company	
Barclays Europe Nominees Designated Activity Company	

Wholly owned subsidiaries	Note
- 25-28 North Wall Quay, Dublin 1, D01H104	
Erimon Home Loans Ireland Limited	A
Isle of Man	
- P O Box 9, Victoria Street, Douglas, IM99 1AJ	
Barclays Holdings (Isle of Man) Limited (In Liquidation)	A
Barclays Nominees (Manx) Limited	A
Barclays Private Clients International Limited	A, J, K
Japan	
- 10-1, Roppongi 6-chome, Minato-ku, Tokyo	
Barclays Funds and Advisory Japan Limited	
Barclays Securities Japan Limited	
Barclays Wealth Services Limited	
Jersey	
- 2nd Floor, Gaspé House, 66-72 Esplanade, St. Helier, JE1 1GH	
Barclays Services Jersey Limited	A
- 5 Esplanade, St. Helier, JE2 3QA	
Barclays Wealth Management Jersey Limited	A
BIFML PTC Limited	A
- 13 Castle Street, St. Helier, JE4 5UT	
Barclays Index Finance Trust	S
- Lime Grove House, Green Street, St Helier, JE1 2ST	
Barbridge Limited (In Liquidation)	A, I, DD
- 13 Library Place, St Helier, JE4 8NE	
Barclays Nominees (Jersey) Limited	A
Barclaytrust Channel Islands Limited	A
- Estera Trust (Jersey) Limited, 13-14 Esplanade, St Helier, JE1 1EE	
MK Opportunities GP Ltd	A
Luxembourg	
- 9, allée Scheffer, L-2520	
Barclays Alzin Investments S.à r.l.	
Barclays Bayard Investments S.à r.l.	J, K
Barclays Bedivere Investments S.à r.l.	
Barclays Bordang Investments S.à r.l.	
Barclays BR Investments S.à r.l.	
Barclays Cantal Investments S.à r.l.	
Barclays Capital Luxembourg S.à r.l.	
Barclays Capital Trading Luxembourg S.à r.l.	J, K
Barclays Claudas Investments S.à r.l.	
Barclays Equity Index Investments S.à r.l.	
Barclays International Luxembourg Dollar Holdings S.à r.l.	
Barclays Lamorak Investments S.à r.l.	T
Barclays Leto Investments S.à r.l.	
Barclays Luxembourg EUR Holdings S.à r.l	T
Barclays Luxembourg Finance S.à r.l.	
Barclays Luxembourg GBP Holdings S.à r.l.	T
Barclays Luxembourg Global Funding S.à r.l.	
Barclays Luxembourg Holdings S.à r.l.	I, AA
Barclays Luxembourg Holdings SSC	B
Barclays Pelleas Investments S.à r.l.	
- 68-70 Boulevard de la Petrusse, L-2320	
Adler Toy Holding Sarl	
Mauritius	
- C/O Rogers Capital Corporate Services Limited, 3rd Floor, Rogers House, No.5 President John Kennedy Street, Port Louis	
Barclays Capital Mauritius Limited	A
Barclays Capital Securities Mauritius Limited	A
- Fifth Floor, Ebene Esplanade, 24 Cybercity, Ebene	
Barclays Mauritius Overseas Holdings Limited	A

Wholly owned subsidiaries	Note
Mexico	
- Paseo de la Reforma 505, 41 Floor, Torre Mayor, Col. Cuauhtemoc, CP 06500	
Barclays Bank Mexico, S.A.	K, M
Barclays Capital Casa de Bolsa, S.A. de C.V.	K, M
Grupo Financiero Barclays Mexico, S.A. de C.V.	A, K, M
Servicios Barclays, S.A. de C.V.	
Monaco	
- 31 Avenue de la Costa, Monte Carlo BP 339	
Barclays Private Asset Management (Monaco) S.A.M	
Philippines	
- 21/F, Philamlife Tower, 8767 Paseo de Roxas, Makati City, 1226	
Meridian (SPV-AMC) Corporation	
Saudi Arabia	
- 3rd Floor Al Dahna Center, 114 Al-Ahsa Street, PO Box 1454, Riyadh 11431	
Barclays Saudi Arabia (In Liquidation)	A
Singapore	
- 10 Marina Boulevard, #24-01 Marina Bay Financial Centre, Tower 2, 018983	
Barclays Capital Futures (Singapore) Private Limited	
Barclays Capital Holdings (Singapore) Private Limited	A
Barclays Merchant Bank (Singapore) Ltd.	
Spain	
- Calle Jose, Abascal 51, 28003, Madrid	
Barclays Tenedora De Inmuebles SL.	A
BVP Galvani Global, S.A.U.	A
Switzerland	
- Chemin de Grange Canal 18-20, PO Box 3941, 1211, Geneva	
Barclays Bank (Suisse) SA	
BPB Holdings SA	
United States	
- Corporation Service Company, 251 Little Falls Drive, Wilmington, DE 19808	
Analytical Trade Holdings LLC	
Analytical Trade Investments LLC	BB
Archstone Equity Holdings Inc	
Barclays Bank Delaware	F, I
Barclays Capital Derivatives Funding LLC	C
Barclays Capital Energy Inc.	
Barclays Capital Holdings Inc.	G, H, I
Barclays Capital Real Estate Finance Inc.	
Barclays Capital Real Estate Holdings Inc.	
Barclays Capital Real Estate Inc.	
Barclays Commercial Mortgage Securities LLC	C
Barclays Capital Equities Trading GP	B
Barclays Dryrock Funding LLC	C
Barclays Electronic Commerce Holdings Inc.	
Barclays Financial LLC	C
Barclays Group US Inc.	G, I
Barclays Insurance U.S. Inc.	
Barclays Oversight Management Inc.	
Barclays Receivables LLC	C
Barclays Services Corporation	
Barclays Services LLC	C
Barclays US CCP Funding LLC	C
Barclays US Funding LLC	C
Barclays US Investments Inc.	J, K
Barclays US LLC	G,H,I, U
BCAP LLC	C
Crescent Real Estate Member LLC	C

Sub_Undertakings Related undertakings continued

Wholly owned subsidiaries	Note
Curve Investments GP	B
Gracechurch Services Corporation	
Lagalla Investments LLC	
Long Island Holding A LLC	C
LTDL Holdings LLC	C
Marbury Holdings LLC	
Procella Investments No.2 LLC	C
Procella Investments No.3 LLC	C
Preferred Liquidity, LLC	J
Relative Value Holdings, LLC	
Surrey Funding Corporation	
Sussex Purchasing Corporation	
Sutton Funding LLC	C
TPProperty LLC	C
US Secured Investments LLC	R
Verain Investments LLC	
Wilmington Riverfront Receivables LLC	J, K
- Corporation Service Company, 100 Pearl Street, 17th Floor, MC-CSC1, Hartford, CT 06103	
Barclays Capital Inc.	
- Corporation Service Company, 80 State Street, Albany, NY, 12207-2543	
Barclays Payment Solutions Inc.	
-Corporation Service Company, 2626 Glenwood Ave, Suite 550, Raleigh, NC, 27608	
Barclays US GPF Inc.	
Equifirst Corporation (In Liquidation)	
- 745 Seventh Avenue, New York NY 10019	
Alynore Investments Limited Partnership	B
Zimbabwe	
- 2 Premium Close, Mount Pleasant Business Park, Mount Pleasant, Harare	
Branchcall Computers (Pvt) Limited	A

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 Barclays Bank PLC or its subsidiaries. The Barclays Bank PLC Group's overall ownership percentage is provided for each undertaking.

Other Related Undertakings	%	Note
United Kingdom		
- 1 Churchill Place, London, E14 5HP		
PSA Credit Company Limited (In Liquidation)	50.00	A, J, L
- 3 - 5 London Road, Rainham, Kent, ME8 7RG		
Trade Ideas Limited	20.00	A, Z
- 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ		
Equistone Founder Partner II L.P.	20.00	A, B, Z
Equistone Founder Partner III L.P.	35.00	A, B, Z
- Enigma, Wavendon Business Park Milton Keynes, MK17 8LX		
Intelligent Processing Solutions Limited	19.50	A, Z
- 65A Basinghall Street, London, EC2V 5DZ		
Cyber Defence Alliance Limited	25.00	A, E, Z
Cayman Islands		
-PO Box 309GT, Ugland House, South Church Street, Grand Cayman, KY1-1104		
Barclays US Holdings Limited	90	A, J
Korea, Republic of		
- 18th Floor, Daishin Finance Center, 343, Samil-daero, Jung-go, Seoul		
Woori BC Pegasus Securitization Specialty Co., Limited	70.00	A, W
Luxembourg		
- 9, allée Scheffer, L-2520		
Preferred Funding S.à r.l.	33.33	X
Preferred Investments S.à r.l.	33.33	I, X
Malta		
- RS2 Buildings, Fort Road, Mosta MST 1859		
RS2 Software PLC	18.25	A, Z
Monaco		
- 31 Avenue de la Costa, Monte Carlo		
Societe Civile Immobiliere 31	75.00	A
Portugal		
Costa no. 15-A, 2750-423 Cascais		
Projepolska, S.A. (In Liquidation)	24.50	Z
United States of America		
- Corporation Service Company, 251 Little Falls Drive, 1209 Orange Street, Wilmington DE ,19808		
DG Solar Lessee II, LLC	75.00	C, Z
DG Solar Lessee, LLC	75.00	C, Z
- Corporation Trust Company, Corporation Trust Centre, 1209 Orange Street, Wilmington DE 19801		
VS BC Solar Lessee I LLC	50.00	C, Z

Subsidiaries by virtue of control

The related undertakings below are Subsidiaries in accordance with s.1162 Companies Act 2006 as Barclays can exercise dominant influence or control over them.

Subsidiaries by virtue of control	%	Note
United Kingdom		
- 1 Churchill Place, London, E14 5HP		
Oak Pension Asset Management Limited	0.00	Z
Water Street Investments Limited	0.00	Z
Cayman Islands		
- PO Box 309GT, Ugland House South Church Street, Grand Cayman, KY1-1104		
Hornbeam Limited	0.00	Z

Notes

The term Barclays Bank Group refers to Barclays Bank PLC together with its subsidiaries. Unless otherwise stated, the income statement analysis compares the year ended 31 December 2020 to the corresponding twelve months of 2019 and balance sheet analysis as at 31 December 2020 with comparatives relating to 31 December 2019. The abbreviations '£m' and '£bn' represent millions and thousands of millions of Pounds Sterling respectively; the abbreviations '$m' and '$bn' represent millions and thousands of millions of US Dollars respectively; and the abbreviations '€m' and '€bn' represent millions and thousands of millions of Euros respectively.

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

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

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

These results will be filed on a Form 20-F to the US Securities and Exchange Commission (SEC) as soon as practicable following their publication. Once filed with the SEC, a copy of the Form 20-F will be available from the Barclays Investor Relations website at home.barclays/annualreport and from the SEC's website at www.sec.gov.

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

Forward-looking statements

This document contains certain forward-looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934, as amended, and Section 27A of the US Securities Act of 1933, as amended, with respect to the Barclays Bank Group. Barclays Bank 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 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 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 Group's ability along with government and other stakeholders to manage and mitigate the impacts of climate change effectively; geopolitical risks; and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; UK, US, Eurozone and global macroeconomic and business conditions; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entity within the Barclays Bank Group or any securities issued by such entities; direct and indirect impacts of the coronavirus (COVID-19) pandemic; instability as a result of the UK's exit from the European Union (EU), the effects of the EU-UK Trade and Cooperation Agreement and the disruption that may subsequently result in the UK and globally; the risk of cyber-attacks, information or security breaches or technology failures on the Group's business or operations; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Barclays Bank Group's control. As a result, the Barclays Bank 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 Group's forward-looking statements. Additional risks and factors which may impact the Barclays Bank Group's future financial condition and performance are identified in our filings with the SEC (including, without limitation, our Annual Report on Form 20-F for the fiscal year ended 31 December 2020), which are available on the SEC's website at www.sec.gov.

Subject to our obligations under the applicable laws and regulations of any relevant jurisdiction, (including, without limitation, the UK and the US), in relation to disclosure and ongoing information, we undertake no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.